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SINOSTAR

中國華星

China Sinostar Group Company Limited

中國華星集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 485)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2025**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Sinostar Group Company Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2025 together with the comparative figures for 2024 as below.

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>
	<i>Notes</i>		
Revenue	4	19,855	31,917
Cost of sales		<u>(14,798)</u>	<u>(26,062)</u>
Gross profit		5,057	5,855
Loss on revaluation of properties held for sale upon transfer to investment properties		(3,856)	–
Loss on revaluation of investment properties		(2,849)	(7,304)
Loss allowances of trade receivables		(5,278)	–
Other gain		11	374
Administrative expenses		(14,259)	(13,384)
Finance costs		<u>(2,929)</u>	<u>(3,201)</u>
Loss before tax	6	(24,103)	(17,660)
Income tax expenses	7	<u>(234)</u>	<u>(929)</u>
Loss for the year		(24,337)	(18,589)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>(1,473)</u>	<u>(16,589)</u>
Total comprehensive loss for the year		<u>(25,810)</u>	<u>(35,178)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic and diluted	9	<u>(11.43)</u>	<u>(8.73)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Investment properties	10	106,372	26,577
Property, plant and equipment		23,341	26,450
Right-of-use assets		228	571
		129,941	53,598
Current assets			
Trade receivables, deposits and other receivables	11	29,521	34,629
Properties for sale under development		14,021	14,103
Properties held for sale		53,870	155,224
Bank balances and cash		6,597	4,571
		104,009	208,527
Current liabilities			
Amount due to immediate holding company		–	963
Trade payables and accrued charges	12	27,956	26,919
Lease liabilities		237	337
Contract liabilities		2,717	4,289
Current tax liabilities		5,127	5,338
Borrowings	13	20,374	20,493
Bonds payable	14	6,760	6,960
		63,171	65,299
Net current assets		40,838	143,228
Total assets less current liabilities		170,779	196,826
Non-current liability			
Lease liabilities		–	237
NET ASSETS		170,779	196,589
Capital and reserves			
Share capital		2,128	2,128
Reserves		168,651	194,461
TOTAL EQUITY		170,779	196,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The immediate holding company of the Company is Achieve Prosper Capital Limited, which was incorporated in Samoa, and the ultimate holding company of the Company is Liaoning Shihua (Group) Property Development Limited* (遼寧實華(集團)房地產開發有限公司), which was established in the People’s Republic of China (the “**PRC**”).

2. BASIS OF PREPARATION

2.1 Basis of measurement

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Companies Ordinance.

The consolidated financial statements have been prepared on the historical basis except for the investment properties that are measured at fair value.

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

2.2 Going concern

The Group incurred a net loss of HK\$24,337,000 for the year ended 31 March 2025 and, at 31 March 2025, the Group had borrowings of HK\$20,374,000 and bonds payable of HK\$6,760,000 that are repayable within one year, while the Group had total bank balances and cash of HK\$6,597,000 at the end of the reporting period.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore that it 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 has reached a supplemental agreement with the lender on the extension of repayment date of borrowings, and up to the date of approval of the consolidated financial statements, the repayment date of interest-bearing borrowings of HK\$20,374,000 has been extended to 2 May 2026 with all other terms remain unchanged;

* *For identification purposes only*

- (ii) The Group has been actively communicating and maintaining constructive dialogue with the bond holders and is in the process of amicable negotiation with the bond holders in respect of the repayment plans. The maturity date of certain bonds payable in an aggregate principal amount of HK\$5,987,000 are further extended to 31 December 2025 with all other terms remain unchanged;
- (iii) The immediate holding company has agreed to provide continuous immediate financial support to the Group in case of its financial difficulties;
- (iv) The Group has been seeking standby banking facilities in case of any financial shortfall;
- (v) The Company has been conducting market research to identify potential fundraising opportunities and consider various equity and/or debt fundraising exercises such as share placement, rights issues, convertible bond issuances or others;
- (vi) The Group has been seeking for legal advice to enhance the collection progress from customers;
- (vii) The Group has been actively communicating with the major constructor and local government authorities and meeting all of the necessary conditions to launch the presale of the properties for sale under development;
- (viii) The Group will accelerate the presale and sale of its properties for sale under development and properties held for sale respectively; and
- (ix) The Group has implemented active measures to tighten cost controls over various operating expenses, in order to enhance its profitability and to improve the cash flow from its operation in future.

