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CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

The board (the “Board”) of directors (the “Directors”) of China Best Group Holding Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2022, together with the comparative figures for the fifteen months ended 31 March 2021, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2022

	<i>NOTES</i>	Year ended 31 March 2022 HK\$'000	1 January 2020 to 31 March 2021 HK\$'000
Turnover	3	858,457	1,186,284
Revenue:	4		
– Trading of goods		345,620	571,418
– Provision of international air and sea freight forwarding services		1,242	1,975
– Consultancy income from finance leases		2,296	2,689
– Interest income from finance leases		–	257
– Interest income from money lending		23,763	25,366
– Brokerage commission and dealing income		1	1
– Consultancy income from securities and future brokerage related services		363	–
– Property brokerage commission income		–	45,345
– Heating and cooling supply by geothermal energy		18,410	17,994
– Construction contracting services fee income		329,451	438,187
– Heating supply and industrial steam income		64,629	29,218
– Project management service income		44,758	45,484
– Interior design service income		10,024	4,559
– Rental income		7,075	–
– Data analytical service income		10,825	–
		858,457	1,182,493

* For identification purpose only

		Year ended 31 March 2022 <i>HK\$'000</i>	1 January 2020 to 31 March 2021 <i>HK\$'000</i>
Operating costs:			
– Cost of trading goods sold		(340,515)	(563,903)
– Cost of providing international air and sea freight forwarding services		(810)	(1,240)
– Cost of providing brokerage and dealing services		(1)	(1)
– Cost of providing property brokerage services		(2,077)	(17,343)
– Cost of heating and cooling supply by geothermal energy		(14,011)	(17,187)
– Cost of providing construction contracting services		(287,317)	(393,344)
– Cost of providing heating supply and industrial steam		(65,065)	(29,696)
– Cost of providing project management service		(8,261)	–
– Cost of providing data analytical services		(8,566)	–
– Cost of providing interior design services		(1,346)	–
		<u>(727,969)</u>	<u>(1,022,714)</u>
Other income	6	10,632	50,789
Administrative and other expenses		(51,135)	(85,769)
Staff costs	7	(81,398)	(111,318)
Finance costs	7	(37,357)	(36,649)
Fair value gain on step acquisition of subsidiaries		4,198	–
Unrealised gain/(loss) on fair value change on investment properties		6,572	(1,026)
Realised gain on financial assets at fair value through profit or loss		–	2,326
Unrealised gain on fair value change on financial assets at fair value through profit or loss		18,521	9,982
Gain/(loss) on disposal of subsidiaries		48,221	(5,351)
Gain on disposal of an associate		–	11,409
Impairment loss on finance lease receivable		(10,296)	–
Impairment loss on trade and other receivables		(548)	–
Impairment loss on loans and interest receivables		(22,987)	–
Impairment loss on goodwill		(14,000)	(23,622)
Share of (loss)/profit of associates		(406)	8,297
Share of (loss)/profit of a joint venture		(1,593)	472
Loss before tax		(1,088)	(20,681)
Income tax expense	8	(10,035)	(15,728)
Loss for the year/period	7	<u>(11,123)</u>	<u>(36,409)</u>

