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 2026

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") 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 2026 together with the comparative figures for 2025 as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Revenue	4	**18,802**	19,855
Cost of sales		**(9,345)**	(14,798)
Gross profit		**9,457**	5,057
Loss allowances of trade receivables		**(2,153)**	(5,278)
Loss on disposal of investment properties		**(72)**	–
Loss on revaluation of investment properties		**(2,714)**	(2,849)
Loss on revaluation of properties held for sale upon transfer to investment properties		**–**	(3,856)
Other (loss) gain, net		**(70)**	11
Administrative expenses		**(14,233)**	(14,259)
Finance costs		**(3,005)**	(2,929)
Loss before tax	6	**(12,790)**	(24,103)
Income tax expenses	7	**(253)**	(234)
Loss for the year		**(13,043)**	(24,337)
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**12,922**	(1,473)
Total comprehensive loss for the year		**(121)**	(25,810)
		HK cents	*HK cents*
Loss per share			
Basic and diluted	9	**(5.82)**	(11.43)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Investment properties	*10*	**108,802**	106,372
Property, plant and equipment		**25,718**	23,341
Right-of-use assets		**564**	228
		135,084	129,941
Current assets			
Properties for sale under development		**14,832**	14,021
Properties held for sale		**47,193**	53,870
Trade receivables, deposits and other receivables	*11*	**36,244**	29,521
Bank balances and cash		**26,182**	6,597
		124,451	104,009
Current liabilities			
Amount due to immediate holding company		**1,864**	–
Trade payables and accrued charges	*12*	**39,456**	27,956
Lease liabilities		**331**	237
Contract liabilities		**1,214**	2,717
Current tax liabilities		**5,442**	5,127
Borrowing	*13*	**21,552**	20,374
Bonds payable	*14*	**6,182**	6,760
		76,041	63,171
Net current assets		**48,410**	40,838
Total assets less current liabilities		**183,494**	170,779
Non-current liabilities			
Lease liabilities		**236**	–
NET ASSETS		**183,258**	170,779
Capital and reserves			
Share capital	*15*	**2,548**	2,128
Reserves		**180,710**	168,651
TOTAL EQUITY		**183,258**	170,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

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. The ultimate controlling party of the Company is Mr. Wang Xing Qiao, who is also an executive Director and the chief executive officer of the Company.

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, 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.

All amounts have rounded to the nearest thousand, unless otherwise indicated.

2.2 Going concern

The Group incurred a net loss of HK$13,043,000 for the year ended 31 March 2026 and, at 31 March 2026, the Group had a borrowing of HK$21,552,000 and bonds payable of HK$6,182,000 that are repayable within one year at the end of the reporting period. At the same date, the Group has bank balances and cash of HK$26,182,000, including net proceeds of HK$12,350,000 from issuance of 42,000,000 new ordinary shares at the subscription price of HK$0.30 per share that the Group intends to apply in capital needs and cash flows of the properties development projects.

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 borrowing, and as of the date of this announcement, the repayment date of interest-bearing borrowing of HK$21,552,000 has been extended to 2 May 2027 with all other terms remain unchanged;

(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$5,409,000 are further extended to 30 June 2027 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 2027 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

The Group has applied, for the first time, the following revised HKFRS Accounting Standard that is relevant to the Group:

Amendment to HKAS 21	Lack of Exchangeability[1]

The adoption of the amendments does not have any significant impact on the consolidated financial statements in the current and prior periods as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

Future changes in HKFRS Accounting Standards

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

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

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

2 Effective for annual periods beginning on or after 1 January 2027

3 The effective date to be determined

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. HKFRS 18 retains numbers of requirements of HKAS 1 and introduces the following new key requirements:

a. presentation of new defined subtotals in the statement of profit or loss and other comprehensive income, i.e. operating profit and profit before financing and income taxes, and classifications of income and expenses into operating, investing, financing, income taxes and discontinued operations in the statement of profit or loss and other comprehensive income, with some modifications for companies with specific business activities, e.g. banks, insurers and investment property companies;

b. identification of management-defined performance measures (MPMs) which are defined as subtotals of income and expenses used in public communications outside financial statements to communicate management's view of an aspect of the financial performance for the company as a whole and are not listed or required by HKFRS Accounting Standards and disclosures about MPMs in a single note to the financial statements; and

c. enhanced requirements for grouping (aggregation and disaggregation) of information in the primary financial statements and information disclosed in the notes to the financial statements. Except for HKFRS 18, the Directors anticipate that the application of these amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. REVENUE

