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## HUA YIN INTERNATIONAL HOLDINGS LIMITED

### 華音國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

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

The board (the “Board”) of directors (each a “Director”) of Hua Yin International Holdings Limited (the “Company”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2024 together with the comparative figures for the previous year as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	4	<b>116,072</b>	394,107
Cost of sales and services		<u>(106,196)</u>	<u>(338,006)</u>
Gross profit		<b>9,876</b>	56,101
Other income and gains	4	<b>8,940</b>	550,510
Selling and distribution expenses		<b>(6,024)</b>	(6,424)
Administrative expenses		<b>(38,459)</b>	(35,429)
Finance costs	5	<b>(23,121)</b>	(16,696)
Other expenses		<b>(86,885)</b>	(11,326)
Change in fair value of investment properties	10	<b>(64,200)</b>	(66,293)
Change in fair value of derivative financial instruments	18	<b>(27,840)</b>	(8,208)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(227,713)</b>	462,235
Income tax	7	<b>34,383</b>	(96,226)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b><u>(193,330)</u></b>	<b><u>366,009</u></b>
<b>Attributable to:</b>			
Owners of the parent		<b><u>(193,330)</u></b>	<b><u>366,009</u></b>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	9		
Basic		<b><u>(2.68) cents</u></b>	<b><u>5.17 cents</u></b>
Diluted		<b><u>(2.68) cents</u></b>	<b><u>5.08 cents</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b><u>(193,330)</u></b>	<b><u>366,009</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive loss that are/may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(13,437)</u>	<u>(12,938)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b><u>(13,437)</u></b>	<b><u>(12,938)</u></b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b><u>(206,767)</u></b>	<b><u>353,071</u></b>
<b>Attributable to:</b>		
Owners of the parent	<b><u>(206,767)</u></b>	<b><u>353,071</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		408	574
Investment properties	10	486,200	550,400
Right-of-use assets		10,041	4,174
Lease receivables		6,965	–
Deferred tax assets		13,287	10,124
<b>Total non-current assets</b>		<b>516,901</b>	<b>565,272</b>
<b>CURRENT ASSETS</b>			
Properties under development and completed properties held for sale	11	1,606,803	1,597,786
Trade and other receivables	12	76,321	36,054
Lease receivables		105	–
Prepaid income tax		8,814	8,025
Derivative financial instruments	18	570	2,310
Pledged and restricted deposits	13	5,366	6,335
Cash and cash equivalents	13	53,635	69,939
<b>Total current assets</b>		<b>1,751,614</b>	<b>1,720,449</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	490,797	448,149
Contract liabilities	15	166,452	102,427
Lease liabilities		12,160	10,010
Loans from a controlling shareholder	16(a)	344,849	354,490
Loans from related parties	16(b)	63,651	–
Bank and other borrowings	17	420,640	445,696
Liability component of the Convertible Bonds	18	95,726	90,052
Income tax payable		49,323	48,802
<b>Total current liabilities</b>		<b>1,643,598</b>	<b>1,499,626</b>
<b>NET CURRENT ASSETS</b>		<b>108,016</b>	<b>220,823</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>624,917</b>	<b>786,095</b>

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Liability component of the			
Convertible Bonds	<i>18</i>	<b>45,950</b>	–
Bank and other borrowings	<i>17</i>	<b>230,990</b>	229,000
Deferred tax liabilities		<b>97,905</b>	131,498
Lease liabilities		<b>21,198</b>	27,985
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>396,043</b>	388,483
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>228,874</b>	397,612
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<b>EQUITY</b>			
Share capital	<i>19</i>	<b>311,453</b>	311,453
Equity component of the Convertible			
Bonds	<i>18</i>	<b>98,305</b>	60,276
Reserves		<b>(180,884)</b>	25,883
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>228,874</b>	397,612
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## NOTES

### 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the year ended 31 March 2024, the Company was principally engaged in investment holding and the Group was principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment in the People’s Republic of China (“PRC”).

### 2. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 March 2024 but are extracted from those financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

## Going concern basis

The Group had net current assets of approximately RMB108,016,000 as at 31 March 2024. However, the Group's current portion of bank and other borrowings amounted to RMB420,640,000 while its unrestricted cash and cash equivalents amounted to RMB53,635,000. In addition, in view of the current condition of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

- (i) the Group is expected to generate adequate cash flows to maintain its operations;
- (ii) the Group has obtained continuous financial support from the Group's controlling shareholder, and the controlling shareholder has confirmed that it will not demand the Group for repayment of the loans from controlling shareholder within the next twelve months should the Group not be in the financial position to make such repayment; and
- (iii) the Group is actively reviewing its debt structure and looking for funding opportunities. It is actively negotiating with financial institutions to extend or renew existing borrowings and to secure new sources of financing at reasonable costs.

The Directors have prepared a cash flow forecast covering a period up to 30 June 2025 on the basis that the negotiation with financial institutions for the renewals of the Group's borrowings and credit facilities would be successful and would obtain continuous financial support from the Group's controlling shareholder. The Directors are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 March 2024.

Accordingly, the Directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed below.

## **Changes in accounting policies**

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

### **Amendments to HKAS 1: Disclosure of Accounting Policies**

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

### **Amendments to HKAS 8: Definition of Accounting Estimates**

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### **Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### 3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's executive directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

<b>Operating segments</b>	<b>Nature of business activities</b>	<b>Place of operation</b>
Property development and management	Property development and provision of management service to property projects	The PRC
Property investment	Property holding for long term investment and leasing purposes	The PRC

The Group's management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, fair value gains/losses from the Group's financial instruments as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid income tax, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, income tax payable, liability component of the Convertible Bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.



**Year ended 31 March 2024**

	<b>Property development and management RMB'000</b>	<b>Property investment RMB'000</b>	<b>Total RMB'000</b>
<b>Segment revenue</b>			
Sales to external customers	<u>102,833</u>	<u>13,239</u>	<u>116,072</u>
<b>Segment results</b>	<u>(89,970)</u>	<u>(61,682)</u>	<u>(151,652)</u>
Bank interest income			37
Finance costs			(23,121)
Change in fair value of derivative financial instruments			(27,840)
Unallocated head office expenses			<u>(25,137)</u>
Loss before tax			(227,713)
Income tax			<u>34,383</u>
<b>Loss for the year</b>			<u><u>(193,330)</u></u>
<b>Segment assets:</b>			
Reportable segment assets	1,646,956	486,433	2,133,389
Deferred tax assets			13,287
Prepaid income tax			8,814
Derivative financial instruments			570
Unallocated assets			<u>112,455</u>
<b>Total assets</b>			<u><u>2,268,515</u></u>
<b>Segment liabilities</b>			
Reportable segment liabilities	1,553,759	42,578	1,596,337
Deferred tax liabilities			97,905
Income tax payable			49,323
Liability component of the Convertible Bonds			141,676
Unallocated liabilities			<u>154,400</u>
<b>Total liabilities</b>			<u><u>2,039,641</u></u>
<b>Other segment information</b>			
Capital expenditure*	57	–	57
Change in fair value of investment properties	–	64,200	64,200
Depreciation**	648	191	839
Reversal of impairment on trade and other receivables	–	(383)	(383)
Write-down of properties under development to net realisable value	84,300	–	84,300

\* During the year, the head office did not incur any capital expenditure (2023: nil) which represents additions to non-current assets.

\*\* Included in unallocated head office expenses is depreciation of RMB2,293,000 (2023: RMB2,320,000).