	Year ended 31 March 2022	1 January 2020 to 31 March 2021
<i>NOTES</i>	HK\$'000	HK\$'000
Other comprehensive income (expenses)		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	21,583	33,152
Share of other comprehensive income of associates	–	66
Translation reserve released upon deemed disposal of associates	7	–
Translation reserve released upon disposal of subsidiaries	(934)	23
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Fair value loss on financial assets at fair value through other comprehensive income	–	(2,590)
	20,656	30,651
Total comprehensive income/(expenses) for the year/period	9,533	(5,758)
Loss for the year/period attributable to:		
– owners of the Company	(6,349)	(42,578)
– non-controlling interests	(4,774)	6,169
	(11,123)	(36,409)
Total comprehensive income/(expenses) for the year/period attributable to:		
– owners of the Company	12,325	(17,344)
– non-controlling interests	(2,792)	11,586
	9,533	(5,758)
Loss per share		
	<i>10</i>	Restated
– Basic and diluted (<i>HK cents</i>)	(0.45)	(3.65)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>NOTES</i>	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		286,958	274,640
Right-of-use assets		17,663	11,074
Investment properties		129,026	117,582
Goodwill		273,707	148,886
Intangible asset		811	811
Interests in associates		24,572	77,901
Interests in joint ventures		5,192	1,677
Financial assets at fair value through profit or loss		29,633	10,679
Financial assets at fair value through other comprehensive income		8,640	8,640
Loans receivables	<i>13</i>	30,113	17,000
Other loans receivables		–	3,559
Regulatory deposits		205	205
Deferred tax assets		9,410	9,042
		815,930	681,696
Current assets			
Inventory		4,430	3,915
Finance lease receivables	<i>11</i>	4,914	15,947
Loans and interest receivables	<i>13</i>	369,117	393,898
Other loan and interest receivables		9,252	79,543
Trade and other receivables	<i>12</i>	624,359	371,181
Properties under development for sale		–	86,282
Contract assets		370,760	296,061
Promissory note receivable		90,000	90,000
Amounts due from a joint venture		2,222	–
Bank balances and cash			
– trust and segregated accounts		3,855	4,042
Bank balances and cash			
– general accounts		46,049	50,307
		1,524,958	1,391,176

		2022	2021
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	14	655,202	577,436
Contract liabilities		10,805	13,540
Lease liabilities		14,944	6,793
Trust loans		246,940	237,299
Short term loans		27,286	20,170
Bank loans		88,900	11,865
Amounts due to a joint venture		123	119
Amounts due to an associate		–	16,631
Tax liabilities		32,339	23,928
		<u>1,076,539</u>	<u>907,781</u>
Net current assets		<u>448,419</u>	<u>483,395</u>
Total assets less current liabilities		<u>1,264,349</u>	<u>1,165,091</u>
Non-current liabilities			
Consideration payable		–	9,945
Lease liabilities		3,841	5,429
		<u>3,841</u>	<u>15,374</u>
NET ASSETS		<u><u>1,260,508</u></u>	<u><u>1,149,717</u></u>
Capital and Reserves			
Share capital		152,529	101,686
Share premium and reserves		1,056,896	998,457
		<u>1,209,425</u>	<u>1,100,143</u>
Equity attributable to owners of the Company		1,209,425	1,100,143
Non-controlling interests		51,083	49,574
		<u>51,083</u>	<u>49,574</u>
TOTAL EQUITY		<u><u>1,260,508</u></u>	<u><u>1,149,717</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Pursuant to a resolution of the board dated 19 June 2020, the Company's financial year end date has been changed from 31 December to 31 March commencing from financial year of 2020/2021. Accordingly, the consolidated financial statement for the current year is from 1 April 2021 to 31 March 2022. The corresponding comparative amounts shown for the consolidated statement for profit or loss and other comprehensive income and related notes cover a fifteen months period from 1 January 2020 to 31 March 2021 and therefore may not be comparable with amounts shown for the current year.

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

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

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

(a) New and amended standards adopted by the Group

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

HKFRS 4, 7, 9 and 16 and HKAS 39	Amendments in relation to Interest Rate Benchmark Reform
HKFRS 16 (Amendments)	Covid-19 Related Rent Concessions

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

(b) **New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 April 2021 and not early adopted by the Group**

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023
HKAS 1 (Amendments)	Amendments in relation to disclosure of accounting policies	1 January 2023
HKAS 8 (Amendments)	Amendments in relation to definition of accounting estimates	1 January 2023
HKAS 12 (Amendments)	Amendments in relation to deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKAS 16 (Amendments)	Property, plant and equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous contract–cost of fulfilling a contract	1 January 2022
HKFRS 3 (Amendments)	Conceptual Framework for Financial Reporting	1 January 2022
Amendments to HKFRSs	Annual improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
HK – Int 5	Amendments in relation to Amendments to HKAS 1	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

3. TURNOVER

Turnover arises from (i) trading on electronic appliance; (ii) gross proceeds from disposal of financial assets at fair value through profit or loss; (iii) provision of international air and sea freight forwarding services; (iv) consultancy income in respect of finance leases; (v) interest income from finance leases; (vi) interest income from money lending; (vii) brokerage commission and dealing income from securities and futures brokerage business; (viii) consultancy income from securities and future brokerage related services; (ix) property brokerage commission income from property brokerage business; (x) heating and cooling supply by geothermal energy; (xi) building construction contracting service; (xii) interior design service income and data analytical service income from customised technical support business; (xiii) project management service income from property development and project management business; (xiv) heating supply and industrial steam income from centralised heating business and (xv) rental income from investment properties. An analysis of the Group's turnover for the year/period is as follows:

	Year ended	1 January
	31 March	2020 to
	2022	31 March
	HK\$'000	2021
		HK\$'000
Trading of goods	345,620	571,418
Gross proceeds from disposal of securities	–	3,791
Provision of international air and sea freight forwarding services	1,242	1,975
Consultancy income from finance leases	2,296	2,689
Interest income from finance leases	–	257
Interest income from money lending	23,763	25,366
Brokerage commission and dealing income	1	1
Consultancy income from securities and future brokerage related services	363	–
Property brokerage commission income	–	45,345
Heating and cooling supply by geothermal energy	18,410	17,994
Construction contracting services fee income	329,451	438,187
Interior design service income	10,024	4,559
Project management service income	44,758	45,484
Heating supply and industrial steam income	64,629	29,218
Rental income	7,075	–
Data analytical service income	10,825	–
	858,457	1,186,284

4. REVENUE

	Year ended	1 January
	31 March	2020 to
	2022	31 March
	HK\$'000	2021
		HK\$'000
Revenue from contracts with customers (<i>Note</i>)	827,619	1,156,870
Revenue from other sources:		
Interest income from finance leases	–	257
Interest income from money lending	23,763	25,366
Rental income from investment properties	7,075	–
	<u>858,457</u>	<u>1,182,493</u>
Timing of recognition of revenue from contracts with customers:		
At a point in time	346,863	618,739
Over time	480,756	538,131
	<u>827,619</u>	<u>1,156,870</u>

Note:

Disaggregation of revenue from contracts with customers:

Year ended 31 March 2022

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Property development and project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographic Markets										
Hong Kong	-	-	364	-	-	-	-	-	-	364
People's Republic of China (the "PRC")	345,620	2,296	-	-	18,410	329,451	20,849	44,758	64,629	826,013
Singapore	-	-	-	1,221	-	-	-	-	-	1,221
North and South of America	-	-	-	21	-	-	-	-	-	21
	<u>345,620</u>	<u>2,296</u>	<u>364</u>	<u>1,242</u>	<u>18,410</u>	<u>329,451</u>	<u>20,849</u>	<u>44,758</u>	<u>64,629</u>	<u>827,619</u>
Major Products/Services										
Trading of electronic products	345,620	-	-	-	-	-	-	-	-	345,620
Financial services	-	2,296	364	-	-	-	-	-	-	2,660
International air and sea freight forwarding services	-	-	-	1,242	-	-	-	-	-	1,242
Heating and cooling supply by geothermal energy	-	-	-	-	18,410	-	-	-	-	18,410
Building construction contracting services	-	-	-	-	-	329,451	-	-	-	329,451
Interior design services	-	-	-	-	-	-	10,024	-	-	10,024
Data analytical services	-	-	-	-	-	-	10,825	-	-	10,825
Project management services	-	-	-	-	-	-	-	44,758	-	44,758
Heating supply and industrial steam	-	-	-	-	-	-	-	-	64,629	64,629
	<u>345,620</u>	<u>2,296</u>	<u>364</u>	<u>1,242</u>	<u>18,410</u>	<u>329,451</u>	<u>20,849</u>	<u>44,758</u>	<u>64,629</u>	<u>827,619</u>
Timing of recognition of revenue from contracts with customers										
At a point in time	345,620	-	1	1,242	-	-	-	-	-	346,863
Over time	-	2,296	363	-	18,410	329,451	20,849	44,758	64,629	480,756
	<u>345,620</u>	<u>2,296</u>	<u>364</u>	<u>1,242</u>	<u>18,410</u>	<u>329,451</u>	<u>20,849</u>	<u>44,758</u>	<u>64,629</u>	<u>827,619</u>