	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15:		
Development and sale of properties	**9,863**	14,132
Properties management	**21**	111
Operation and management of hydroelectric power stations	**5,940**	4,060
	15,824	18,303
Revenue from other sources:		
Rental income from operating leases		
– Fixed lease payments	**2,768**	1,346
– Variable lease payments	**210**	206
	2,978	1,552
	18,802	19,855

5. SEGMENT INFORMATION

Information reported to the executive Directors, 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 2026				
	Properties development *HK$'000*	**Properties investment** *HK$'000*	**Properties management** *HK$'000*	**Hydroelectric power business** *HK$'000*	**Total** *HK$'000*
Revenue	**9,863**	**2,978**	**21**	**5,940**	**18,802**
Segment results	**(2,361)**	**(1,467)**	**(4)**	**362**	**(3,470)**
Interest income					**3**
Unallocated expenses					**(6,318)**
Finance costs					**(3,005)**
Loss before tax					**(12,790)**

	Year ended 31 March 2025				
	Properties development *HK$'000*	Properties investment *HK$'000*	Properties management *HK$'000*	Hydroelectric power business *HK$'000*	Total *HK$'000*
Revenue	14,132	1,552	111	4,060	19,855
Segment results	(9,952)	(4,719)	(73)	(891)	(15,635)
Interest income					7
Unallocated expenses					(5,546)
Finance costs					(2,929)
Loss before tax					(24,103)

(b) Segment assets and liabilities

	At 31 March 2026				
	Properties development *HK$'000*	**Properties investment** *HK$'000*	**Properties management** *HK$'000*	**Hydroelectric power business** *HK$'000*	**Total** *HK$'000*
Assets					
Segment assets	**101,246**	**132,992**	**283**	**24,153**	**258,674**
Unallocated corporate assets					**861**
Consolidated total assets					**259,535**
Liabilities					
Segment liabilities	**13,221**	**18,563**	**730**	**5,948**	**38,462**
Unallocated corporate liabilities					**37,815**
Consolidated total liabilities					**76,277**

	At 31 March 2025				
	Properties development *HK$'000*	Properties investment *HK$'000*	Properties management *HK$'000*	Hydroelectric power business *HK$'000*	Total *HK$'000*
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

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

Unallocated corporate liabilities mainly represent amount due to immediate holding company, borrowing, bonds payable and liabilities incurred by head office and inactive subsidiaries.

(c) Other segment information

	Year ended 31 March 2026					
	Properties development *HK$'000*	**Properties investment** *HK$'000*	**Properties management** *HK$'000*	**Hydroelectric power business** *HK$'000*	**Other segment** *HK$'000*	**Total** *HK$'000*
Amounts included in the measurement of segment results or segment assets:						
Additions of property, plant and equipment	**–**	**–**	**–**	**2,978**	**–**	**2,978**
Additions of right-of-use assets	**–**	**–**	**–**	**–**	**677**	**677**
Depreciation of property, plant and equipment	**–**	**351**	**–**	**2,651**	**–**	**3,002**
Depreciation of right-of-use assets	**–**	**–**	**–**	**–**	**341**	**341**
Loss allowances of trade receivables	**2,153**	**–**	**–**	**–**	**–**	**2,153**
Loss on disposal of investment properties	**–**	**72**	**–**	**–**	**–**	**72**
Loss on revaluation of investment properties	**–**	**2,714**	**–**	**–**	**–**	**2,714**

	Year ended 31 March 2025					
	Properties development *HK$'000*	Properties investment *HK$'000*	Properties management *HK$'000*	Hydroelectric power business *HK$'000*	Other segment *HK$'000*	Total *HK$'000*
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 allowances of trade receivables	5,278	–	–	–	–	5,278
Loss on revaluation of investment properties	–	2,849	–	–	–	2,849
Loss on revaluation of properties held for sale upon transfer to investment properties	3,856	–	–	–	–	3,856