**Year ended 31 March 2023**

	Property development and management <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
Sales to external customers	382,004	12,103	394,107
<b>Segment results</b>			
	569,682	(58,556)	511,126
Bank interest income			1
Finance costs			(16,696)
Change in fair value of derivative financial instruments			(8,208)
Unallocated head office expenses			(23,988)
Profit before tax			462,235
Income tax			(96,226)
<b>Profit for the year</b>			<b>366,009</b>
<b>Segment assets:</b>			
Reportable segment assets	1,651,149	551,322	2,202,471
Deferred tax assets			10,124
Prepaid income tax			8,025
Derivative financial instruments			2,310
Unallocated assets			62,791
<b>Total assets</b>			<b>2,285,721</b>
<b>Segment liabilities</b>			
Reportable segment liabilities	1,480,042	49,294	1,529,336
Deferred tax liabilities			131,498
Income tax payable			48,802
Liability component of the Convertible Bonds			90,052
Unallocated liabilities			88,421
<b>Total liabilities</b>			<b>1,888,109</b>
<b>Other segment information</b>			
Capital expenditure*	240	297	537
Change in fair value of investment properties	–	66,293	66,293
Depreciation**	581	105	686
Impairment on trade and other receivables	8,962	–	8,962
Reversal of write-down of properties under development to net realisable value	(545,442)	–	(545,442)
Write-down of completed properties held for sales to net realisable value	8,135	–	8,135

## Geographical information

### (a) Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
The PRC	<u>116,072</u>	<u>394,107</u>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
The PRC	496,001	553,014
Hong Kong	<u>648</u>	<u>2,134</u>
	<u>496,649</u>	<u>555,148</u>

The non-current asset information above is based on the locations of the assets and excludes the Group's deferred tax assets and lease receivables.

## Information about major customers

There was no sale to a single customer which accounted for over 10% or more of the Group's revenue for the years ended 31 March 2024 and 2023.

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue mainly represents income from the sale of properties, rental income and property management service income.

An analysis of revenue, other income and gains is presented below:

##### Revenue

	<b>Year ended 31 March 2024</b>		
	<b>Property development and management <i>RMB'000</i></b>	<b>Property investment <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Revenue from contracts with customers within HKFRS 15:</b>			
Sale of properties	69,936	–	69,936
Property management service income	32,897	–	32,897
	<b>102,833</b>	–	<b>102,833</b>
<b>Revenue from other sources:</b>			
Rental income	–	13,239	13,239
	<b>102,833</b>	<b>13,239</b>	<b>116,072</b>
Representing geographical markets of:			
The PRC	102,833	13,239	116,072
	<b>102,833</b>	<b>13,239</b>	<b>116,072</b>
Timing of revenue recognition			
– At a point in time	69,936	–	69,936
– Over time	32,897	13,239	46,136
	<b>102,833</b>	<b>13,239</b>	<b>116,072</b>

Year ended 31 March 2023

	Property development and management <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue from contracts with customers within HKFRS 15:</b>			
Sale of properties	349,158	–	349,158
Property management service income	32,846	–	32,846
	<u>382,004</u>	–	<u>382,004</u>
<b>Revenue from other sources:</b>			
Rental income	–	12,103	12,103
	<u>382,004</u>	<u>12,103</u>	<u>394,107</u>
Representing geographical markets of:			
The PRC	<u>382,004</u>	<u>12,103</u>	<u>394,107</u>
	<u>382,004</u>	<u>12,103</u>	<u>394,107</u>
Timing of revenue recognition			
– At a point in time	349,158	–	349,158
– Over time	32,846	12,103	44,949
	<u>382,004</u>	<u>12,103</u>	<u>394,107</u>
<b>Other income and gains</b>			
	<i>Note</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Reversal of write-down of properties under development		–	545,442
Exchange gain		4,256	3,604
Gain on recognition of lease receivables		2,308	–
Gain on modification of Convertible Bonds	18	1,763	–
Bank interest income		37	1
Reversal of impairment on trade receivables		383	–
Finance income on lease receivables		31	–
Sundry income		162	1,463
Total other income and gains		<u>8,940</u>	<u>550,510</u>

## 5. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank and other borrowings	61,772	19,861**
Interest on Convertible Bonds	8,658	6,130
Interest on lease liabilities	2,956	1,715
Interest on loans from a controlling shareholder	956	475
	<u>74,342</u>	<u>28,181</u>
Less: Interest capitalised into properties under development*	<u>(51,221)</u>	<u>(11,485)</u>
Total finance costs	<u><u>23,121</u></u>	<u><u>16,696</u></u>

\* The borrowing costs have been capitalised at a rate of 6%-10% per annum (2023: 7.3%-7.35% per annum).

\*\* Included in the items was the reversal of over-provision of interest on the bank and other borrowings in previous years of RMB43,855,000 for the year ended 31 March 2023.

## 6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of properties sold	76,523	308,476*
Cost of services	25,025	26,042
Cost of rental	4,648	3,488
Depreciation		
– property, plant and equipment	223	224
– right-of-use assets	2,909	2,782
	<u><u>29,705</u></u>	<u><u>340,916</u></u>
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	21,912	19,162
Contribution to defined contribution retirement plans	4,114	4,270
	<u>26,026</u>	<u>23,432</u>
Total staff costs	26,026	23,432
Less: Amount capitalised into properties under development	<u>(1,130)</u>	<u>(1,278)</u>
	<u><u>24,896</u></u>	<u><u>22,154</u></u>

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Auditor's remuneration:		
Audit services	<b>1,011</b>	950
Other services	<b>487</b>	369
Operating lease charges in respect of office premises and other leased assets under short term leases	<b>1,983</b>	1,512
Direct operating expenses arising from investment properties that generated rental income	<b>84</b>	76
Direct operating expenses arising from investment properties that did not generate rental income	<b>40</b>	17
(Reversal of) provision for impairment on trade receivables	<b>(383)**</b>	8,962**
Increase (decrease) in the write-down of properties under development to net realisable value	<b>84,300**</b>	(545,442)**
Write-down of completed properties held for sale to net realisable value	<u>          —</u>	<u>          8,135*</u>

\* Included in cost of properties sold was the write-down of completed properties held for sale to net realisable value of RMB8,135,000 for the year ended 31 March 2023.

\*\* These items are included in other expenses in the consolidated statement of profit or loss.

\*\*\* These items are included in other income and gains in the consolidated statement of profit or loss.

## 7. INCOME TAX

PRC Corporate Income Tax (“CIT”) has been provided at the applicable income tax rate on the assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25% (2023: 25%).

No Hong Kong profits tax has been provided for the years ended 31 March 2024 and 2023 as the Group incurred a loss for taxation purpose.

The Group’s subsidiaries are not subject to any income tax in Bermuda, BVI and Samoa pursuant to the respective rules and regulations.

Land Appreciation Tax (“LAT”) in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
PRC CIT	7	5,376
PRC LAT	2,366	4,389
PRC LAT over-provided in previous years	—	(234)
	<u>2,373</u>	<u>9,531</u>
Deferred tax	<u>(36,756)</u>	<u>86,695</u>
Total (credit) charge	<u><b>(34,383)</b></u>	<u><b>96,226</b></u>

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).



## 9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/earnings for the year attributable to owners of the parent, and the weighted average of 7,203,639,000 shares (2023: 7,084,472,000 shares) in issue during the year.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/earnings for the year attributable to owners of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	<b>2024</b>	2023
	<b>RMB '000</b>	RMB '000
<b>(Loss)/profit</b>		
(Loss)/profit attributable to owners of the parent used in the basic (loss) earnings per share calculation	<u>(193,330)</u>	<u>366,009</u>
Effect of interest on the liability component of the Convertible Bonds	–	–
Effect of fair value loss on the derivative component of the Convertible Bonds	<u>–</u>	<u>–</u>
Adjusted (loss)/profit attributable to owners of the parent used in the basic (loss) earnings per calculation	<u><u>(193,330)</u></u>	<u><u>366,009</u></u>
	<b>Number of shares</b>	
	<b>2024</b>	2023
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	<b>7,203,639</b>	7,084,472
Effect of dilution – weighted average number of ordinary shares:		
Convertible preference shares	–	119,167 <sup>(a)</sup>
Convertible Bonds	– <sup>(b)</sup>	– <sup>(b)</sup>
Share options	– <sup>(c)</sup>	– <sup>(c)</sup>
Weighted average number of ordinary shares (diluted)	<u><u>7,203,639</u></u>	<u><u>7,203,639</u></u>

- (a) The diluted earnings per share amount decreased when taking into account of the convertible preference shares, which had dilutive effect on the basic earnings per share amount for the year ended 31 March 2023.
- (b) The diluted loss per share amount decreased when taking into account of the convertible bonds, which had anti-dilutive effect on the basic loss per share amount for the year ended 31 March 2024. For the year ended 31 March 2023, the convertible bonds had an anti-dilutive effect on basic earning per share amount.
- (c) Because the exercise price of the share options were out of the money compared to the average stock prices of the Company during the years ended 31 March 2024 and 2023, the share options had an anti-dilutive effect on the basic (loss) earnings per share amount for the years ended 31 March 2024 and 2023.