Based on the cash flow forecast covering a period up to 30 June 2026 prepared by the management after taking into account all assumptions and measures as described above notwithstanding the inherent uncertainties associated with the future outcome of the above measures, the Directors are of the opinion that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to achieve a combination of the abovementioned measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisation amounts, to provide for additional liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. ADOPTION OF REVISED HKFRS ACCOUNTING STANDARDS

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023/2024 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

Future changes in HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Annual Improvements to HKFRS Accounting Standards	Volume 11 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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 periods beginning on or after 1 January 2027

⁴ The effective date to be determined

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRS Accounting Standards. So far the Company's management is of the opinion that the adoption of the new/revised HKFRS Accounting Standards will not have any significant impact on the consolidated financial statements.

4. REVENUE

	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers within HKFRS 15:</i>		
Development and sale of properties	14,132	25,833
Properties management	111	655
Operation and management of hydroelectric power stations	4,060	4,103
	<u>18,303</u>	<u>30,591</u>
<i>Revenue from other sources:</i>		
Rental income from operating leases		
– Fixed lease payments	1,346	1,096
– Variable lease payments	206	230
	<u>1,552</u>	<u>1,326</u>
	<u>19,855</u>	<u>31,917</u>

5. SEGMENT INFORMATION

Information reported to the executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and services delivered by each operating division.

The Group's operating divisions are as follows:

- (1) Development and sale of properties (“**Properties development**”)
- (2) Properties investment
- (3) Properties management
- (4) Operation and management of hydroelectric power stations (“**Hydroelectric power business**”)

(a) Segment revenue and results

	Year ended 31 March 2025				
	Properties development <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Properties management <i>HK\$'000</i>	Hydroelectric power business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>14,132</u>	<u>1,552</u>	<u>111</u>	<u>4,060</u>	<u>19,855</u>
Segment results	(9,952)	(4,719)	(73)	(891)	(15,635)
Interest income					7
Unallocated expenses					(5,546)
Finance costs					<u>(2,929)</u>
Loss before tax					<u>(24,103)</u>
	Year ended 31 March 2024				
	Properties development <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Properties management <i>HK\$'000</i>	Hydroelectric power business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>25,833</u>	<u>1,326</u>	<u>655</u>	<u>4,103</u>	<u>31,917</u>
Segment results	(1,091)	(7,298)	174	(197)	(8,412)
Interest income					5
Unallocated expenses					(6,052)
Finance costs					<u>(3,201)</u>
Loss before tax					<u>(17,660)</u>

(b) Segment assets and liabilities

	At 31 March 2025				
	Properties development <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Properties management <i>HK\$'000</i>	Hydroelectric power business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets					
Segment assets	87,160	120,972	499	24,572	233,203
Unallocated corporate assets					747
Consolidated total assets					233,950
Liabilities					
Segment liabilities	10,526	16,533	714	1,926	29,699
Unallocated corporate liabilities					33,472
Consolidated total liabilities					63,171
	At 31 March 2024				
	Properties development <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Properties management <i>HK\$'000</i>	Hydroelectric power business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets					
Segment assets	203,135	33,004	971	24,279	261,389
Unallocated corporate assets					736
Consolidated total assets					262,125
Liabilities					
Segment liabilities	15,173	12,172	1,016	1,810	30,171
Unallocated corporate liabilities					35,365
Consolidated total liabilities					65,536

Unallocated corporate assets mainly represent assets held by head office and inactive subsidiaries.

Unallocated corporate liabilities mainly represent borrowings, bonds payable and liabilities incurred by head office and inactive subsidiaries (2024: amount due to immediate holding company, borrowings, bonds payable and liabilities incurred by head office and inactive subsidiaries).

