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CNCG

CHINA NATIONAL CULTURE GROUP LIMITED

中國國家文化產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 745)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2025**

The board of directors (the “Board”) of China National Culture Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2025, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	43,708	27,883
Cost of sales		<u>(39,761)</u>	<u>(22,444)</u>
Gross profit		3,947	5,439
Administrative expenses		(4,567)	(5,021)
Other gains and losses, net	5	(9,459)	(10,394)
Reversal/(provision) of impairment losses on trade receivables, net		6,668	(34,451)
Provision of impairment losses on other receivables		<u>(1,371)</u>	<u>(7)</u>
Loss before tax	6	(4,782)	(44,434)
Income tax credit	7	<u>–</u>	<u>766</u>
Loss for the year attributable to the owners of the Company		<u>(4,782)</u>	<u>(43,668)</u>
		<i>HK cents</i>	(Restated) <i>HK cents</i>
Loss per share			
– Basic and diluted	9	<u>(4.84)</u>	<u>(45.44)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	<u>(4,782)</u>	<u>(43,668)</u>
Other comprehensive income/(expense)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translating foreign operations	–	(37)
– Reclassification adjustment for the cumulative exchange reserve upon disposal of foreign operations	18,489	–
<i>Item that will not be reclassified to profit or loss:</i>		
– Fair value loss on investment in equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(1,186)</u>	<u>(526)</u>
Other comprehensive income/(expense) for the year, net of income tax	<u>17,303</u>	<u>(563)</u>
Total comprehensive income/(expense) for the year attributable to the owners of the Company	<u>12,521</u>	<u>(44,231)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Intangible assets		–	–
Equity instruments at FVTOCI		<u>1,081</u>	<u>2,267</u>
		<u>1,081</u>	<u>2,267</u>
Current assets			
Financial assets held for trading		17,124	13,914
Trade receivables	10	16,478	11,294
Prepayments and other receivables		2,151	3,837
Cash and cash equivalents		<u>15,042</u>	<u>727</u>
		<u>50,795</u>	<u>29,772</u>
Total assets		<u><u>51,876</u></u>	<u><u>32,039</u></u>
EQUITY			
Capital and reserves			
Share capital		2,344	31,249
Reserves		<u>42,231</u>	<u>(14,499)</u>
Total equity		<u><u>44,575</u></u>	<u><u>16,750</u></u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Trade payables	11	3,202	5,670
Other payables and accruals		4,099	9,619
		<u>7,301</u>	<u>15,289</u>
Non-current liabilities			
Deferred tax liabilities		—	—
Total liabilities		<u>7,301</u>	<u>15,289</u>
Total equity and liabilities		<u>51,876</u>	<u>32,039</u>
Net current assets		<u>43,494</u>	<u>14,483</u>
Total asset less current liabilities		<u>44,575</u>	<u>16,750</u>
Net assets		<u>44,575</u>	<u>16,750</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

In the opinion of the Directors of the Company, the Company has no immediate and ultimate holding Company or ultimate controlling party.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

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

2.2 New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following news and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature-dependent Electricity ²
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards are not expected to have any significant impact on the Group's consolidated financial statements.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings Per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs will be effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

3. SEGMENT INFORMATION

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

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

- (a) the advertising segment – provision of design services and advertising through mobile devices;
- (b) the e-commerce segment – sale of products over the internet.

Segment revenue and results

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

	Revenue		Results	
	2025 HK\$’000	2024 HK\$’000	2025 HK\$’000	2024 HK\$’000
Advertising	13,686	5,800	9,357	(42,753)
E-commerce	30,022	22,083	(1,384)	1,352
	<u>43,708</u>	<u>27,883</u>	<u>7,973</u>	<u>(41,401)</u>
Other unallocated expenses			<u>(12,755)</u>	<u>(3,033)</u>
Loss before tax			(4,782)	(44,434)
Income tax credit			<u>–</u>	<u>766</u>
Loss for the year			<u>(4,782)</u>	<u>(43,668)</u>