## 10. INVESTMENT PROPERTIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the reporting period	550,400	615,800
Transfer from right-of-use assets	–	893
Net loss on fair value adjustment	<u>(64,200)</u>	<u>(66,293)</u>
At the end of the reporting period	<u><u>486,200</u></u>	<u><u>550,400</u></u>

At 31 March 2024 and 2023, the Group's investment properties included certain units of a shopping mall in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Services Company Limited, independent professional qualified valuers.

## 11. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Properties under development	2,059,053	1,862,771
Completed properties held for sale	<u>121,053</u>	<u>224,018</u>
	2,180,106	2,086,789
Write-down of properties under development and completed properties held for sale to net realisable value	<u>(573,303)</u>	<u>(489,003)</u>
	<u><u>1,606,803</u></u>	<u><u>1,597,786</u></u>

The Group's properties under development and completed properties held for sale situated in the PRC are stated at lower of cost and net realisable value and held on leases between 40 and 70 years.

At 31 March 2024, certain of the Group's properties under development and completed properties held for sale of RMB1,166,000,000 (2023: RMB1,210,000,000) and RMB8,833,000 (2023: RMB8,069,000) respectively, were pledged to banks to secure certain of the bank loans granted to the Group.

The movement of the write-down of properties under development and completed properties held for sale to net realisable value during the year is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the reporting period	489,003	1,026,310
Increase/(decrease) in the write-down, net	<u>84,300</u>	<u>(537,307)</u>
At the end of the reporting period	<u><u>573,303</u></u>	<u><u>489,003</u></u>

As at 31 March 2024 and 31 March 2023, the write-down of properties under development and completed properties held for sale to net realisable value were mainly related to the property project in Fusong County, Jilin Province ("Fusong Property Project"). Such net realisable value was estimated based on a valuation carried out by an independent valuer. The valuation of the project has been made, (i) using discounted cashflow method and based on the capitalisation of net income on the project plan by making reference to comparable market transactions taking into account of the construction costs to be expended for the land parcels under development; and (ii) using bare land basis and based on direct comparison approach by making reference to comparable land transactions available in the market for the land parcels for future development. No change in valuation approach for the year ended 31 March 2024 compared with the year ended 31 March 2023.

The write-down of Fusong Property Project for the year ended 31 March 2024 of RMB84,300,000 was mainly due to the decrease in unit prices of the comparable market transactions resulting from the unfavourable market sentiments in the PRC property market and the delay in the first phase of the Fusong Property Project.

## 12. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2024</b> <b>RMB '000</b>	2023 RMB '000
Trade receivables, gross		<b>21,260</b>	21,489
Less: provision for impairment		<b>(14,154)</b>	(14,537)
Trade receivables, net	<i>(a)</i>	<b>7,106</b>	6,952
Other receivables:			
Deposits for land development expenditure	<i>(b)</i>	<b>31,562</b>	22,095
Deposits for construction and pre-sale of projects	<i>(c)</i>	<b>6,741</b>	6,741
Prepaid business tax and other taxes		<b>28,212</b>	18,190
Other receivables, prepayments and deposit		<b>73,634</b>	53,010
Less: provision for impairment	<i>(d)</i>	<b>(70,934)</b>	(70,934)
		<b>69,215</b>	29,102
Total trade and other receivables		<b>76,321</b>	36,054

- (a) In respect of property sales, no credit terms are granted to purchasers. For property investment and property management, the respective rental income and property management income are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, sufficient rental deposits are received to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing.

At 31 March 2024 and 2023, trade receivables are primarily related to revenue recognised from the provision of property management service and leasing of properties.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) by the invoice date as at the end of the reporting period is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	1,415	1,457
31 days–180 days	4,034	4,762
Over 180 days	<u>1,657</u>	<u>733</u>
	<b><u>7,106</u></b>	<b><u>6,952</u></b>

The ageing analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Neither past due nor impaired	<u>–</u>	<u>–</u>
Less than 30 days past due	1,415	1,457
Over 30 days and less than 180 days past due	4,034	4,762
Over 180 days past due	<u>1,657</u>	<u>733</u>
	<u>7,106</u>	<u>6,952</u>
	<b><u>7,106</u></b>	<b><u>6,952</u></b>

Movements in provision for impairment of trade receivables are as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the reporting period	14,537	5,575
(Credited)/charged to profit or loss during the year	<u>(383)</u>	<u>8,962</u>
At the end of the reporting period	<b><u>14,154</u></b>	<b><u>14,537</u></b>

- (b) The balances represented monies advanced to the local government for land development works at land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether or not the Group will obtain the land use rights of the land in the future. Impairment loss of RMB22,095,000 had been provided as at 31 March 2024 (31 March 2023: RMB22,095,000) for the long aged deposit.
- (c) The balances mainly represented various deposits paid to local government authorities directly attributable to the construction of property projects which would be refundable upon completion of the development projects. Impairment loss had been provided on the entire balance in prior years.
- (d) Movement in provision for impairment of other receivables are as follows:

	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
At the beginning and the end of the reporting period	<u>70,934</u>	<u>70,934</u>

### 13. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	<i>Notes</i>	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
Cash and bank balances		59,001	76,274
Less: Restricted bank deposits			
under pre-sale of properties	<i>(a)</i>	<u>(5,366)</u>	<u>(6,335)</u>
Cash and cash equivalents		<u>53,635</u>	<u>69,939</u>

- (a) In accordance with relevant policies issued by the PRC local State-owned Land and Resource Bureau applicable to all property developers, the Group is required to place certain of the proceeds received from the pre-sale of properties as guarantee deposits for the construction of the properties. The restriction will be released when the construction is completed. The restricted cash earns interest at floating daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB8,860,000 (2023: RMB20,201,174). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

#### 14. TRADE AND OTHER PAYABLES

		2024	2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	(a)	49,192	48,099
Accrued construction costs		301,670	303,906
Interest payable		30,085	4,854
Other creditors and accruals		53,732	65,447
Other deposits received		56,118	25,843
		<u>490,797</u>	<u>448,149</u>

(a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 30 days	917	4,617
31 days – 180 days	12,521	5,553
Over 180 days	35,754	37,929
	<u>49,192</u>	<u>48,099</u>

#### 15. CONTRACT LIABILITIES

	2024	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Deposits from sale of properties	150,697	87,667
Receipt in advance from management services	15,755	14,760
	<u>166,452</u>	<u>102,427</u>

## 16. LOANS FROM A CONTROLLING SHAREHOLDER AND RELATED PARTIES

### (a) Loans from a controlling shareholder

Loans from a controlling shareholder are unsecured, including:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest-free*	329,414	324,658
Interest-bearing**	<u>15,435</u>	<u>29,832</u>
	<u><b>344,849</b></u>	<u><b>354,490</b></u>

\* repayable on demand

\*\* interest rate at 5% per annum and repayable within one year

### (b) Loans from related parties

The balances are unsecured, interest-free and repayable within one year or on demand.