(c) Other segment information

	Year ended 31 March 2025					
	Properties development <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Properties management <i>HK\$'000</i>	Hydroelectric power business <i>HK\$'000</i>	Other segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measurement of segment results or segment assets:						
Additions of property, plant and equipment	–	–	–	70	–	70
Depreciation of property, plant and equipment	–	343	–	2,593	–	2,936
Depreciation of right-of- use assets	–	–	–	–	343	343
Loss on revaluation of properties held for sale upon transfer to investment properties	3,856	–	–	–	–	3,856
Loss on revaluation of investment properties	–	2,849	–	–	–	2,849
Loss allowances of trade receivables	5,278	–	–	–	–	5,278
	<u>5,278</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,278</u>
	Year ended 31 March 2024					
	Properties development <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Properties management <i>HK\$'000</i>	Hydroelectric power business <i>HK\$'000</i>	Other segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measurement of segment results or segment assets:						
Additions of property, plant and equipment	–	459	–	–	–	459
Additions of right-of-use assets	–	–	–	–	685	685
Depreciation of property, plant and equipment	2	378	–	2,602	–	2,982
Depreciation of right-of- use assets	–	–	–	–	386	386
Loss on revaluation of investment properties	–	7,304	–	–	–	7,304
	<u>–</u>	<u>7,304</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,304</u>

(d) Geographical segments

The Group's revenue from external customers (based on location of customers) and information about its non-current assets by geographical location of the assets are detailed below:

Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
The PRC	19,855	31,917

Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	228	571
The PRC	129,713	53,027
	129,941	53,598

(e) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A (Hydroelectric power business)	4,060	4,103

6. LOSS BEFORE TAX

This is stated after charging:

	2025 HK\$'000	2024 HK\$'000
Staff costs (including directors' remuneration):		
– Wages and salaries	3,352	1,921
– Contribution to defined contribution schemes	339	298
	<u>3,691</u>	<u>2,219</u>
Auditors' remuneration		
– Audit services	820	820
– Other services	20	20
Cost of inventories sold	13,600	24,986
Depreciation		
– Property, plant and equipment	2,936	2,982
– Right-of-use assets	343	386
Legal and professional fee	2,263	3,309
Marketing and promotion expenses	275	1,514
	<u>275</u>	<u>1,514</u>

7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5 % (2024: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the years ended 31 March 2025 and 2024.

The PRC Enterprise Income Tax (“EIT”) in respect of operations in the PRC is calculated at a rate 25% (2024: 25%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

The PRC Land Appreciation Tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value.

	2025 HK\$'000	2024 HK\$'000
EIT		
– Current year	11	51
LAT		
– Current year	223	878
	<u>234</u>	<u>929</u>

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 31 March 2025 and 2024.

9. LOSS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	<u>(24,337)</u>	<u>(18,589)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the basic and diluted loss per share	<u>212,839,878</u>	<u>212,839,878</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted loss per share	<u>(11.43)</u>	<u>(8.73)</u>

Diluted loss per share is same as the basic loss per share for the years ended 31 March 2025 and 2024. The Company did not have any dilutive potential ordinary shares during the years ended 31 March 2025 and 2024.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At fair value	
At 1 April 2023	35,831
Loss on revaluation of investment properties	(7,304)
Exchange realignment	<u>(1,950)</u>
At 31 March 2024 and 1 April 2024	26,577
Transfer from properties held for sale	82,067
Loss on revaluation of investment properties	(2,849)
Exchange realignment	<u>577</u>
At 31 March 2025	<u><u>106,372</u></u>

11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

The ageing analysis of trade receivables, net of loss allowance, based on invoice dates which approximate the respective recognition dates, at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	–	46
31–60 days	–	710
61–90 days	–	14
Over 90 days	7,827	12,718
	<u>7,827</u>	<u>13,488</u>

During the year ended 31 March 2025, the Group recognised loss allowances of trade receivables of HK\$5,278,000 (2024: Nil) in profit or loss.