Fifteen months ended 31 March 2021

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Property development and project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographic Markets											
Hong Kong	-	-	1	-	-	-	-	-	-	-	1
PRC	571,418	2,689	-	-	45,345	17,994	438,187	4,559	45,484	29,218	1,154,894
Singapore	-	-	-	1,268	-	-	-	-	-	-	1,268
North and South of America	-	-	-	707	-	-	-	-	-	-	707
	<u>571,418</u>	<u>2,689</u>	<u>1</u>	<u>1,975</u>	<u>45,345</u>	<u>17,994</u>	<u>438,187</u>	<u>4,559</u>	<u>45,484</u>	<u>29,218</u>	<u>1,156,870</u>
Major Products/Services											
Trading of electronic products	571,418	-	-	-	-	-	-	-	-	-	571,418
Financial services	-	2,689	1	-	-	-	-	-	-	-	2,690
International air and sea freight forwarding services	-	-	-	1,975	-	-	-	-	-	-	1,975
Property brokerage services	-	-	-	-	45,345	-	-	-	-	-	45,345
Heating and cooling supply by geothermal energy	-	-	-	-	-	17,994	-	-	-	-	17,994
Building construction contracting services	-	-	-	-	-	-	438,187	-	-	-	438,187
Interior design services	-	-	-	-	-	-	-	4,559	-	-	4,559
Project management services	-	-	-	-	-	-	-	-	45,484	-	45,484
Heating supply and industrial steam	-	-	-	-	-	-	-	-	-	29,218	29,218
	<u>571,418</u>	<u>2,689</u>	<u>1</u>	<u>1,975</u>	<u>45,345</u>	<u>17,994</u>	<u>438,187</u>	<u>4,559</u>	<u>45,484</u>	<u>29,218</u>	<u>1,156,870</u>
Timing of recognition of revenue from contracts with customers											
At a point in time	571,418	-	1	1,975	45,345	-	-	-	-	-	618,739
Over time	-	2,689	-	-	-	17,994	438,187	4,559	45,484	29,218	538,131
	<u>571,418</u>	<u>2,689</u>	<u>1</u>	<u>1,975</u>	<u>45,345</u>	<u>17,994</u>	<u>438,187</u>	<u>4,559</u>	<u>45,484</u>	<u>29,218</u>	<u>1,156,870</u>

Trading of goods

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

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

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

Finance leasing

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

Securities and futures brokerage

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

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

International air and sea freight forwarding

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

Property brokerage

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

Heating and cooling supply by geothermal energy

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

Building construction contracting

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

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

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

Customised technical support

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

Property development and project management

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

Centralised heating

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

5. SEGMENT INFORMATION

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

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

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

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

Year ended 31 March 2022

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	International Securities and futures brokerage <i>HK\$'000</i>	air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Property development and project management <i>HK\$'000</i>	Geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	345,620	2,296	23,763	364	1,242	-	7,075	20,849	-	44,758	18,410	329,451	64,629	858,457
Revenue from external customers	345,620	2,296	23,763	364	1,242	-	7,075	20,849	-	44,758	18,410	329,451	64,629	858,457
Reportable segment profit/(loss)	(8,652)	(12,210)	(3,756)	(19,079)	(410)	-	12,005	(724)	(5,724)	(13,094)	(6,918)	29,735	(7,680)	(36,507)
Share of loss of associates														(406)
Share of loss of a joint venture														(1,593)
Gain on disposal of subsidiaries														48,221
Fair value gain on step acquisition of subsidiaries														4,198
Unallocated corporate income														25,267
Unallocated corporate expenses														(40,268)
Loss before tax														(1,088)

Fifteen months ended 31 March 2021

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	International Securities and futures brokerage <i>HK\$'000</i>	air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Property development and project management <i>HK\$'000</i>	Geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	571,418	2,946	25,366	1	1,975	3,791	-	4,559	45,345	45,484	17,994	438,187	29,218	1,186,284
Revenue from external customers	571,418	2,946	25,366	1	1,975	-	-	4,559	45,345	45,484	17,994	438,187	29,218	1,182,493
Reportable segment profit/(loss)	(9,932)	(4,768)	16,926	(21,060)	(1,014)	2,326	(1,901)	(8,113)	19,762	(9,322)	(8,280)	31,624	(3,990)	2,258
Share of profit of associates														8,297
Share of profit of a joint venture														472
Gain on disposal of an associate														11,409
Loss on disposal of subsidiaries														(5,351)
Unallocated corporate income														17,917
Unallocated corporate expenses														(55,683)
Loss before tax														(20,681)