There were no inter-segment sales during the year ended 31 March 2025 (2024: Nil). Segment results represent the profit earned without allocation of central administration costs including directors’ emoluments, other revenue, impairment loss in respect of financial assets, net, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Geographical information

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

	Revenue from external customers		Non-current assets	
	2025 HK\$’000	2024 HK\$’000	2025 HK\$’000	2024 HK\$’000
Hong Kong	<u>43,708</u>	<u>27,883</u>	<u>–</u>	<u>–</u>

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

	Assets		Liabilities	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Advertising	9,290	13,657	3,356	13,461
E-commerce	9,301	1,575	2,089	–
	18,591	15,232	5,445	13,461
Unallocated	33,285	16,807	1,856	1,828
Consolidated total	51,876	32,039	7,301	15,289

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

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

Other segment information

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

For the year ended 31 March 2025

	Advertising <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
(Reversal)/provision of impairment loss on trade receivables, net	(7,773)	1,105	–	(6,668)
Provision of impairment loss on other receivable	–	1,363	8	1,371

For the year ended 31 March 2024

	Advertising <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Impairment loss on intangible assets	3,065	–	–	3,065
Provision of impairment loss on trade receivables, net	34,451	–	–	34,451
Provision of impairment loss on other receivable	–	7	–	7

Revenue from its major services

The Group's revenue from its major services/products was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Advertising	13,686	5,800
E-commerce	30,022	22,083
	<u>43,708</u>	<u>27,883</u>

Information about major customers

There is no single customer contributing over 10% of total revenue of the Group for the year ended 31 March 2025. Revenue from customers for the years ended 31 March 2024 contributing over 10% of the total revenue of the Group are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A [^]	N/A*	14,796
Customer B [^]	N/A*	7,287

[^] Revenue relating to e-commerce sales.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE

Disaggregation of revenue from contracts with customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue:		
Advertising	13,686	5,800
E-commerce	30,022	22,083
	<u>43,708</u>	<u>27,883</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Timing of revenue recognition		
Point in time	30,022	22,083
Over time	13,686	5,800
	<u>43,708</u>	<u>27,883</u>

Performance obligations for contracts with customers

a) Advertising

Revenue from advertising is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

b) E-commerce

Revenue from e-commerce is recognised at a point in time when the goods is delivered to customers, being at the point that the customer obtains the control of the goods and the Group has present right to payment and collection of the consideration is probable.

Transaction price allocated to remaining performance obligation for contract with customers

As at 31 March 2025, there is no aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts (2024: Nil).

5. OTHER GAINS AND LOSSES, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other gains and losses, net:		
Fair value changes on financial assets held for trading	3,210	(7,224)
Provision of impairment losses on intangible assets	–	(3,065)
Loss on disposal of subsidiaries	(12,669)	(105)
	<u>(9,459)</u>	<u>(10,394)</u>

6. LOSS BEFORE TAX

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	620	640
– non-audit services	50	–
Staff costs (excluding directors' emoluments)		
– Wages and salaries	1,180	1,383
– Pension scheme contributions	62	284
	<u>1,242</u>	<u>1,667</u>
Expenses related to short-term lease:		
– office premises	4	189
Legal and professional fee	<u>1,318</u>	<u>966</u>

7. INCOME TAX CREDIT

Under the two-tiered profits tax rate regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC operation is 25% for both years.

For the years ended 31 March 2025 and 2024, no provision for Hong Kong Profits Tax has been made as the Group's has either available tax loss to offset assessable profit or no estimated assessable profits arising in Hong Kong.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax	–	–
Deferred tax	–	(766)
	<u>–</u>	<u>(766)</u>

8. DIVIDENDS

No dividend was declared or paid by the Company to its shareholders during the year ended 31 March 2025 (2024: Nil), nor has any dividend been declared since the end of the reporting period (2024: Nil).

9. LOSS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year and attributable to the owners of the Company	<u>(4,782)</u>	<u>(43,668)</u>
	2025 '000	2024 '000 (Restated)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share	<u>98,749</u>	<u>96,097</u>

The weighted average number of ordinary shares for the year ended 31 March 2025 has been adjusted for the bonus element of the Right Issue in March 2025.