12. TRADE PAYABLES AND ACCRUED CHARGES

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

	2025 HK\$'000	2024 HK\$'000
Over 90 days	2,007	2,620

13. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Other borrowings, secured		
Repayable within one year	20,374	20,493

The borrowings of HK\$20,374,000 (2024: HK\$20,493,000) as at 31 March 2025 are interest-bearing at 12% per annum, secured by investment properties of HK\$14,851,000 (2024: HK\$17,603,000) and repayable on 2 May 2025 (2024: 2 May 2024). Subsequent to the end of the reporting period, the repayment date of the borrowings are extended for one year to 2 May 2026 with all other terms remain unchanged.

14. BONDS PAYABLE

	2025 HK\$'000	2024 HK\$'000
Corporate bonds		
Current liabilities	<u>6,760</u>	<u>6,960</u>

As at 31 March 2025, the Company had corporate bonds with principal amount of HK\$6,760,000 (2024: HK\$6,960,000) issued under the placing agreement dated 13 November 2018 for bonds issuance with an aggregate principal amount of up to HK\$200,000,000. The bonds carry fixed interest rates ranging from 6% to 6.5% per annum. The bonds are with a maturity period ranging from three to five years from the issue date, and the interests are paid semi-annually in arrears on 30 June and 31 December in each year and on the maturity date.

On 1 March 2024, the Company received statutory demands from certain bond holders for certain outstanding principal amounts and interest payables. Please refer to the announcement of the Company dated 21 March 2024 for details.

As at 31 March 2024, all bonds payable were overdue and unsecured. Certain bonds payable amounting to HK\$6,187,000 was interest bearing at judgement interest rate ranging from 8.53% to 8.58% as determined by order by the Chief Justice of Hong Kong, whereas the remaining bonds payable amounting to HK\$773,000 was interest free.

On 17 May 2024, the Company received a winding-up petition (the “**Petition**”) which was filed against the Company on the same date at the High Court of the Hong Kong Special Administrative Region (the “**Hong Kong High Court**”) by a bond holder (the “**Petitioner**”) for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition is relating to the outstanding amount of certain bonds payable in an aggregate amount of HK\$3,902,000 (the “**Outstanding Amount**”). On 28 June 2024, the Petitioner has entered into an agreement with a third party and completed the transfer of the Outstanding Amount to such third party who is independent of and not connected with the Company and its connected person and not otherwise a connected person of the Company. As such, the Petitioner has ceased to be a bond holder of the Company and has agreed to withdraw the Petition. The Company received a court order from the Hong Kong High Court dated 22 July 2024, which ordered, among other things, that the Petition be withdrawn. Please refer to the announcements of the Company dated 20 May 2024, 24 May 2024, 28 June 2024 and 31 July 2024 for details.

During the year ended 31 March 2025, the Company entered into certain supplemental deed polls with bond holders to extend the maturity date of certain bonds payable in an aggregate principal amount of HK\$5,987,000 to 30 June 2025 and amended the interest rate to 0.7% per month during the extended period.

As at 31 March 2025, all bonds payable were unsecured. The bonds payable of an aggregate principal amount of HK\$5,987,000 was interest bearing at the interest rate of 0.7% per month and repayable on 30 June 2025. The remaining bonds payable of an aggregate principal amount of HK\$773,000 was overdue and interest free.

The Company has been actively communicating and maintaining constructive dialogue with the bond holders and is in the process of amicable negotiation with the bond holders in respect of the repayment plans. On 20 June 2025, certain bond holders agreed to further extend the maturity date of certain bonds payable in an aggregate principal amount of HK\$5,987,000 to 31 December 2025 with all other terms remain unchanged.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

To align with the Group's business strategies and directions, the Group has reallocated its resources and reorganised its asset portfolio to enlarge its business scale in properties development and related services sectors in the past years. For the year ended 31 March 2025, most of the Group's revenue were derived from properties development and hydroelectric power business, with a small proportion of revenue derived from properties investment and properties management business.