Segment results represent the (loss from) profit earned by each segment without allocation of central administration costs, Directors' emoluments, depreciation of certain property, plant and equipment and right-of-use assets, unrealised gain on fair value change on financial assets at fair value through profit or loss, share of (loss) profit of associates, share of (loss) profit of a joint venture, gain (loss) on disposal of subsidiaries, fair value gain on step acquisition of subsidiaries, net foreign exchange gain (loss), loss (gain) on disposal of property, plant and equipment, gain on lease modification, interest expense on certain lease liabilities, short term loans and trust loans, interest expenses on consideration payables, interest income from promissory note receivable, interest income from other loan receivables, bank interest income and sundry income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

6. OTHER INCOME

	Year ended 31 March 2022 <i>HK\$'000</i>	1 January 2020 to 31 March 2021 <i>HK\$'000</i>
Interest income from		
– bank	83	419
– other loans receivables	558	8,303
– promissory note receivable	5,400	6,746
Government grant (<i>Note</i>)	3,886	32,466
Sundry income	600	905
Reversal of impairment loss on finance lease receivable	–	1,624
Gain on lease modification	39	26
Gain on disposal of property, plant and equipment	–	300
Net foreign exchange gain	66	–
	<u>10,632</u>	<u>50,789</u>

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

- (i) a government grant from Singapore of approximately HK\$128,000 (fifteen months ended 31 March 2021: HK\$180,000) in relation to the job credit scheme in Singapore on the condition that the Group has made CPF contributions in Singapore. The government grant has been recognised in the same periods in which the expenses were recognised; and
- (ii) a government grant from the PRC of approximately HK\$3,758,000 (fifteen months ended 31 March 2021: HK\$30,464,000) mainly in relation to the subsidies on heating supply services provided by geothermal energy segment and centralised heating segment without condition.

7. LOSS FOR THE YEAR/PERIOD

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

	Year ended 31 March 2022 <i>HK\$'000</i>	1 January 2020 to 31 March 2021 <i>HK\$'000</i>
Finance costs		
Interest expense on lease liabilities (<i>Note</i>)	2,578	3,385
Interest expense on bank loans	1,790	134
Interest expenses on short-term loans	3,141	458
Interest expense on trust loans	27,983	30,327
Interest expense on consideration payable	1,865	2,345
	<u>37,357</u>	<u>36,649</u>
Staff costs		
Directors' emoluments	7,087	11,696
Other staff costs	62,911	90,429
Retirement benefits scheme contributions (excluding those for Directors)	11,400	9,193
	<u>81,398</u>	<u>111,318</u>
Other items		
Auditor's remuneration	1,300	1,300
Depreciation of property, plant and equipment	11,127	11,325
Depreciation of right-of-use assets	13,463	24,811
Loss on disposal of property, plant and equipment	1,239	–
Net foreign exchange loss	–	9
Cost of inventories recognised as expenses	<u>340,515</u>	<u>563,903</u>

Note: At 31 March 2022, the average effective borrowing rate ranged from 8% to 12% (2021: ranged from 8% to 12%).

8. INCOME TAX EXPENSE

	Year ended 31 March 2022 HK\$'000	1 January 2020 to 31 March 2021 HK\$'000
Current tax:		
PRC Enterprise Income Tax	<u>9,988</u>	<u>15,376</u>
Under provision in prior years:		
PRC Enterprise Income Tax	<u>47</u>	<u>352</u>
	<u>10,035</u>	<u>15,728</u>

Hong Kong Profits Tax has not been provided for the year ended 31 March 2022 and fifteen months ended 31 March 2021 as the loss for the taxation purpose is estimated during both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries, except for Beijing Shuwu Big Data Research Company Limited* (北京數巫大數據研究有限公司)(“Beijing Shuwu), is 25%.

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

No provision for Singapore and the United States of America Profits Tax has been made as the Group did not generate any assessable profits in Singapore and the United States of America for the year ended 31 March 2022 and during the fifteen months ended 31 March 2021.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (fifteen months ended 31 March 2021: nil).