## 17. BANK AND OTHER BORROWINGS

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current			
Bank loans – secured	<i>(i)</i>	<b>82,340</b>	135,696
Entrusted loans	<i>(ii), (iii)</i>	<u><b>338,300</b></u>	<u>310,000</u>
		<u><b>420,640</b></u>	<u>445,696</u>
Non-current			
Bank loans – secured	<i>(i)</i>	<u><b>230,990</b></u>	<u>229,000</u>
		<u><b>230,990</b></u>	<u>229,000</u>
		<u><b>651,630</b></u>	<u><b>674,696</b></u>



	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Analysed into:		
Bank loans and entrusted loans repayable:		
Within one year or on demand	420,640	445,696
In the second year	–	1,000
In the third to fifth years, inclusive	230,990	228,000
	<u>651,630</u>	<u>674,696</u>

*Notes:*

- (i) As at 31 March 2024, the bank loan of RMB70,000,000 that bears interests at a fixed rate of 7.5% per annum, is secured by the 70% equity interests in a connected party and is guaranteed by personal and corporate guarantees of certain connected parties of the Group. The bank loan of RMB8,000,000 that bears interests at a fixed rate of 5% per annum, is secured by the pledges of the completed properties held for sale with carrying amount of RMB8,833,000 as at 31 March 2024 and 100% equity interests of a subsidiary of the Group. The bank loan of RMB2,000,000 that bears interests at a fixed rate of 5% per annum and is secured by a second charge of completed properties held for sale with carrying amount of RMB8,833,000 as at 31 March 2024. The bank loan of RMB230,990,000 that bears interests at a fixed rate of 6% to 7.3% per annum, are secured by investment properties with fair value of RMB352,300,000 as at 31 March 2024, and is guaranteed by personal and corporate guarantees of certain connected parties of the Group. The bank loan of RMB2,340,000 that bears interests at a floating rate of loan prime rate plus 0.28% per annum and is unsecured and unguaranteed.

As at 31 March 2023, the bank loan of RMB70,000,000 that bore interests at a fixed rate of 7.83% per annum, was secured by the 70% equity interests in a connected party and is guaranteed by personal and corporate guarantees of certain connected parties of the Group. The bank loan of RMB6,800,000 that bore interests at a fixed rate of 7.6% per annum, was secured by the pledges of the completed properties held for sale with carrying amount of RMB8,069,000 and investment properties with fair value of RMB4,031,000 as at 31 March 2023. The bank loan of RMB231,000,000 that bore interests at a fixed rate of 7.3% to 7.35% per annum, was secured by investment properties with fair value of RMB389,900,000 as at 31 March 2023, and was guaranteed by personal and corporate guarantees of certain connected parties of the Group. The bank loan of RMB56,896,000 that bore interests at a fixed rate of 5.39% per annum was secured by pledges of the properties under development with carrying values of RMB868,000,000 and fully repaid during the year.

- (ii) As at 31 March 2024, the entrusted loan of RMB20,000,000 that bears interest at a fixed interest rate of 8% per annum, is secured by properties under development held by the Group with carrying amount of RMB329,770,000 as at 31 March 2024, and is guaranteed by corporate guarantees of certain connected parties of the Group. The entrusted loan of RMB318,300,000 that bears interest at a fixed rate of 10% per annum, is secured by a second charge of properties under development with carrying amount of RMB1,166,000,000 as at 31 March 2024, and is guaranteed by corporate guarantees of certain connected parties of the Group.

As at 31 March 2023, the entrusted loan of RMB20,000,000 that bore interest at a fixed interest rate of 8% per annum, was secured by properties under development held by the Group with carrying amount of RMB342,000,000 as at 31 March 2023, and was guaranteed by corporate guarantees of certain connected parties of the Group. The entrusted loan of RMB290,000,000 that bore interest at a fixed rate of 10% per annum, was secured by a second charge of properties under development with carrying amount of RMB1,210,00,000 as at 31 March 2023, and was guaranteed by corporate guarantees of certain connected parties of the Group.

- (iii) As at 31 March 2024, the entrusted loans of RMB20,000,000 was overdue. Such loans are under negotiation for renewed; however, the terms of the loans to be renewed are yet to be finalised up to the date of this announcement.

## **18. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS**

### **2021 CBs**

On 14 December 2021, the Company completed the issue of an aggregate principal amount of HK\$103,076,730 (equivalent to approximately RMB84,283,059 on the issue date) convertible bonds (the “2021 CBs”) to Ka Yik Investments Limited (“Ka Yik”), the controlling shareholder, which are due on 13 June 2023 (the “Initial Maturity Date”) and may, subject to the controlling shareholder’s written consent that shall not be unreasonably withheld, be extended for another eighteen months by notice issued by the Company at any time during the three months prior to the maturity date by serving at least thirty days prior written notice to Ka Yik in the event that the Company’s directors are of the reasonable opinion that the redemption of the 2021 CBs on the maturity date will result in the Group not having sufficient working capital for the operation for the next twelve months. The 2021 CBs are convertible into the Company’s ordinary shares of HK\$0.05 each at an initial conversion price of HK\$0.39 per share subject to adjustments. The interest rate is 2% per annum payable semi-annually in arrears each year before the maturity date.

On 9 June 2023, the Company received a written confirmation from the bondholder for its consent that the Initial Maturity Date shall be extended for another eighteen months to the third anniversary of the date of issue of the bonds (i.e. 14 December 2024) with all other terms and conditions remained unchanged. Gain on the modification of the liability components of the 2021 CBs in accordance with HKFRS 9 of RMB1,763,000 was recognised at other income in the consolidated statement of profit or loss during the year.

The conversion rights are exercisable at any time from the date of issue of the 2021 CBs up to the maturity date, provided that any conversion does not result in the public float of the Company’s shares being less than 25% (or any given percentage as required by the Listing Rules).

The 2021 CBs are not transferable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the 2021 CBs (in whole or in part) at 100% of its principal amount.

The Company has not early redeemed any portion of the 2021 CBs during the year.

## **2023 CBs**

On 23 June 2023, the Company completed the placement of convertible bonds with an aggregate principal amount of HK\$60,000,000 (equivalent to approximately RMB55,734,000) to not less than six places (the “2023 CBs”). The maturity date of the 2023 CBs is 22 June 2026. The 2023 CBs are convertible into the Company’s ordinary shares of HK\$0.05 each at an initial conversion price of HK\$0.445 per share subject to adjustments. The interest rate is 6% per annum payable quarterly in arrears before the maturity date.

The conversion rights are exercisable at any time from the date of issue of the 2023 CBs up to the maturity date, provided that any conversion does not result in the public float of the Company’s shares being less than 25% (or any given percentage as required by the Listing Rules).

The 2023 CBs are not transferable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the 2023 CBs (in whole or in part) at 100% of its principal amount. The Company has not early redeemed any portion of the 2023 CBs during the year.

### **Accounting treatment**

The 2021 CBs and the 2023 CBs are together referred to as the Convertible Bonds (“CBs”).

The Company’s early redemption right attaching to the respective CBs are considered not closely related to the liability component of the respective CBs; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKFRS 9 Financial Instruments.

On the basis that the conversion options of the CBs will be settled by the exchange of a fixed amount for a fixed number of equity instruments, the respective CBs are accounted for as compound instruments according to HKAS 32 Financial Instruments: Presentation. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to “Equity component of the CBs” in the Group’s equity attributable to the Company’s shareholders.

After initial recognition, the Company’s early redemption right features classified as derivative financial instruments are remeasured to their fair value at each period end using the binomial pricing model. The liability component of the respective CBs are subsequently carried at amortised cost.

At the date of conversion, the carrying values of the liability component of the respective CBs and of the early redemption right features are transferred to equity.

Up to the date of maturity of the CBs, if the bond holder had not exercised the conversion option of the CBs. The equity component of the CBs are fully transferred to retained earnings. The early redemption right features classified as derivative financial instruments would be derecognised on the same date.