During the year ended 31 March 2025, the market sentiments stayed far from recovery and the sluggish market trading remained, the overall property market in the PRC continued to shrink. According to the National Bureau of Statistics in the PRC, in 2024, the national investment in real estate development amounted to approximately RMB10,028 billion, representing a year-on-year decrease of 11%, of which approximately RMB7,604 billion was invested in residential housing, representing a year-on-year decrease of 11%; and all major indicators declined. The sales of commodity housing in the PRC were approximately RMB9,675 billion, representing a year-on-year decrease of 17%, of which the sales of residential housing decreased by 18%; and the sales area of commodity housing in the PRC was approximately 974 million sq.m., representing a year-on-year decrease of 13%, of which the sales area of residential housing decreased by 14%.

The negative trend reflecting the severity of the downturn that plagued the real estate market in the PRC, the lack of market confidence and purchasing power, adding the impacts of an oversupplied market, a heavily indebted sector and a tepid sales outlook, the property sector woes to continue during the year. As a result, the operations and financial performance of the Group were inevitably affected during the year ended 31 March 2025.

For the year ended 31 March 2025, the Group recorded a revenue of approximately HK\$19,855,000, representing a decrease of approximately 38% as compared to the revenue of approximately HK\$31,917,000 for the year ended 31 March 2024. Administrative expenses for the year ended 31 March 2025 was approximately HK\$14,259,000, which was maintained at a level similar to that of approximately HK\$13,384,000 for the year ended 31 March 2024. In addition, the fair value of investment properties was affected by the overall economy and properties leasing market of the PRC, a loss on revaluation of properties held for sale upon transfer to investment properties of approximately HK\$3,856,000 and a loss on revaluation of investment properties of approximately HK\$2,849,000 were recorded for the year ended 31 March 2025, while a loss on revaluation of investment properties of approximately HK\$7,304,000 was recorded for the year ended 31 March 2024. Due to the increase in expected credit loss resulted from the increase in aged trade receivables, loss allowances of trade receivables of approximately HK\$5,278,000 was recorded for the year ended 31 March 2025. Further, the Group recorded finance costs of approximately HK\$2,929,000 for the year ended 31 March 2025, representing a decrease of approximately 8% as compared to that of approximately HK\$3,201,000 for the year ended 31 March 2024 which was resulted from the borrowings and bonds payable for the Group's refinancing and general corporate purpose.

As a result, the Group recorded a loss for the year at the amount of approximately HK\$24,337,000 for the year ended 31 March 2025, representing an increase of approximately 31% as compared to that of approximately HK\$18,589,000 for the year ended 31 March 2024.

Properties Development

Leveraging on the experience and connection of the management and following the business directions of the Company, the Group started to engage in properties development business since the financial year of 2018.

During the year ended 31 March 2025, the Group owned three properties development projects in the PRC, namely Xiguan Project, Bagua Town Project I and Bagua Town Project II. Particulars of which are as follows:

Project name	Location	Approximate site area (sq.m.)	Approximate gross floor area (sq.m.)	Group's interest	Type	Property Status
Xiguan Project	No. 1, Group 13, Fumen Street, Huanren County, Benxi City, Liaoning Province, the PRC* (中國遼寧省本溪市桓仁縣福民 街1號13組)	46,243	80,462	100%	Residential and commercial	Completed
Bagua Town Project I	Qian Jie Commercial Street, Bagua Town, Center Street, Huanren County, Benxi City, Liaoning Province, the PRC* (中國遼寧省 本溪市桓仁縣中心大街八卦城乾 街商業街)	5,023	7,543	100%	Commercial	Completed
Bagua Town Project II	No.1, Unit 0, Block 0, Group 05, Huanren County Center, Huanren County, Benxi, Liaoning Province, the PRC* (中國遼寧省 本溪市桓仁縣桓仁鎮中心05組0 幢0單元1號)	9,188	14,700	100%	Commercial	Preliminary stage of preparation

* For identification purposes only

Xiguan Project

Xiguan Project contained 19 buildings that created 775 residential and 30 commercial units and 121 parking units. The construction work of the Xiguan Project was completed during the financial year of 2019.