(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

	2026	2025
	HK$'000	*HK$'000*
Chinese Mainland	**18,802**	19,855

Non-current assets

	2026	2025
	HK$'000	*HK$'000*
Hong Kong	**564**	228
Chinese Mainland	**134,520**	129,713
	135,084	129,941

(e) Information about major customers

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

	2026	2025
	HK$'000	*HK$'000*
Customer A (Hydroelectric power business)	**5,940**	4,060
Customer B (Properties development)	**3,362**	–
	9,302	4,060

6. LOSS BEFORE TAX

This is stated after charging:

	2026 HK$'000	2025 HK$'000
Staff costs (including Directors' remuneration):		
– Wages and salaries	**3,568**	3,352
– Contribution to defined contribution schemes	**185**	339
	3,753	3,691
Auditors' remuneration		
– Audit services	**820**	820
– Other services	**20**	20
Cost of inventories sold	**9,245**	13,600
Depreciation		
– Property, plant and equipment	**3,002**	2,936
– Right-of-use assets	**341**	343
Legal and professional fee	**1,726**	2,263

7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% (2025:16.5%) 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 2026 and 2025.

The Enterprise Income Tax ("**EIT**") in respect of operations in Chinese Mainland is calculated at a rate 25% (2025: 25%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

The Land Appreciation Tax ("**LAT**") in Chinese Mainland is levied at progressive rates ranging from 30% to 60% on the appreciation of land value.

	2026 HK$'000	2025 HK$'000
EIT		
– Current year	**85**	11
LAT		
– Current year	**168**	223
	253	234

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 31 March 2026 and 2025.

9. LOSS PER SHARE

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

	2026	2025
	HK$'000	*HK$'000*
Loss for the year	**(13,043)**	(24,337)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the basic and diluted loss per share	**224,231,659**	212,839,878
	HK cents	*HK cents*
Basic and diluted loss per share	**(5.82)**	(11.43)

Diluted loss per share is same as the basic loss per share for the years ended 31 March 2026 and 2025. The Company did not have any dilutive potential ordinary shares during the years ended 31 March 2026 and 2025.

10. INVESTMENT PROPERTIES

	HK$'000
At fair value	
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	577
At 31 March 2025 and 1 April 2025	106,372
Disposal of investment properties	**(905)**
Loss on revaluation of investment properties	**(2,714)**
Exchange realignment	**6,049**
At 31 March 2026	**108,802**

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:

	2026	**2025**
	HK$'000	*HK$'000*
0–30 days	**2,360**	–
31–60 days	**–**	–
61–90 days	**–**	–
Over 90 days	**7,801**	7,827
	10,161	7,827

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:

	2026	2025
	HK$'000	*HK$'000*
Over 90 days	**2,010**	2,007

13. BORROWING

	2026	2025
	HK$'000	*HK$'000*
Other borrowing, secured		
Repayable within one year	**21,552**	20,374

As at 31 March 2026, other borrowing is denominated in Renminbi, interest-bearing at 12% per annum (2025: 12%), secured by investment properties of HK$13,396,000 (2025: HK$14,851,000) and repayable on 2 May 2026 (2025: 2 May 2025). Subsequent to the end of the reporting period, the repayment date of the borrowing is extended for one year to 2 May 2027 with all other terms remain unchanged.

14. BONDS PAYABLE

	2026	2025
	HK$'000	*HK$'000*
Corporate bonds		
Current liabilities	**6,182**	6,760

As at 31 March 2026, the Company had corporate bonds with principal amount of HK$6,182,000 (2025: HK$6,760,000) 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 "**Placing Agreement**"). Pursuant to the Placing Agreement, 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 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.

During the year ended 31 March 2026, 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$5,409,000 to 30 June 2026 with all other terms remain unchanged.

As at 31 March 2026, all bonds payable were unsecured. The bonds payable of an aggregate principal amount of HK$5,409,000 was interest bearing at the interest rate of 0.7% per month and repayable on 30 June 2026. 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 18 June 2026, the maturity date of certain bonds payable in an aggregate principal amount of HK$5,409,000 are further extended to 30 June 2027 with all other terms remain unchanged.