The weighted average number of ordinary shares for the year ended 31 March 2024 has been retrospectively adjusted for the ten-to-one share consolidation (“2024 Share Consolidation”) of the Company which became effective on 20 September 2023 and for the bonus element of the Right Issue in March 2025.

The computation of diluted loss per share does not assume the exercise of the Company’s share options because the exercise price of those options was higher than the average market price of shares for both 2025 and 2024.

10. TRADE RECEIVABLES

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

As at 1 April 2023, trade receivables from contracts with customers amounted to HK\$43,276,000.

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
Within 30 days	2,734	–
31-60 days	1,994	1,801
61-90 days	2,418	400
91-365 days	10,610	3,600
Over 365 days	37,987	60,511
	<u>55,743</u>	<u>66,312</u>
Less: Allowances for credit losses	(39,265)	(55,018)
	<u><u>16,478</u></u>	<u><u>11,294</u></u>

As at 31 March 2025, included in the Group’s trade receivables (net of impairment losses) balance are receivables with aggregates carrying amounts of approximately HK\$9,403,000 (2024: HK\$9,102,000), which are past due at the end of the reporting period. Out of the past due balances, HK\$3,630,000 (2024: HK\$4,511,000) (net of impairment losses) has been past due 1 year or more and is not considered as in default because of no recent history of default and the directors are in opinion of these balances are still considered as collectible.

The credit period granted to customers up to 90 days.

11. TRADE PAYABLES

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

	2025 <i>HK\$’000</i>	2024 <i>HK\$’000</i>
0-30 days	1,643	–
31-60 days	142	–
61-365 days	1,417	–
Over 365 days	–	5,670
	<u>3,202</u>	<u>5,670</u>

The credit period granted by suppliers up to 30 days (2024: 30 days).

12. EVENTS AFTER REPORTING PERIOD

Other than those disclosed in the consolidated financial statements, the Group has no material events after the reporting period which are required to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2025, the Group recorded a revenue of approximately HK\$43,708,000 (2024: HK\$27,883,000), representing an increase of 57% as compared with last year. The increase in turnover in the current year mainly due to the increase in turnover generated from both advertising segment and e-commerce segment. The Group recorded a gross profit of approximately HK\$3,947,000 for the year ended 31 March 2025 as compared with a gross profit of approximately HK\$5,439,000 for the year ended 31 March 2024. The gross profit margin decreased to 9.0% for the year ended 31 March 2025 from 19.5% for the year ended 31 March 2024. The decrease was mainly because the portion of revenue generated from e-commerce segment, which has a lower profit margin, increased.

Loss attributable to the owners of the Company amounted to approximately HK\$4,782,000 for the year ended 31 March 2025 as compared with a loss attributable to the owners of the Company amounted to approximately HK\$43,668,000 for the year ended 31 March 2024. The net loss reported by the Group decreased mainly due to the net effect of decrease in gross profit, administrative expenses and other gains or losses and provision of impairment losses on trade receivables.

Financial Review

As at the end of the year, non-current assets decreased to approximately HK\$1,081,000 (2024: HK\$2,267,000) due to fair value loss recognised on equity instruments at FVTOCI during the year. Current assets increased due to the increase in financial assets held for trading and cash and cash equivalents. Total current liabilities were increased due to the increase in trade payable.

SIGNIFICANT INVESTMENTS

Financial assets held for trading as at 31 March 2025:

Name of investee	As at	Realised and	As at	Percentage	Number	Percentage of	Number	Percentage of
	1 April	unrealised	31 March	to the Group's	of shares	shareholding	of shares	shareholding
	2024	fair value	2025	audited total	held by the	held by the	held by the	held by the
	HK\$'000	(loss)/gain	HK\$'000	assets as at	Group as at	Group as at	Group as at	Group as at
		HK\$'000	HK\$'000	31 March 2025	1 April 2024	1 April 2024	31 March 2025	31 March 2025
				%		%		%
Significant investments								
Capital VC Limited ("Capital VC") (stock code: 2324.HK) (note a)	1,375	463	1,838	3.5%	14,471,000	3.44%	14,471,000	3.44%
Asia Grocery Distribution Limited ("Asia Grocery") (stock code: 8413.HK) (note b)	1,522	(574)	948	1.8%	10,080,000	0.87%	10,080,000	0.87%
Sub-total	2,897	(111)	2,786	5.3%				
Other listed securities	11,017	3,321	14,338	27.6%				
Total	13,914	3,210	17,124	32.9%				