### Early redemption right features of the CBs

The movements in the Company's early redemption right features classified as derivative financial instruments measured at fair value are as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At the beginning of the reporting period	<b>2,310</b>	9,709
Additions upon issue	<b>25,801</b>	–
Fair value change	<b>(27,840)</b>	(8,208)
Exchange realignment	<b>299</b>	809
	<u>          </u>	<u>          </u>
At the end of the reporting period	<b><u>570</u></b>	<b><u>2,310</u></b>

### Liability component of the CBs

The movements of the liability component of the Convertible Bonds in the consolidated statement of financial position are as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
At the beginning of the reporting period	<b>90,052</b>	79,267
Addition	<b>43,506</b>	–
Accrued effective interest	<b>8,658</b>	6,130
Gain on modification of CBs	<b>(1,763)</b>	–
Transfer to interest payable	<b>(4,443)</b>	(1,812)
Exchange realignment	<b>5,666</b>	6,467
	<u>          </u>	<u>          </u>
At the end of the reporting period	<b><u>141,676</u></b>	<b><u>90,052</u></b>

The imputed finance cost on the liability component of the CBs is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rates of the CBs is 4.61%-16.23% (2023: 7.21%).

## Equity component of the CBs

The movements of the equity component of the CBs in the consolidated statement of financial position are as follows:

	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
At the beginning of the reporting period	60,276	60,276
Additions upon issue	<u>38,029</u>	<u>–</u>
At the end of the reporting period	<u><u>98,305</u></u>	<u><u>60,276</u></u>

As at 31 March 2024, the aggregate principal amount of the CBs was approximately HK\$163,076,730 (equivalent to RMB151,400,436) (2023: HK\$103,076,730 (equivalent to RMB90,441,985)). Should the conversion rights attaching to the CBs be exercised in full, additional 399,130,767 ordinary shares would have been allotted and issued, which represent approximately 5.5% of the issued share capital of the Company at 31 March 2024.

## 19. SHARE CAPITAL

	Number of ordinary shares	Nominal value	
	'000	<i>HK\$ '000</i>	<i>RMB '000</i>
<b>Authorised:</b>			
Ordinary shares of HK\$0.05 each	<u>15,600,000</u>	<u>780,000</u>	<u>684,000</u>
<b>Issued:</b>			
Ordinary shares of HK\$0.05 each			
<b>At 31 March 2024</b>	<u><u>7,203,639</u></u>	<u><u>360,182</u></u>	<u><u>311,453</u></u>
At 31 March 2023	<u><u>7,203,639</u></u>	<u><u>360,182</u></u>	<u><u>311,453</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the year ended 31 March 2024, the Group's overall revenue was approximately RMB116.1 million (year ended 31 March 2023: approximately RMB394.1 million), representing an decrease of 70.5%. The Group recorded a gross profit of approximately RMB9.9 million, (year ended 31 March 2023: approximately RMB56.1 million). Net loss for the year was approximately RMB193.3 million (year ended 31 March 2023: net profit for the year of approximately RMB366.0 million).

In February 2024, the Group entered into an equity transfer agreement with an independent third party to acquire 100% equity interest in Jilin Province Changbaishan Mineral Spring Beverages Company Limited\* (transliteration of 吉林省長白山礦泉飲品有限公司) for a cash consideration of RMB2 million. The major assets held by the Target Company are various trademarks in the names relating to Changbaishan\* (長白山) under the beverages sector. This is the first step of the Group to expand into other business in order to diversify the Group's income stream under the "One primary and one auxiliary" business model.

In February 2024, the Group also entered into an asset purchase agreement with an independent third party to purchase certain ginsengs currently being cultivated for a cash consideration of RMB16.5 million, of which RMB14.5 million has been settled. The remaining RMB2 million will be settled once asset valuation has been completed on the ginsengs and all conditions precedent under the agreement has been satisfied. As such, this purchase transaction is yet to complete as at 31 March 2024. The Group's management expects to have the transaction completed in the second half of 2024.

### Outlook

Under the uncertainties surrounding in the PRC economy and property market, and the high gearing position of the Group, the Group will maintain a more prudent approach in developing its businesses and opportunities by (a) replenishing land reserve for the Group's property development; and (b) following closely and monitoring the progress of the Fusong Property Project and its funding need. Given the size of the Fusong Property Project and its huge land area, the Group's management will keep an open-minded attitude towards the development of the Fusong Property Project and will consider any potential business partners to jointly develop the project, or may even consider to divest the project to any potential investor who wishes to develop independently.

In addition, the Group will continue the development of resources within Jilin Province, such as ginseng and mineral water. The management in the respective ginseng and mineral spring water businesses is currently designing the detailed operation plan.

Looking forward, the above approach and strategies will enable the Group to (i) enrich the Group's business portfolio; (ii) create a sustainable business development model; (iii) diversify the Group's business risk from its property development business; and (iv) most important of all, bring value to its shareholders, employees and other stakeholders.

## **Property Development**

During the year ended 31 March 2024, the Group's project in Jiutai District, Changchun City, namely Guangze Jiuxi Red House – Phase I, was completed and delivered. The Phase II of the project is currently under construction.

In addition, the Group's project in Baishan City, namely Guangze China House continued its development for the year. After completion and delivery of its Phase IA, the project is carrying out its Phase II development, with its pre-sale commenced in fourth quarter of 2022. In April 2024, the completion certificate on Guangze China House-Phase II was obtained and it is expected that the property units will be delivered to the property owners in the second quarter of the 2024/25 financial year.

In the coming years, the Group will continue to replenish its land reserve on a prudent approach given the property market in the PRC remains filled with uncertainties. The Group's management will focus the land replenishment within the Northeastern area of the PRC where the Group has vast local experience.

### ***Properties completed, delivered and sale of properties recognised during the year ended 31 March 2024***

The Group recorded a decrease in sale of properties by approximately RMB279.2 million or 80.0% from the sales of approximately RMB349.1 million for the year ended 31 March 2023 to the sales of approximately RMB69.9 million for the year ended 31 March 2024.

For the year ended 31 March 2023, the sales of properties (excluding car park units) mainly related to two newly completed projects; Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA. Together with the sales of the remaining residential and commercial units of the property projects that were completed in the previous years, the total sales of properties (excluding car park units) amounted to an aggregate of approximately RMB335.3 million and an aggregate GFA of 72,593 sq.m..

For the year ended 31 March 2024, the sale of properties (excluding car park units) related to the remaining units of the completed property projects in prior years, mainly from residential units and commercial units of Guangze Jiuxi Red House – Phase I, Guangze China House – Phase IA and Guangze Red House – Phase II and III amounted to an aggregate of approximately RMB52.8 million with an aggregate GFA of 9,921 sq.m..

For car park units, the Group recognised sale of car park units of approximately RMB14.4 million from the sale of 96 car park units for the year ended 31 March 2024 as compared to approximately RMB13.9 million from 87 car park units for the year ended 31 March 2023.

### ***Projects under development and held for development***

As at 31 March 2024, the Group has two residential projects under development, namely Guangze Jiuxi Red House - Phase II in Jiutai District, Changchun City and Guangze China House – Phase II in Baishan City. In April 2024, Guangze China House – Phase II was completed.

The Group also has a cultural tourism property projects located in Changbaishan, Baishan City, namely Ground Pine Township International Resort (“Fusong Property Project”). During the year, the project construction is in progress.

## Property Investment

As at 31 March 2024, the Group's self-owned investment properties and leased investment properties are the retailing shopping units at Guangze International Shopping Centre with respective lettable floor area of 35,160 sq.m. and 15,972 sq.m. (At 31 March 2023: 35,160 sq.m. and 15,972 sq.m.). During the year ended 31 March 2024, the investment properties had an average occupancy rate of 73% (year ended 31 March 2023: 70%).