15. SHARE CAPITAL

	Nominal value per share *HK$*	Number of shares	Amount *HK$'000*
Authorised:			
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	0.01	50,000,000,000	500,000
Issued and fully paid:			
At 1 April 2024, 31 March 2025 and 1 April 2025	0.01	212,839,878	2,128
New issued shares of HK$0.01 each	0.01	42,000,000	420
At 31 March 2026	**0.01**	**254,839,878**	**2,548**

On 23 December 2025, an aggregate of 42,000,000 subscription shares at a subscription price of HK$0.3 per share were allotted and issued under general mandate pursuant to the subscription agreement dated 5 December 2025. The funds raised from the share subscription amounted to HK$12,600,000 of which HK$12,180,000 was credited to the Company's share premium account. Please refer to the announcements of the Company dated 5 December 2025 and 23 December 2025 for details. These shares rank pari passu with the existing shares in all respects.

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 2026, 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 2026, market sentiment in the property sector in the Chinese Mainland remained weak and far from recovery, with sluggish transaction activity persisting. The overall property market in the Chinese Mainland continued to face structural challenges, including a high level of unsold inventory, weak end-user demand and affordability constraints. As a result, key indicators such as national real estate development investment, sales value and sales area all recorded year-on-year declines.

According to the National Bureau of Statistics of China, in 2025, the national investment in real estate development amounted to approximately RMB8,279 billion, representing a year-on-year decrease of about 17%, of which approximately RMB6,351 billion was invested in residential housing, representing a year-on-year decrease of about 16%. Meanwhile, sales of commodity housing amounted to approximately RMB8,394 billion, representing a year-on-year decrease of about 13%, of which sales of residential housing also declined by approximately 13%. The sales area of commodity housing declined to approximately 881 million sq.m., representing a year-on-year decrease of about 9%, with residential housing sales area recording a similar decline.

During the year ended 31 March 2026, the central government of the People's Republic of China introduced various policy measures aimed at stabilising the property market, including the lowering of mortgage interest rates, relaxation of purchase restrictions in certain cities and initiatives to convert unsold housing inventory into affordable housing. While these measures helped to moderate the pace of decline, their overall impact remained limited and insufficient to reverse the downward trend in the market.

This negative trend reflects an ongoing structural adjustment in the property market in the Chinese Mainland rather than a short-term cyclical fluctuation. Against this backdrop, new project launches and construction activities remained subdued, and the operations and financial performance of the Group were inevitably affected during the year ended 31 March 2026.

For the year ended 31 March 2026, the Group recorded a revenue of approximately HK$18,802,000, representing a decrease of approximately 5% as compared to the revenue of approximately HK$19,855,000 for the year ended 31 March 2025. Administrative expenses for the year ended 31 March 2026 was approximately HK$14,233,000, which was maintained at a level similar to that of approximately HK$14,259,000 for the year ended 31 March 2025. In addition, the fair value of investment properties was affected by the overall economy and properties leasing market in the Chinese Mainland, a loss on revaluation of investment properties of approximately HK$2,714,000 was recorded for the year ended 31 March 2026, while 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. Due to the increase in expected credit loss resulted from the increase in aged trade receivables, loss allowances of trade receivables of approximately HK$2,153,000 was recorded for the year ended 31 March 2026, as compared to that of approximately HK$5,278,000 for the year ended 31 March 2025. Further, the Group recorded finance costs of approximately HK$3,005,000 for the year ended 31 March 2026, representing an increase of approximately 3% as compared to that of approximately HK$2,929,000 for the year ended 31 March 2025 which was resulted from the borrowing 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$13,043,000 for the year ended 31 March 2026, representing a decrease of approximately 46% as compared to that of approximately HK$24,337,000 for the year ended 31 March 2025.

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 2026, the Group owned two properties development projects in the Chinese Mainland, namely Xiguan Project 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 Chinese Mainland* (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 II	No.1, Unit 0, Block 0, Group 05, Huanren County Center, Huanren County, Benxi, Liaoning Province, the Chinese Mainland * (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 2026, the Group sold approximately 3% of the gross floor area and achieved total contracted sales of approximately HK$9,863,000 while approximately 5% of the gross floor area was sold and total contracted sales of approximately HK$14,132,000 was recorded for the year ended 31 March 2025.