Note: (a) Capital VC is engaged in investing in listed and unlisted companies mainly in Hong Kong and the People’s Republic of China. Based on Capital VC’s interim report for the six months ended 31 March 2025, turnover and loss of Capital VC were approximately HK\$(0.3) million and HK\$(7.2) million respectively.

(b) Asia Grocery is engaged in trading and distribution of food and beverage grocery products in Hong Kong. Based on Asia Grocery’s interim report for the six months ended 30 September 2024, turnover and loss of Asia Grocery were approximately HK\$148.3 million and HK\$0.1 million respectively.

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

Except the significant investments disclosed above, at 31 March 2025, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group.

Equity instruments of FVTOCI as at 31 March 2025

Name of investee	As at	Realised and	As at	Percentage to	Number	Percentage of	Number	Percentage of
	1 April	unrealised	31 March	the Group’s	of shares	shareholding	of shares	shareholding
	2024	fair value	2025	audited total	held by the	held by the	held by the	held by the
	2024	gain/(loss)	2025	assets as at	Group as at	Group as at	Group as at	Group as at
	HK\$’000	HK\$’000	HK\$’000	31 March 2025	1 April 2024	1 April 2024	31 March 2025	31 March 2025
				%		%		%
Luxxu Group Limited (“LUXXU”) (stock code: 1327) (note)	1,646	(1,132)	514	1.0%	17,142,800	3.18%	3,428,560	3.18%
Other listed securities	621	(54)	567	1.1%				
Total	<u>2,267</u>	<u>(1,186)</u>	<u>1,081</u>	<u>2.1%</u>				

Note: LUXXU is principally engaged in the manufacture and sales of own-branded watches and jewellery, including but not limited to diamond watches, tourbillion watches and luxury jewellery accessories, OEM watches and third-party watches. Based on LUXXU annual report for the year ended 31 December 2024, revenue and loss of LUXXU were approximately RMB29.4 million and RMB52.0 million respectively.

As at 31 March 2024, the Company held a significant investment, with a value of over 5% of the Company’s total assets as at 31 March 2024, in Luxxu Group Limited (the “Investment”), which is listed on the Main Board of the Stock Exchange. The Group’s total investment in the Investment was approximately HK\$24,120,000. As at 31 March 2025, the Group owned 17,142,800 shares in the Investment, representing 3.18% equity interests in the Investment with a carrying amount of the Group’s interest in the Investment of approximately HK\$514,000, representing approximately 0.8% (2024: 5.1%) of the total assets of the Company as at 31 March 2025. Up to 31 March 2025, no dividends was received from the Investment. The fair value of the Investment is based on quoted market prices.

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

No impairment loss was recognised in relation to the equity instruments of FVTOCI by reference to the market price of the equity instruments of FVTOCI as at 31 March 2025.

Except the equity instruments of FVTOCI disclosed above, at 31 March 2025, there was no equity instruments of FVTOCI held by the Group the value of which was more than 5% of the total assets of the Group.

Capital structure

Authorised share capital

As at 31 March 2025, the authorised share capital of the Company (“Authorised Share Capital”) was HK\$1,490,000,000 divided into 100,000,000,000 shares (“Shares”) of HK\$0.01 each and 14,000,000,000 non-voting convertible preference shares of HK\$0.035 each.

Issued share capital

As at 31 March 2025, the number of Shares in issue was 234,366,456 Shares of HK\$0.01 each. Except for the changes mentioned below, the issued share capital of the Company had no other changes during the year ended 31 March 2025.

During the year ended 31 March 2025, the Company completed (i) the capital reorganisation which will involve the capital reduction and share subdivision and (ii) allotment and issue of 156,244,304 on 25 March 2025 on the basis of two (2) rights shares for every one (1) share held on the record date. For details, please refer to the announcement, prospectus and announcement of the Company dated 2 October 2024, 13 February 2025 and 24 March 2025, respectively.