## FINANCIAL REVIEW

### Key changes to profit or loss

#### Revenue

	Year ended 31 March 2024		Year ended 31 March 2023	
	RMB'000	%	RMB'000	%
Sale of properties	69,936	60.3	349,158	88.6
Rental income	13,239	11.4	12,103	3.1
Property management service income	32,897	28.3	32,846	8.3
	<u>116,072</u>	<u>100.0</u>	<u>394,107</u>	<u>100.0</u>

The Group's revenue decreased from RMB394.1 million for the year ended 31 March 2023 to RMB116.1 million for the year ended 31 March 2024 or an decrease by 70.5%, mainly due to the decrease in sale of properties by 80.0% or RMB279.2 million as compared to the corresponding year. The decrease in sale of properties during the year ended 31 March 2024 was attributable to the fact that there was no newly completed property project delivered during the year and the sale of the properties for the year was contributed from the sale of remaining property units completed in prior years. During the year ended 31 March 2024, the Group recognised sales of properties from Guangze Jiuxi Red House – Phase I, Guangze Red House – Phase I, II and III and Guangze China House – Phase I and IA of approximately RMB67.1 million with an aggregate of GFA recognised of 13,046 sq.m..

Rental income increased by 9.4% for the year ended 31 March 2024 as compared to last financial year mainly attributable to the increase in average occupancy rate during the year ended 31 March 2024 in respect of the shopping mall units in Baishan City, the PRC.

Property management service income remained stable at RMB32.9 million for the year ended 31 March 2024 (year ended 31 March 2023: RMB32.8 million).



### ***Gross profit and gross margin***

	Year ended 31 March 2024		Year ended 31 March 2023	
	Gross profit/ (loss) RMB'000	Gross margin %	Gross profit RMB'000	Gross margin %
Property development	11,377	16.3	40,682	11.7
Property leasing	8,590	64.9	8,615	71.2
Property management service	7,852	23.9	6,804	20.7
Cost adjustments for the properties sold	(17,943)	N/A	–	N/A
Total	<u>9,876</u>	<u>8.5</u>	<u>56,101</u>	<u>14.2</u>

For the year ended 31 March 2024, the Group had a gross profit of approximately RMB9.9 million (year ended 31 March 2023: approximately RMB56.1 million) and a gross margin of approximately 8.5% (year ended 31 March 2023: 14.2%). The decrease in overall gross profit and gross margin for the year was mainly primarily attributable to (i) the decrease in sales of properties from the Group's property development business as there was no new property project completed and delivered during the year; whereas in last year, the Group had two projects of Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA completed and delivered; and (ii) upward construction cost adjustment made in respect of the Group's property project of Guangze China House – Phases I and IA.

### ***Other income and gains***

The Group's other income decreased from RMB550.5 million for the year ended 31 March 2023 to RMB8.9 million for the year ended 31 March 2024 which was mainly attributable to the reversal of write-down of properties under development of RMB545.4 million, namely Ground Pine Township International Resort in Changbaishan, Fusong County ("Fusong Property Project"). There was no such one-off gain recurred during the current year.

### ***Selling and distribution costs***

The decrease in selling and distribution costs by approximately RMB0.4 million from approximately RMB6.4 million for the year ended 31 March 2023 to approximately RMB6.0 million for the year ended 31 March 2024 was primarily attributable to the decrease in promotion and advertising expenses incurred as no promotion activities held in respect of Guangze Jiuxi Red House in Jiutai District during the year.

### ***Administrative expenses***

The increase in administrative expenses by approximately RMB3.1 million from approximately RMB35.4 million for the year ended 31 March 2023 to approximately RMB38.5 million for the year ended 31 March 2024 was primarily attributable to the opening of the Group's office for its ginseng and mineral spring water businesses.

### *Other expenses*

The Group's other expenses increased by approximately RMB75.6 million from approximately RMB11.3 million for the year ended 31 March 2023 to approximately RMB86.9 million for the year ended 31 March 2024, mainly attributable to the write-down of the Fusong Property Project of approximately RMB84.3 million amidst unfavourable market sentiment in the PRC property market. Consistent with prior years, the net realisable value of the Fusong Property Project was estimated based on an independent valuation of the project carried out by an independent property valuer.

### *Finance costs*

	Year ended 31 March	
	2024	2023
	RMB'000	RMB'000
Interest on bank and other borrowings	61,772	19,861
Interest on Convertible Bonds	8,658	6,130
Interest on lease liabilities	2,956	1,715
Interests on loan from a controlling shareholder	956	475
	<u>74,342</u>	<u>28,181</u>
Less: interest capitalised into properties under development	<u>(51,221)</u>	<u>(11,485)</u>
	<u><u>23,121</u></u>	<u><u>16,696</u></u>

The finance costs for the year ended 31 March 2024 increased by RMB6.4 million from approximately RMB16.7 million for the year ended 31 March 2023 to approximately RMB23.1 million for the year ended 31 March 2024, which was mainly attributable to (a) an increase in interest on Convertible Bonds as a result of the issuance of the Convertible Bonds with the principle amount of HK\$60 million during the year; and (b) increase in interest on bank and other borrowings resulting from a reversal of interest of RMB43.9 million due to the finalisation of the re-financing arrangement with lenders in last year. There was no such reversal during the year.

### *Change in fair value of investment properties*

For the year ended 31 March 2024, the Group's investment properties stated at fair value had a further decrease in the fair value of RMB64.2 million mainly attributable to the continual deterioration of the market rent for shopping mall units in Baishan City. (year ended 31 March 2023: RMB66.3 million).

### *Change in fair value of derivative financial instruments*

In addition to the convertible bonds issued to the controlling shareholder in 2021 (the "2021 CBs"), the Company issued another convertible bonds with principal amount of HK\$60,000,000 (equivalent to RMB55,734,000) in June 2023 to six independent third parties (the "2023 CBs"). The 2023 CBs has a term of 3 years and the Company has an early redemption right feature which, like the 2021 CBs, is accounted for as derivative financial instrument in the consolidated financial statements.

The derivative financial instruments of the 2021 CBs and the 2023 CBs are re-measured to their fair value at the end of each reporting period. A loss of fair value of approximately RMB27.8 million was recorded for the year ended 31 March 2024 (2023: RMB8.2 million) as a result of the volatility of the Company's share price and deterioration of its time value.

### ***Income tax***

	<b>Year ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current tax</b>		
PRC Corporate Income Tax	7	5,376
PRC Land Appreciation Tax	2,366	4,389
PRC LAT over-provided in previous years	—	(234)
	<b>2,373</b>	<b>9,531</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(36,756)</b>	<b>86,695</b>
Total (credit) charge	<b>(34,383)</b>	<b>96,226</b>

### ***Current tax***

The Group's current income tax represents Land Appreciation Tax (LAT) and Corporate Income Tax (CIT). For the year ended 31 March 2024, the Group's current income tax related to LAT provision of RMB2.4 million (year ended 31 March 2023: RMB4.4 million) and CIT provision of RMB7,000 (year ended 31 March 2023: RMB5.4 million) were made. The decrease in LAT for the year ended 31 March 2024 was mainly due to fewer commercial properties units with higher profit margin delivered and recognised during the year. The decrease in CIT provision for the year ended 31 March 2024 was mainly due to the fact that the Group's property project companies did not have any assessable profits.

### ***Deferred tax***

During the year, the Group recorded a deferred tax credit of approximately RMB36.8 million which was primarily attributable to the (i) reversal of taxable temporary difference of RMB21.1 million resulting from write-down of the Fusong Property Project made and (ii) a reversal of taxable temporary difference of approximately RMB12.6 million resulting from the decrease in fair value of the Group's investment properties for the year.

## **Key changes to financial position**

### ***Investment properties***

As at 31 March 2024, the Group's investment properties are primarily certain shopping mall units in Baishan City, Jilin Province, namely Guangze International Shopping Centre, which include self-owned portion and leased portion. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Service Company Limited (independent professional qualified valuers) at RMB486.2 million (as at 31 March 2023: RMB550.4 million). The decrease in the balance of investment properties was mainly attributable to the decrease in fair value of the self-owned and leased portion of the shopping mall in Baishan City, Jilin Province as a result of the decrease in market rent.