10. LOSS PER SHARE

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

	Year ended 31 March 2022 HK\$'000	1 January 2020 to 31 March 2021 HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year/period attributable to owners of the Company)	<u><u>(6,349)</u></u>	<u><u>(42,578)</u></u>

	Year ended 31 March 2022 '000	1 January 2020 to 31 March 2021 (restated) '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>1,423,026</u></u>	<u><u>1,166,394</u></u>

On 11 May 2021, the Company proposed to implement the rights issue (the “Rights Issue”) on the basis of one (1) right share (the “Rights Share(s)”) for every two (2) existing shares held on 16 June 2021 at the subscription price of HK\$0.2 per Right Share. The Rights Issue was completed on 14 July 2021. As a result of the Rights Issue, the weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the period from 1 January 2020 to 31 March 2021 have been adjusted retrospectively.

11. FINANCE LEASE RECEIVABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance lease receivables	51,769	50,935
Less: allowance for impairment of finance lease receivables	<u>(46,855)</u>	<u>(34,988)</u>
Finance lease receivables, net	<u>4,914</u>	<u>15,947</u>
Analysed for reporting purposes as current assets	<u>4,914</u>	<u>15,947</u>

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance lease receivables comprise:				
Within one year and present value of minimum lease payment receivables	<u>4,914</u>	<u>15,947</u>	<u>4,914</u>	<u>15,947</u>

Effective interest rates of the above finance leases is 6% (2021: 6%) per annum.

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

As at 31 March 2022, finance lease receivables before allowance for impairment of approximately RMB41,928,000, equivalent to approximately HK\$51,769,000 (2021: approximately RMB39,448,000, equivalent to approximately HK\$46,805,000) was past due. Included in the carrying amount of the above finance lease receivables as at 31 March 2022 are three individually impaired receivables of approximately RMB37,948,000, equivalent to approximately HK\$46,855,000 (2021: approximately RMB29,489,000, equivalent to approximately HK\$34,988,000) which impairment was made due to customers' default in payment. The Group has either taken legal actions or assessed the latest operating and financial position by site visit against these customers and considered the legal opinion from independent legal advisers during impairment assessment. For the remaining past due amount of approximately RMB3,980,000, equivalent to approximately HK\$4,914,000 (2021: approximately RMB9,959,000, equivalent to approximately HK\$11,817,000), the Group is still negotiating practicable repayment terms and schedules subsequent to the end of the reporting period. Accordingly, the Directors considered no further impairment loss needs to be recognised.

Management closely monitors the credit quality of finance lease receivables. As at 31 March 2022, the age of the finance lease receivables was over three years (2021: over three years) based on the effective dates of the relevant lease contracts.

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables arising from trading business	169,565	174,798
Trade receivables arising from the securities and futures brokerage business	228	227
Trade receivables arising from finance leasing business	4,877	2,314
Less: allowance for impairment	(556)	–
	4,321	2,314
Trade receivable arising from geothermal energy business	1,619	237
Trade receivable arising from building construction contracting business	21,570	12,426
Trade receivable arising from centralised heating business	2	858
Trade receivable arising from property development and project management business	37,776	13,158
Trade receivable arising from customised technical support business	14,488	1,221
Trade receivable arising from property brokerage business	15,772	20,190
Trade receivables arising from international air and sea freight forwarding business	1,487	1,548
Less: allowance for impairment	(1,463)	(1,453)
	24	95
Prepayments	89,778	37,500
Value-added tax recoverable	16,205	12,558
Deposits and other receivables	96,862	39,834
Receivables from disposal of a subsidiary	26,505	–
Construction deposits	129,644	55,765
	624,359	371,181

The Group allows an average credit period normally ranging from 30 days to 180 days (2021: 30 days to 180 days) to its customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting period, which approximates the respective revenue recognition date.