Liquidity and financing

The Group had total cash and bank balances of approximately HK\$15,042,000 as at 31 March 2025 (2024: HK\$727,000). The Group recorded total current assets of approximately HK\$50,795,000 as at 31 March 2025 (2024: HK\$29,772,000) and total current liabilities of approximately HK\$7,301,000 as at 31 March 2025 (2024: HK\$15,289,000).

There were no bank borrowings as at 31 March 2025 (2024: Nil). The Group’s gearing ratio, remained as zero (2024: zero).

Treasury policies

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

Pledge of assets

As at 31 March 2025, no asset of the Group was being pledged as there is no external financing (2024: Nil).

Capital commitment

As at 31 March 2025, the Group had no capital expenditure contracted for but not provided for in the financial statements (2024: HK\$Nil).

Contingent liabilities

As at 31 March 2025, the Group had no material contingent liabilities (2024: Nil).

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

Save for those disclosed in this announcement, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the year ended 31 March 2025. Apart from those disclosed in this announcement, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this announcement.

No Material Changes

Saved as disclosed in this announcement, there are no material changes affecting the Company's performance that needs to be disclosed under paragraphs 32 of Appendix D2 to the Listing Rules for the year ended 31 March 2025.

Share Option Schemes

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

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

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

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

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

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

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

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

At 31 March 2025, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 5,888,400 (2024: 15,553,600), representing 2.51% (2024: 19.91%) of the shares of the Company in issue at that date.

As at the date of the result announcement, the number of Shares were available for issue under the Share Option Scheme was 5,888,400 shares.

The maximum number of shares in respect of which share options may be granted under the Share Option Scheme shall be 5,888,400 Shares (2024: 15,555,325), approximately 2.51% (2024: 19.91%) of the Shares in issue as at 31 March 2025. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes, must not in aggregate exceed 10% of the issued share capital of the Company from time to time.

The following table summaries the movements in the Company's share options during the years ended 31 March 2025 and 31 March 2024.

	Grant date	At 1 April 2023	Adjustment during the year	At 31 March 2024	Lapsed during the year	At 31 March 2025	Exercise period	Exercise price per share (after share consolidation) HK\$
Executive Directors								
Sun Wei	21 August 2019	4,907,000	(4,416,300)	490,700	–	490,700	21 August 2019 – 20 August 2025	4.00
	11 August 2021	5,888,000	(5,299,200)	588,800	(588,800)	–	11 August 2021 – 10 August 2024	1.61
	12 August 2022	7,310,000	(6,579,000)	731,000	(731,000)	–	12 August 2022 – 11 August 2024	1.59
Man Qiaozhen	21 August 2019	4,907,000	(4,416,300)	490,700	–	490,700	21 August 2019 – 20 August 2025	4.00
	11 August 2021	5,888,000	(5,299,200)	588,800	(588,800)	–	11 August 2021 – 10 August 2024	1.61
	12 August 2022	7,310,000	(6,579,000)	731,000	(731,000)	–	12 August 2022 – 11 August 2024	1.59
Independent Non-executive Directors								
Wang Miaojun	18 August 2020	4,907,000	(4,416,300)	490,700	–	490,700	18 August 2020 – 17 August 2025	0.76
	12 August 2022	7,310,000	(6,579,000)	731,000	(731,000)	–	12 August 2022 – 11 August 2024	1.59
Wang Yujie	18 August 2020	4,907,000	(4,416,300)	490,700	–	490,700	18 August 2020 – 17 August 2025	0.76
	12 August 2022	7,310,000	(6,579,000)	731,000	(731,000)	–	12 August 2022 – 11 August 2024	1.59
Other eligible employees	21 August 2019	29,442,000	(26,497,800)	2,944,200	–	2,944,200	21 August 2019 – 20 August 2025	4.00
	11 August 2021	11,776,000	(10,598,400)	1,177,600	(1,177,600)	–	11 August 2021 – 10 August 2024	1.61
	12 August 2022	43,860,000	(39,474,000)	4,386,000	(4,386,000)	–	12 August 2022 – 11 August 2024	1.59
Consultants	21 August 2019	9,814,000	(8,832,600)	981,400	–	981,400	21 August 2019 – 20 August 2025	4.00
		<u>155,536,000</u>	<u>(139,982,400)</u>	<u>15,553,600</u>	<u>(9,665,200)</u>	<u>5,888,400</u>		
Weighted average exercise price		<u>2.30</u>	<u>2.30</u>	<u>2.30</u>	<u>1.59</u>	<u>3.46</u>		
Exercisable at end of the year				<u>15,553,600</u>		<u>5,888,400</u>		