Bagua Town Project II

Bagua Town Project II is at the preliminary stage of preparation ahead of construction. Bagua Town Project II is planned to include pedestrian streets, retail stores, shopping malls, and tourism, historical and cultural facilities, and expected to enhance future business performance of the Group.

The Group acquired the land use rights for Bagua Town Project II during the financial year of 2020. However, the Natural Resources Bureau of Huanren Manchu Autonomous County (the "**Bureau**"), responsible for delivering vacant possession of the land, experienced prolonged delays due to relocation disputes with two remaining holdout households who had demanded excessive compensation. Following the issuance of forced demolition orders, relocation compensation terms were agreed between the Bureau and the holdout households in October 2025. The vacant possession of the land was delivered to the Group in May 2026. The Group has applied to the Bureau for a development plan adjustment based on the latest market needs. The Bureau has agreed in principle to an increase of total gross floor area from 14,700 sq.m. to 19,700 sq.m., however, formal approval has not yet been obtained. Construction of the Bagua Town Project II is expected to be completed within 12 months from the receipt of such formal approval, and marketing and sales of the completed units are expected to commence upon completion of construction.

For the year ended 31 March 2026, revenue from properties development were derived from the sale of remaining completed properties of the Xiguan Project. The property market in the Chinese Mainland remained under downward pressure and the housing supply and prices continued to be dragged down by the weakened demands. As a result of the decrease in sales and the provision for expected credit loss resulted from the increase in aged trade receivables, a segment loss of approximately HK$2,361,000 was recorded for the year ended 31 March 2026. Whereas segment loss of approximately HK$9,952,000 for the year ended 31 March 2025 was mainly attributable to the loss on revaluation of properties held for sale upon transfer to investment properties and the provision for expected credit loss.

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 central government has taken proactive steps to support the property market, including monetary easing and targeted housing initiatives. These measures have contributed to a slower rate of decline, yet the sector continues to face structural headwinds. We remain cautiously optimistic and committed to navigating the evolving landscape with resilience and agility. The Board is positive towards the properties development industry in the Chinese Mainland 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 Chinese Mainland. 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 Chinese Mainland * (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 Chinese Mainland * (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 Chinese Mainland * (中國遼寧省本溪市平山區興隆街)	Carparks	6,867	100%	2046
Qian Jie Commercial Street, Bagua Town, Center Street, Huanren County, Benxi City, Liaoning Province, the Chinese Mainland * (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*

In response to the slackened recovery of the real estate market in the Chinese Mainland, management of the Group decided to change the use of its commercial properties in Qian Jie Commercial Street from properties held for sale to leasing for rental income in October 2024. The increase in leasable areas resulted in an increase in segment revenue.

For the year ended 31 March 2026, revenue was approximately HK$2,978,000, representing an increase of 92% as compared to approximately HK$1,552,000 for the year ended 31 March 2025. However, the fair value of investment properties was affected by the overall economy and properties leasing market in the Chinese Mainland, a loss on revaluation of investment properties of approximately HK$2,714,000 was recorded for the year ended 31 March 2026, while a loss on revaluation of investment properties of approximately HK$2,849,000 was recorded for the year ended 31 March 2025. Thus, segment loss decreased from approximately HK$4,719,000 for the year ended 31 March 2025 to approximately HK$1,467,000 for the year ended 31 March 2026.

Properties Management

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

The revenue and segment loss for the year ended 31 March 2026 were approximately HK$21,000 and approximately HK$4,000 respectively, whereas the revenue and segment loss for the year ended 31 March 2025 were approximately HK$111,000 and approximately HK$73,000, respectively. The Group is gradually exiting from the properties management business and thus resulted in the decrease in both segment revenue and segment loss.

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 Chinese Mainland 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 2026 was approximately HK$5,940,000, whereas the revenue for the year ended 31 March 2025 was approximately HK$4,060,000. River dredging work for the purpose of smooth construction of various citywide infrastructure in the river areas resulted in reduced power generation during the year ended 31 March 2025. As a result, segment profit of approximately HK$362,000 was recorded for the year ended 31 March 2026 as compared to a segment loss of 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 generated sustainable revenue to the Group.