For the year ended 31 March 2025, the Group sold approximately 5% of the gross floor area and achieved total contracted sales of approximately HK\$14,132,000, while approximately 8% of the gross floor area was sold and total contracted sales of approximately HK\$25,833,000 was recorded for the year ended 31 March 2024.

Bagua Town Project I

Bagua Town Project I comprises 3 main buildings that creates a marketplace for the community. The construction work of Bagua Town Project I was completed during the year ended 31 March 2024. The sale of Bagua Town Project I commenced in mid-2023 but yet to contribute any contracted sales to the Group. In response to the slackened recovery of the real estate market in the PRC, management of the Group decided to change the use of Bagua Town Project I from properties held for sale to leasing for rental income in October 2024.

Bagua Town Project II

Bagua Town Project II is at the preliminary stage of preparation ahead of construction. Together with Bagua Town Project I, the two projects are expected to be a combination of work, life, education and tourism, located near the government square of Huanren Manchu Autonomous County, Liaoning Province, the PRC. Bagua Town Project I and Bagua Town Project II are planned to include pedestrian streets, office buildings, retail stores, shopping malls, and tourism, historical and cultural facilities, and expected to enhance future business performance of the Group.

For the year ended 31 March 2025, revenue from properties development were derived from the sale of remaining completed properties of the Xiguan Project. The property market in the PRC remained under downward pressure and the housing supply and price continued to be dragged down by the weakened demands. The buyers were adopting a conservative and wait-and-see attitude on the property purchases in the PRC. In addition, due to the loss on revaluation of properties held for sale upon transfer to investment properties and the increase in expected credit loss resulted from the increase in aged trade receivables, segment loss increased from approximately HK\$1,091,000 for the year ended 31 March 2024 to approximately HK\$9,952,000 for the year ended 31 March 2025.

Sales performance has not witnessed significant improvement yet, however, policy relaxations and support measures for both supply and demand sides are expecting to take effect. The government of the PRC continues to promote the positive and healthy development of the real estate industry, as well as adhere to the national strategies that “houses are built to be inhabited, not for speculation”, implement city-specific policies to achieve the “three stabilities” of “stabilising land prices”, “stabilising housing prices” and “stabilizing expectations”. Stability in real estate, economy and growth still remained the keynote of the macro-policy advocated by the state. The Board is positive towards the properties development industry in the PRC and will proactively align and respond to the adjustment and calling of such policies and capture the potential opportunities in the properties development market in order to enhance shareholder’s value. Further, the Group will also enhance its portfolio of the existing projects and strive to generate a better result for the Group.

Properties Investment

Revenue generated from properties investment was mainly derived from the leasing of commercial properties and carparks located in Benxi City, Liaoning Province, the PRC. Particulars of which are as follows:

Location	Use	Approximate gross floor area (sq.m.)	Group’s interest	Lease expiry
No. 1, the first floor, Block 5, 1 Shengli Road, Pingshan District, Benxi City, Liaoning Province, the PRC* (中國遼寧省本溪市平山區勝利路5幢1層1號)	Commercial	808	100%	2055
Zhanqian, Pingshan District, Benxi City, Liaoning Province, the PRC* (中國遼寧省本溪市平山區站前)	Carparks	7,000	100%	2036
Xinglong Street, Pingshan District, Benxi City, Liaoning Province, the PRC* (中國遼寧省本溪市平山區興隆街)	Carparks	6,867	100%	2046
Yuming Road, Mingshan District, Benxi City, Liaoning Province, the PRC* (中國遼寧省本溪市明山區峪明路)	Carparks	2,171	100%	2046
Qian Jie Commercial Street, Bagua Town, Center Street, Huanren County, Benxi City, Liaoning Province, the PRC* (中國遼寧省本溪市桓仁縣中心大街八卦城乾街商業街)	Commercial	7,543	100%	2058

* For identification purposes only

For the year ended 31 March 2025, revenue was approximately HK\$1,552,000, representing an increase of 17% as compared to approximately HK\$1,326,000 for the year ended 31 March 2024. The fair value of investment properties was affected by the overall economy and properties leasing market of the PRC, a loss on revaluation of investment properties of approximately HK\$2,849,000 was recorded for the year ended 31 March 2025, while a loss on revaluation of investment properties of approximately HK\$7,304,000 was recorded for the year ended 31 March 2024. Thus, the segment loss decreased from approximately HK\$7,298,000 for the year ended 31 March 2024 to approximately HK\$4,719,000 for the year ended 31 March 2025.