### ***Properties under development and completed properties held for sale***

As at 31 March 2024, the Group's properties under development included mainly Fusong Property Project, Guangze China House – Phase II and Guangze Jiuxi Red House – Phase II; and the completed properties held for sale were mainly unsold units of Guangze Jiuxi Red House – Phase I and the remaining residential and commercial units and car parking spaces at projects completed in prior years.

The increase in the Group's properties under development and completed properties held for sale to approximately RMB1,606.8 million as at 31 March 2024 (As at 31 March 2023: approximately RMB1,597.8 million) was primarily attributable to the increase in accruals of construction cost incurred in respect of the property development projects of Guangze China House – Phase II and Guangze Jiuxi Red House – Phase II during the year; and partially offset by the decrease in the net realisable value of the Fusong Property Project resulting from the unfavourable market sentiment in the PRC property market and the delay in the first phase of the project.

According to the Group's accounting policy, the carrying values of the Fusong Property Project was stated at the lower of cost and net realisable value as 31 March 2024 and 31 March 2023. The net realisable value of the Fusong Property Project was estimated based on the valuation of the project carried out by an independent valuer.

### ***Trade and other receivables***

		<b>As at 31 March</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables, gross	(i)	<b>21,260</b>	21,489
Less: Provision for impairment	(i)	<b>(14,154)</b>	(14,537)
Total receivables, net		<b>7,106</b>	6,952
Other receivables			
– Deposits for land development expenditure	(ii)	<b>31,562</b>	22,095
– Deposits for construction and pre-sale of property projects	(iii)	<b>6,741</b>	6,741
– Prepaid business tax and other taxes		<b>28,212</b>	18,190
– Other receivables, prepayments and deposits		<b>73,634</b>	53,010
Less: Provision for impairment		<b>(70,934)</b>	(70,934)
		<b>69,215</b>	29,102
		<b>76,321</b>	36,054

- (i) Trade receivables were mainly related to rental receivable from tenants and property management fee receivables from property unit owners. At 31 March 2024, the trade receivable gross balance remained stable as compared to that at 31 March 2023, which primarily attributable to the managed units under the property management service business. No significant change on the expected credit loss on trade receivables for the year ended 31 March 2024.

- (ii) Land development expenditure made by certain subsidiaries of the Group represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development respective of whether or not the Group will obtain the land use rights of the land in the future.
- (iii) The balances represented various deposits paid directly attributable to construction and pre-sale of property projects which would be refundable upon completion of the property projects.

***Trade and other payables***

		<b>As at 31 March</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables	<i>(i)</i>	<b>49,192</b>	48,099
Accrued construction costs	<i>(i)</i>	<b>301,670</b>	303,906
Interest payable	<i>(ii)</i>	<b>30,085</b>	4,854
Other creditors and accruals		<b>53,732</b>	65,447
Other deposits received	<i>(iii)</i>	<b>56,118</b>	25,843
		<b>490,797</b>	448,149

- (i) The changes in trade payables and accrued construction costs from RMB48.1 million and RMB303.9 million as at 31 March 2023 to RMB49.2 million and RMB301.7 million as at 31 March 2024 respectively were mainly attributable to the construction costs incurred relating to the property projects; and partially offset by the gradual settlement of construction cost payable balances arising from the completed properties projects.
- (ii) The increase in interest payable from approximately RMB4.9 million as at 31 March 2023 to approximately RMB30.1 million as at 31 March 2024 was primarily attributable to the late payment of certain interest payable.
- (iii) The increase in other deposits received was primarily attributable to the receipt of deposits of from the potential properties buyers approximately RMB31.8 million for the potential property project in Dunhua City, Jilin Province.

## *Contract liabilities*

		<b>As at 31 March</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits from sale of properties	(i)	<b>150,697</b>	87,667
Receipt in advance from management services	(ii)	<b>15,755</b>	14,760
		<b>166,452</b>	<b>102,427</b>

- (i) Deposits from sales of properties represent contractual payments received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss upon the Group's revenue recognition criteria are met. The increase in balance was mainly attributable to the pre-sale of Guangze Jiuxi Red House – Phase II and Guangze China House – Phase II during the year.
- (ii) Receipt in advance from management services represent the property fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

## **Liquidity and financial resources**

### *Cash position*

As at 31 March 2024, the carrying amount of cash and bank deposits of the Group was approximately RMB53.6 million (as at 31 March 2023: approximately RMB69.9 million), representing a decrease of approximately 23.3% as compared with that as at 31 March 2023 which was mainly attributable to the repayment of borrowings, settlement of construction costs, interests, operating expenditure partially offset by the cash receipt from pre-sale.

## ***Debt and gearing***

### *Bank and other borrowings*

The Group's bank and other borrowings as at 31 March 2024 decreased by RMB23.1 million to RMB651.6 million which were payable as follows:

	<b>As at 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current	<b>420,640</b>	445,696
Non-current	<b>230,990</b>	229,000
	<b>651,630</b>	674,696
Analysed into:		
Bank loans and entrusted loan payable:		
Within one year or on demand	<b>420,640</b>	445,696
In the second year	–	1,000
In the third to fifth year, inclusive	<b>230,990</b>	228,000
	<b>651,630</b>	674,696

Bank and other borrowings decreased from RMB674.7 million as at 31 March 2023 to RMB651.6 million as at 31 March 2024 as repayment was made during the year.

In addition, bank and other borrowings of approximately RMB360 million were either renewed or extended during the year.

### *Loans from the controlling shareholder*

Included in the unsecured loans from the controlling shareholder was a balance of RMB15.4 million which bears an interest at a fixed rate of 5%. The remaining balance of RMB329.4 million is unsecured and interest-free.

### *Loans from related parties*

Loans from related parties are unsecured, interest-free and repayable within one year or on demand for the primary purpose of financing the Group's daily operation.

### *Convertible Bonds*

The Group's Convertible Bonds as at 31 March 2024 included (i) the 2021 CBs and (ii) the 2023 CBs. In June 2023, the Company issued another convertible bonds with a principal amount of HK\$60 million to six independent third parties. The Group's Convertible Bonds were accounted for into three separate components, including derivative financial instruments, liability component and equity component under HKAS 39 *Financial Instruments*.

The derivative financial instruments are related to the early redemption rights held by the Company and classified as an asset to the Group which is re-measured at fair value at the end of each reporting date. The liability component represents the debt portion and is classified as a liability to the Group which is carried at amortised cost. The equity component represents the conversion rights attached to the convertible bonds and is classified as equity to the Group which is not re-measured subsequently.

The increase in the liability component of the Convertible Bonds was mainly attributable to the issuance of the 2023 CBs and the rise of accrued effective interest.

The Group's gearing ratio as at 31 March 2024 was as follows:

	<b>As at 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Loans from a controlling shareholder	<b>344,849</b>	354,490
Loans from related parties	<b>63,651</b>	–
Bank and other borrowings	<b>651,630</b>	674,696
Trade and other payables	<b>490,797</b>	448,149
Less: Cash and cash equivalents	<b>(53,635)</b>	(69,939)
Pledged and restricted deposits	<b>(5,366)</b>	(6,335)
	<hr/>	<hr/>
Net debt	<b>1,491,926</b>	1,401,061
	<hr/>	<hr/>
Liability component of Convertible Bonds	<b>141,676</b>	90,052
Equity	<b>228,874</b>	397,612
	<hr/>	<hr/>
Adjusted Capital	<b>370,550</b>	487,664
	<hr/> <hr/>	<hr/> <hr/>
Capital and net debt	<b>1,862,476</b>	1,888,725
	<hr/> <hr/>	<hr/> <hr/>
Gearing ratio	<b>80%</b>	74%
	<hr/> <hr/>	<hr/> <hr/>

The gearing ratio of the Group as at 31 March 2024 increased as compared with that as at 31 March 2023 was mainly attributable to the decrease in the Group's equity as a result of the increase in accumulated losses.