Prospect

Looking ahead, the Group will continue to adhere to its strategic business orientation, further strengthening its product branding and industry positioning. It remains committed to enhancing the quality and capabilities of its products and services, particularly in northern Chinese Mainland. In addition, the Group will maintain its prudent investment and operational strategies, while actively pursuing business diversification across different sectors. These efforts aim to broaden revenue streams and drive sustainable growth, thereby delivering improved performance and long-term prospects for the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2026, the Group's bank balances and cash denominated mainly in Hong Kong dollars and Renminbi amounted to approximately HK$26,182,000, representing an increase of approximately 297% as compared to approximately HK$6,597,000 as at 31 March 2025, which was mainly resulted from the proceeds from issuance of new ordinary shares and the appreciation of Renminbi during the year ended 31 March 2026. Details regarding the capital of the Group are set out in note 15 to the consolidated financial statements.

As at 31 March 2026, gearing ratio was 0.15 (2025: 0.16), which was calculated based on the total borrowing 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 2026, the current ratio was 1.64 (2025: 1.65), which was calculated by dividing the total current assets by the total current liabilities.

Financing and Capital Structure

The Group finances its operations by a combination of equity and borrowing. The Group adopts prudent funding and treasury policies, our liquidity requirements will be satisfied by combination of internally generated cash, external borrowings and other funds raised from the capital markets from time to time. We regularly monitor our liquidity requirements to ensure that we maintain sufficient financial resources for working capital and capital expenditure needs.

The Company entered into a subscription agreement with a subscriber (the "**Subscriber**") on 5 December 2025, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 42,000,000 subscription shares (the "**Subscription Share(s)**") at the subscription price of HK$0.30 per Subscription Share (the "**Subscription**"). The completion of the Subscription took place on 23 December 2025. An aggregate of 42,000,000 Subscription Shares, representing approximately 16.48% of the issued share capital of the Company (as enlarged by the allotment and issue of the Subscription Shares), have been allotted and issued by the Company to the Subscriber at the subscription price of HK$0.30 per Subscription Share. The aggregate nominal value of the 42,000,000 Subscription Shares is HK$420,000. Please refer to the announcements of the Company dated 5 December 2025 and 23 December 2025 for details.

The gross proceeds and net proceeds (after deducting all applicable costs and expenses of the Subscription) from the Subscription were approximately HK$12,600,000 and approximately HK$12,350,000, respectively. The Company intends to apply the proceeds from the Subscription for the capital needs and cash flow of the properties development projects of the Group. As at 31 March 2026, the net proceeds from the Subscription were unutilised and are expected to be fully utilised during the year ending 31 March 2027.

As at 31 March 2026, the Group had borrowing of approximately HK$21,552,000 (2025: HK$20,374,000) and bonds payable of approximately HK$6,182,000 (2025: HK$6,760,000), which were for the Group's refinancing and general corporate purpose. Details regarding the borrowing 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 2026, 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 2026. 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$14,832,000 as at 31 March 2026 (2025: HK$14,021,000) were pledged to secure banking facility with an aggregate principal amount of approximately HK$26,940,000 (2025: HK$25,467,000) granted to third parties.

Contingent Liabilities

As at 31 March 2026, the Group had no material contingent liabilities (2025: Nil).

Employee

As at 31 March 2026, the Group had a total of 16 employees (2025: 28), of which 10 (2025: 24) were employed in the Chinese Mainland. 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 2026.

SIGNIFICANT INVESTMENT HELD

Save as otherwise disclosed, the Group did not have any significant investment held as at 31 March 2026.

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 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2026, 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 as its own code on corporate governance practices and guidance. During the year ended 31 March 2026, in the opinion of the Directors, the Company has complied with all Code Provisions 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 2026.

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 2026.

BOARD OF DIRECTORS

As at 31 March 2026, 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 Ms. Liu Xiaofeng 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 2026 as set out in this announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2026. 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 2026

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2026. 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 2026, 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 2026, the Group has a borrowing of HK$21,552,000 and bonds payable of HK$6,182,000 that are repayable within one year at the end of the reporting period. At the same date, the Group has bank balances and cash of HK$26,182,000, including net proceeds from issuance of new ordinary shares of HK$12,350,000 that the Group intends to apply in capital needs and cash flows of the properties development projects. 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 2026 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 2026

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. Tang Shengzhi and Ms. Liu Xiaofeng as independent non-executive Directors.