Properties Management

To complement the properties development business, the Group started to engage in properties management business and delivered comprehensive property management services for residential and commercial properties since the financial year of 2020.

The revenue and segment loss for the year ended 31 March 2025 were approximately HK\$111,000 and approximately HK\$73,000 respectively, whereas the revenue and segment profit for the year ended 31 March 2024 were approximately HK\$655,000 and approximately HK\$174,000, respectively.

Hydroelectric Power Business

The Group started to engage in the business of clean and renewable energy since the financial year of 2016. Revenue was generated from the operation and management of two hydroelectric power stations located in the northern PRC which are connected to the national power grid and mainly for industrial use. The business of clean and renewable energy contributed to the stable income of the Group during the year.

The revenue for the year ended 31 March 2025 were approximately HK\$4,060,000, whereas the revenue for the year ended 31 March 2024 were approximately HK\$4,103,000. River dredging work for the purpose of smooth construction of various citywide infrastructure in the river areas resulted in reduced power generation during the years ended 31 March 2024 and 2025. As a result, the segment loss increased from approximately HK\$197,000 for the year ended 31 March 2024 to approximately HK\$891,000 for the year ended 31 March 2025.

Needless to say, the sustainable development in clean and renewable energy is the global trend. The Group believes that continued investments in renewable energy business will benefit the Group in the long run and generate sustainable revenue to the Group.

Prospect

Looking forward, the Group will adhere to its business orientation and reinforce its product brand and industry positioning and continue to upgrade its products and services qualities and capabilities in the northern PRC. Further, the Group will continue to maintain its prudent investment and business strategies and will adhere to its strategy to diversify its business models into different business sectors and to strengthen and expand its revenue streams and generate better results and prospect for the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2025, the Group's bank balances and cash denominated mainly in Hong Kong dollars and Renminbi amounted to approximately HK\$6,597,000, representing an increase of approximately 44% as compared to approximately HK\$4,571,000 as at 31 March 2024, which was mainly resulted from the appreciation of Renminbi during the year ended 31 March 2025.

As at 31 March 2025, the gearing ratio was 0.16 (2024: 0.14), which was calculated based on the total borrowings and bonds payable divided by total equity. The Group will continue to monitor and manage its financial structure and their potential risks in the course of development.

As at 31 March 2025, the current ratio was 1.65 (2024: 3.19), which was calculated by dividing the total current assets by the total current liabilities. The decrease was resulted from the transfer of certain properties held for sale from current assets to investment properties in non-current assets during the year ended 31 March 2025.

Financing and Capital Structure

The Group finances its operations by a combination of equity and borrowings. As at 31 March 2025, the Group had borrowings of approximately HK\$20,374,000 (2024: HK\$20,493,000) and bonds payable of approximately HK\$6,760,000 (2024: HK\$6,960,000), which were for the Group's refinancing and general corporate purpose. Details regarding the borrowings and bond payable of the Group are set out in notes 13 and 14 to the consolidated financial statements.

Exposure to Fluctuation in Exchange Rates

For the year ended 31 March 2025, the Group's transactions were mostly denominated in Hong Kong dollars and Renminbi. No foreign currency hedge was made during the year ended 31 March 2025. The Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currencies closely and will consider hedging for significant foreign currency exposure, if necessary.

Pledge of Assets

Saved as disclosed in note 13 to the consolidated financial statements, properties for sale under development of approximately HK\$14,021,000 as at 31 March 2025 (2024: HK\$14,103,000) were pledged to secure banking facility with an aggregate principal amount of approximately HK\$25,467,000 (2024: HK\$25,617,000) granted to third parties.