Notes:

- (1) The share options granted on 21 August 2019, 18 August 2020, 11 August 2021 and 12 August 2022 were fully vested immediately.
- (2) The weighted average remaining contractual life of the share options outstanding is 0.39 years (2024: 0.87 years).

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

	12 August 2022	11 August 2021	18 August 2020	21 August 2019
Price per share at date of grant	HK\$0.159	HK\$0.155	HK\$0.075	HK\$0.3
Exercise price per share	HK\$0.1558	HK\$0.161	HK\$0.076	HK\$0.4
Annual risk-free interest rate	2.768%	0.273%	0.220%	1.830%
Historical volatility	78.813%	90.427%	77.867%	79.273%
Life of options	2.00 years	3.00 years	5.00 years	6.00 years
Vesting period	6 months	–	–	–

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

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

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

Employee Information

As at 31 March 2025, the Group had 17 (2024: 22) employees whom are employed in Hong Kong and the PRC. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Prospects

As we progress through 2025, the Group remains confidently positioned for accelerated growth, supported by Hong Kong’s robust economic recovery and expanding digital economy. With retail sales growth maintaining strong momentum at 18.3% YoY in Q1 2025 which extract from the data from HK Census & Statistics Dept. and e-commerce penetration reaching 42% of total retail which extract from Euromonitor 2025, we are implementing a expansion strategy to capitalize on these favorable trends.

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

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

- Continued development of advertising and e-commerce related businesses;
- Expansion of advertising and e-commerce related business through acquisition, expansion of products portfolio and/or co-operation; and
- Diversifying the Group’s business portfolio in other business sector, including but not limited to media and culture related business.

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

OTHER INFORMATION

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 March 2025.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 March 2025, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

Compliance With Provisions of Corporate Governance Code

The Group has adopted and met all the Code Provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Listing Rules throughout the year ended 31 March 2025.

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

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 March 2025.

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

As at 31 March 2025, the interests and short positions of the Directors, chief executive and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Number of issued ordinary shares/ underlying shares of the Company			Total	Percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests		
Ms. Sun Wei					
– Unlisted share options	490,700	–	–	490,700	0.21%
Ms. Man Qiaozhen					
– Unlisted share options	490,700	–	–	490,700	0.21%
Ms. Wang Miaojun					
– Unlisted share options	490,700	–	–	490,700	0.21%
Ms. Wang Yujie					
– Unlisted share options	490,700	–	–	490,700	0.21%

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interest and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as stipulated in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the year ended 31 March 2025, the Company or any of its subsidiaries did not make any arrangements to enable any Directors or their respective spouse or minor children to obtain benefits by means of the acquisition of shares of the Company or any other body corporate.

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

As at 31 March 2025, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

Major Events after the Reporting Period

As at 31 March 2025, the Group has no material events after reporting period which are required to be disclosed.

Disclosure of Information on the Stock Exchange's Website

All the financial and other related information of the Company as required by the Listing Rules will be published on the Stock Exchange's website and the Company's website in due course. Printed copies of 2025 annual report of the Company will be despatched to shareholders of the Company and available on the aforesaid websites in due course.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures above in the preliminary announcement of the Group's result for the year ended 31 March 2025 have been agreed with the Company's auditor, Infinity CPA Limited ("Infinity CPA"), to the amounts set out in the Group's consolidated financial statements for the year.

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

APPRECIATION

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

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

Hong Kong, 30 June 2025

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