### ***Cash flows for the Group's operating activities***

For the year ended 31 March 2024, the Group recorded net operating cash outflow of RMB81.9 million (year ended 31 March 2023: outflow of RMB67.1 million). The outflow was mainly attributable to the gradual settlement of construction cost payable balances arising from the completed properties projects and the interest paid.



### ***Utilisation of proceeds from fund raising activity***

On 31 May 2023, the Company entered into a placing agreement with Kingston Securities Company Limited in respect of the placement of convertible bonds with an aggregate principal amount of up to HK\$150.0 million to no less than six places.

On 23 June 2023, the Company completed the placing of convertible bonds with an aggregate principal amount of HK\$60 million (the “Placing”). Details of the Placing are set out in the Company’s announcement dated 31 May 2023 and 23 June 2023.

The table below shows the utilisation of the proceeds from fund raising activities:

<b>Intended use of the net proceeds</b>	<b>Allocation</b>	<b>Utilised net proceeds as at 31 March 2024</b>	<b>Unutilised net proceeds as at 31 March 2024</b>	<b>Expected timetable for the unutilised net proceeds as at 31 March 2024</b>
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	
Potential acquisition and/or projects investment in new business	30,850	30,850	–	–
Settlement of the Group’s indebtedness and finance costs	19,484	18,700	784	On or before December 2024
Settlement of the Group’s working capital	3,788	3,788	–	–
	<u>54,122</u>	<u>53,338</u>	<u>784</u>	

### **COMMITMENTS FOR DEVELOPMENT EXPENDITURE**

As at 31 March 2024, the Group had contracted but not provided for commitments in respect of properties under development of RMB93.3 million (as at 31 March 2023: RMB196.8 million). The development expenditure was to be funded by the Group’s internal resources and/or project loans.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below.

### **Risks pertaining to the property development and management business**

The Group's property projects are located in Jilin Province, the PRC and the related assets accounted for 94.0% of the Group's total assets as at 31 March 2024 (as at 31 March 2023: 97.3%). The Group is therefore subject to the risks associated with the PRC property market both nationally and regionally. The Group's property development and management business in the PRC may also be exposed to the risks of policy change, interest rate change, demand-supply imbalance and the overall economic conditions, which may pose an adverse impact on the Group's business, financial conditions or results of operations. Given the current condition and uncertainties in the PRC property market, the Group is monitoring closely on the associated risks and focused on the property market in the northeastern region of the PRC in the short-term where the Group has vast local experience and knowledge.

### **Risks pertaining to the property investment business**

The rental rates and the occupancy rates depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group will be able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates. The Group has other exit options to realise the property as and when considered necessary.

### **Financial risks**

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing activities and does not undertake any speculative derivative trading activities. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed as and when needed.

### **Currency risk**

As at 31 March 2024, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK\$ and United States Dollars (US\$)). At 31 March 2024, approximately 10.7% and 74.2% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK\$ and US\$ respectively (as at 31 March 2023: 0.6% and 72.9%) and 100% of the Group's total borrowings were denominated in RMB (as at 31 March 2023: 100% denominated in RMB). The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises. The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB against HK\$ and US\$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimise the Group's financial risks.

## **Interest rate risk**

As at 31 March 2024, the Group's total bank and other borrowings and interest-bearing loan from a controlling shareholder bore interest at fixed rates ranging from 5% to 10% per annum. Therefore, the Group is not exposed to significant interest rate risk.

## **Credit risk**

As at 31 March 2024, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to pledged bank deposits, bank balances and cash and trade and other receivables. Substantially all of the Group's pledged bank deposits and bank balances and cash were deposited in creditworthy global banks and stated-controlled financial institutions in the PRC, which management considers they are without significant credit risks. At the end of the reporting period, the Group has minimal concentration of credit risk as the trade receivables from the largest single customer represented less than 5% (as at 31 March 2023: 5%) of the total trade receivables.

In order to minimise this credit risk relating to trade and other receivables, the management has established credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

## **Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

In addition, the Group is working closely with various existing and potential financial institutions in order to manage the tenor, interest rate, security pledge and other loan terms.

## **SIGNIFICANT INVESTMENTS HELD**

Other than disclosed elsewhere, the Group did not have any other significant investments held as at 31 March 2024.

## CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 31 March 2024, guarantees amounting to RMB213,050,000 were given to banks with respect to mortgage loans procured by purchasers of property units (as at 31 March 2023: RMB341,100,000). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loans by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the year, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is minimal and therefore the financial guarantee measured at fair value initially is immaterial. Also, in case of default in payments, the net realisable value of the related property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

## CHARGE ON ASSETS

As at 31 March 2024, the Group had the following assets pledged against bank and other loans granted:

	As at 31 March	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Investment properties	<b>352,300</b>	393,619
Properties under development	<b>1,166,000</b>	1,210,000
Completed properties held for sale	<b>8,833</b>	8,069
	<b><u>1,527,133</u></b>	<b><u>1,611,688</u></b>

## EVENT OCCURRING AFTER THE REPORT PERIOD

Subsequent to the year end, on 25 April 2024 (after trading hours) the Company has entered into a loan capitalisation agreement with Ground Investment Holding Group (Hong Kong) Co., Limited (廣澤投資控股集團(香港)有限公司) (the "Subscriber"), a connected person of the Company, pursuant to which 5,060,000,000 ordinary shares at a price of HK\$0.05 will be allotted by the Company and subscribed by the Subscriber, and the total consideration payable by the Subscriber shall be satisfied by capitalising, and setting off against, a loan in the amount of RMB230 million in full on a dollar-for-dollar basis upon completion. The completion of the loan capitalisation is subject to the conditions as stipulated in the loan capitalisation agreement. For details, please refer to the announcements of the Company dated 14 May 2024 and 16 May 2024.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2024, the Group had 226 (as at 31 March 2023: 202) full-time employees. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2024 amounted to approximately RMB26.0 million (year ended 31 March 2023: RMB23.4 million); the increase was mainly attributable to the increase in staff number. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including share options, discretionary bonus, training allowance and provident fund.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries for the year ended 31 March 2024.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the year ended 31 March 2024, the Company endeavors to comply with the Code on Corporate Governance Practices (the "CG Code") as set out in Part 2 of the Appendix C1 of the Listing Rules. The Company considers that it has complied with the CG Code during the financial year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 March 2024, all Directors have complied with the required standard set out in the Model Code.

## **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 March 2024. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

## **SCOPE OF WORKS OF MAZARS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of 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 Company's auditors, Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Company's auditors in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Company's auditors on the preliminary results announcement.

## **EXTRACT FROM DRAFT INDEPENDENT AUDITOR’S REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

### ***Material Uncertainty Relating to Going Concern***

We draw attention to the “Going concern basis” section in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared, which states that the Group’s current portion of bank and other borrowings amounted to RMB420,640,000, while its unrestricted cash and cash equivalents amounted to RMB53,635,000. The Group may take longer time than expected to realise cash from the sales of its properties and/or have cash from external financing to meet its loan repayment obligations. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors, having considered the measures to be taken by the Group as disclosed in note 2.1 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

By order of the Board  
**Hua Yin International Holdings Limited**  
**Cui Xintong**  
*Chairperson and Executive Director*

Hong Kong, 26 June 2024

*As at the date of this announcement, the executive Directors are Ms. Cui Xintong, Mr. Li Junjie, Mr. Cong Peifeng and Mr. Xu Yingchuan; the non-executive Director is Mr. Cui Mindong; and the independent non-executive Directors are Mr. Tsang Hung Kei, Mr. Wang Xueguang and Mr. Wang Xiaochu.*