Contingent Liabilities

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

Employee

As at 31 March 2025, the Group had a total of 28 employees (2024: 17), of which 24 (2024: 13) were employed in the PRC. Details regarding the total amount of staff costs of the Group are set out in note 6 to the consolidated financial statements.

The employees' remuneration, promotion, salary increments and discretionary bonus are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. In addition, the Group also provides employee benefits such as employee insurance, retirement scheme and training programmes.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal during the year ended 31 March 2025.

SIGNIFICANT INVESTMENT HELD

Save as otherwise disclosed, the Group did not have any significant investment held as at 31 March 2025.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

Save as disclosed in the paragraphs headed "Business Review", "Prospect" and "Material Acquisition and Disposal" in this section, the Group will actively seek potential opportunities in different industries and business sectors. However, the Group has not executed any legally binding agreement in relation to material investment or acquisition of capital assets and did not have any plans relating to material investment or capital assets as at the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2025 (2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EVENT AFTER REPORTING PERIOD

Save as disclosed, the Board is not aware of any important event affecting the Group which occurred after the end of the reporting period and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company adopted all the code provisions in Corporate Governance Code (the “**Code Provisions**”) set out in Appendix C1 to the Listing Rules on the Stock Exchange as its own code on corporate governance practices and guidance. During the year ended 31 March 2025 and up to the date of this announcement, the Company has complied with the Code Provisions except the following:

1. Pursuant to Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wang Jing, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 September 2024 (the “**2024 AGM**”) due to his other business commitments. Mr. Wang Xing Qiao, the executive Director acted as the chairman of the 2024 AGM, and attended the 2024 AGM with other members of the management. At the 2024 AGM, there was sufficient caliber for answering questions at the 2024 AGM and answered questions at the 2024 AGM competently.
2. Pursuant to Code Provision C.1.6, independent non-executive director and other non-executive director should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Su Bo and Mr. Zeng Guanwei, the independent non-executive Directors, were unable to attend the 2024 AGM due to other business commitments.

In order to comply with the Code Provisions, the Company will continue to furnish all the Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a caution that may enable all the Directors to attend the general meeting as far as possible.

Save as disclosed above, in the opinion of the Directors, the Company has complied with all Code Provisions during the year ended 31 March 2025 and, where appropriate, the applicable recommended best practices of the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all the Directors that they have complied with the Model Code throughout the year ended 31 March 2025.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors and reports directly to the Board. The Audit Committee meets regularly with the Group’s senior management and the external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2025.

BOARD OF DIRECTORS

As at 31 March 2025, the Board comprises Mr. Wang Jing and Mr. Wang Xing Qiao as executive Directors; Ms. Zhao Hongxia as non-executive Director; and Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei as independent non-executive Directors.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed by the Group’s auditor, Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2025. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Forvis Mazars CPA Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 March 2025. The report includes particulars of the material uncertainty related to going concern without qualified opinion:

“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 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 Related to Going Concern

We draw attention to the “Going concern” section in note 3 to the consolidated financial statements, which indicates that as at 31 March 2025, the Group had borrowings of HK\$20,374,000 and bonds payable of HK\$6,760,000 that are repayable within one year at the end of the reporting period. At the same date, the Group has total bank balances and cash of HK\$6,597,000. The Group’s ability to continue as a going concern depends on the successful and favourable outcomes of the measures being implemented by the Group. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors, having considered the measures being taken by the Group as described in note 3 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.”

The aforesaid “note 3 to the consolidated financial statements” in the extract from the independent auditor’s report is disclosed as note 2.2 to the consolidated financial statements in this results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.00485.hk. The annual report of the Company for the year ended 31 March 2025 containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on above websites in due course.

For and on behalf of
China Sinostar Group Company Limited
Wang Xing Qiao
Executive Director and Chief Executive Officer

Hong Kong, 30 June 2025

As at the date of this announcement, the Board comprises Mr. Wang Jing and Mr. Wang Xing Qiao as executive Directors; Ms. Zhao Hongxia as non-executive Director; and Mr. Su Bo, Mr. Zeng Guanwei and Mr. Tang Shengzhi as independent non-executive Directors.