	Trading business HK\$'000	Finance leasing business HK\$'000	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Building construction contracting business HK\$'000	Centralised heating business HK\$'000	Property development and project management business HK\$'000	Customised technical support business HK\$'000	Property brokerage business HK\$'000
2022:									
Within 30 days	-	103	12	548	15,387	2	3,772	352	-
31-60 days	-	103	-	279	-	-	1,025	142	-
61-90 days	73,355	103	-	279	-	-	1,025	327	-
Over 90 days	96,210	4,012	12	513	6,183	-	31,954	13,667	15,772
	<u>169,565</u>	<u>4,321</u>	<u>24</u>	<u>1,619</u>	<u>21,570</u>	<u>2</u>	<u>37,776</u>	<u>14,488</u>	<u>15,772</u>

	Trading business HK\$'000	Finance leasing business HK\$'000	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Building construction contracting business HK\$'000	Centralised heating business HK\$'000	Property development and project management business HK\$'000	Customised technical support business HK\$'000	Property brokerage business HK\$'000
2021:									
Within 30 days	-	198	51	-	4,969	-	10,904	677	-
31-60 days	-	198	16	12	7,457	679	1,127	-	-
61-90 days	44,074	198	16	-	-	179	1,127	-	20,190
Over 90 days	130,724	1,720	12	225	-	-	-	544	-
	<u>174,798</u>	<u>2,314</u>	<u>95</u>	<u>237</u>	<u>12,426</u>	<u>858</u>	<u>13,158</u>	<u>1,221</u>	<u>20,190</u>

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

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK\$168,015,000 (2021: HK\$133,225,000) which were past due at the end of the reporting period and for which the Group has not provided for doubtful debt. The Group does not hold any collateral over these balances. Subsequent to the end of the reporting period, approximately HK\$96,210,000 of the past due balances were settled.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Over 90 days	<u>168,015</u>	<u>133,225</u>

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

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

13. LOANS AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans receivables:		
Secured	40,000	40,000
Unsecured	<u>365,249</u>	<u>372,215</u>
	405,249	412,215
Interest receivables	60,434	42,149
Less: allowance for impairment of loan and interest receivables	<u>(66,453)</u>	<u>(43,466)</u>
Loans and interest receivables, net	<u>399,230</u>	<u>410,898</u>
Analysed for reporting purposes as:		
– Non-current assets	30,113	17,000
– Current assets	<u>369,117</u>	<u>393,898</u>
	<u>399,230</u>	<u>410,898</u>

As at 31 March 2022, secured loans before allowance for impairment of HK\$40,000,000 (2021: HK\$40,000,000) were secured by assets charges provided by borrowers. The Group does not hold any collateral over the unsecured loans. The remaining loans amount before allowance for impairment of approximately HK\$365,249,000 (2021: approximately HK\$372,215,000) represents unsecured loans certain of which are accompanied by personal or corporate guarantee. The loans advanced to the borrowers under the Group's money lending business normally had loan periods from 6 to 54 months (2021: 6 to 54 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (2021: 8% – 15% per annum), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where necessary). The loans provided to borrowers are repayable in accordance with the loan agreements, in which the principal amounts are repayable on maturity and the interests are repayable half-yearly, yearly or on maturity.

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	15,170	4,721
91 – 180 days	1,129	2,831
181 – 365 days	10,037	27,112
Over 365 days	372,894	376,234
	<u>399,230</u>	<u>410,898</u>

As at 31 March 2022, loans and interest receivables before allowance for impairment of approximately HK\$420,558,000 (2021: approximately HK\$322,986,000) were past due. Included in the carrying amount of the above loans and interest receivables as at 31 March 2022 is four individually impaired receivables of approximately HK\$66,453,000 (2021: HK\$43,466,000) which impairment was made due to borrower's default in payment. Subsequent to the end of the reporting period, approximately HK\$8,898,000 were settled. The remaining past due amount of approximately HK\$345,207,000 are due from several borrowers with whom the Group is negotiating practicable repayment terms and schedules. The Directors assessed their creditworthiness and financial position and are of view that no impairment loss is necessary. The Group's neither past due nor impaired loan receivables mainly represented loans granted to creditworthy customers for whom there was no recent history of default. Accordingly, the Directors considered that no further impairment loss is necessary. Saved for the aforesaid secured loans, the Group does not hold collateral over other balances.

14. TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables arising from the securities and futures brokerage business	4,082	4,269
Trade payables arising from international air and sea freight forwarding business	665	705
Trade payables arising from property brokerage business	276	3,018
Trade payables arising from geothermal energy business	45,872	43,206
Trade payables arising from centralised heating business	24,379	15,232
Trade payables arising from building construction contracting business	322,759	227,615
Earnest money from finance lease receivables	1,976	1,898
Accrued charges	19,492	19,065
Consideration payables	88,183	137,728
Advance from subcontractor	110,299	80,678
Trust loans interest payable	7,939	4,027
Other payables	29,280	39,995
	<u>655,202</u>	<u>577,436</u>

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

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

The average credit period on international air and sea freight forwarding services is normally ranging from 30 days to 90 days (2021: 30 days to 90 days). For trade payables arising from geothermal energy business, centralised heating business and building construction contracting business, they are mainly accrued and settled based on the progress of performance and the settlement obligation as stipulated in the respective contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Centralised heating business HK\$'000	Building construction contracting business HK\$'000
2022				
Within 30 days	41	126	14,184	287,114
31-60 days	–	–	3,030	–
61-90 days	–	–	5,051	13,608
Over 90 days	<u>624</u>	<u>45,746</u>	<u>2,114</u>	<u>22,037</u>
	<u>665</u>	<u>45,872</u>	<u>24,379</u>	<u>322,759</u>
	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Centralised heating business HK\$'000	Building construction contracting business HK\$'000
2021				
Within 30 days	85	–	9,503	223,236
31-60 days	–	–	274	81
61-90 days	–	–	5,056	1,980
Over 90 days	<u>620</u>	<u>43,206</u>	<u>399</u>	<u>2,318</u>
	<u>705</u>	<u>43,206</u>	<u>15,232</u>	<u>227,615</u>

15. EVENTS AFTER THE REPORTING PERIOD

- (i) On 28 April 2022, the Company has resolved to grant share options to certain eligible participants to subscribe for a total of 90,000,000 ordinary shares of HK\$0.10 each in the share capital of the Company, pursuant to the share option scheme adopted by the Company on 1 September 2021. The exercise price is HK\$0.80 per ordinary share.

- (ii) On 27 May 2022, the Group entered into a fifth supplemental deed in relation to the promissory note of remaining principal amount of HK\$74 million held by the Group after the principal amount of HK\$16 million and the interest amount of HK\$5.4 million of the promissory note have been settled in aggregate on 11 April 2022, 13 April 2022 and 26 April 2022 respectively, whereby (i) the parties agreed to further extend the maturity date of the promissory note by one (1) year, from 20 March 2022 to 20 March 2023; and (ii) the Group agreed to waive default interests which were resulted from the issuer's default payment on 20 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

	For the year ended 31.3.2022 HK\$'M	For the fifteen months ended 31.3.2021 HK\$'M
Financial Results Highlight		
Turnover	858.5	1,186.3
Total operating costs	(728.0)	(1,022.7)
Total expenses	(169.9)	(233.7)
Net loss before tax and non-controlling interests	(1.1)	(20.7)
Loss for the year/period attributable to owners of the Company	(6.3)	(42.6)

	As at 31.3.2022 HK\$'M	31.3.2021 HK\$'M
Extract of Financial Position		
Total assets	2,340.9	2,072.9
Total liabilities	(1,080.4)	(923.2)
Net current assets	448.4	483.4
Bank balances and cash – general accounts	46.0	50.3
Net assets	1,260.5	1,149.7

OVERVIEW

The corresponding comparative amounts shown covered fifteen months from 1 January 2020 to 31 March 2021, and therefore may not be entirely comparable with amounts shown for the current period.

For the year ended 31 March 2022, the Group's turnover was approximately HK\$858.5 million, representing an decrease of 27.6% as compared with approximately HK\$1,186.3 million for the fifteen months ended 31 March 2021. The net loss for the year ended 31 March 2022 was approximately HK\$11.1 million as compared with approximately HK\$36.4 million for the fifteen months ended 31 March 2021. The decrease in loss was mainly attributable to the combined effect of, among other thing, (i) the increase in unrealised gain on fair value change on financial assets at fair value through profit or loss by approximately HK\$8.5 million based on independent valuation results, (ii) the recognition of a gain on disposal of a subsidiary of approximately HK\$48.2 million, and (iii) the increase in impairment loss on the Group's assets by approximately HK\$24.2 million in aggregate.

BUSINESS AND FINANCIAL REVIEW

Finance Leasing Business

The Group commenced its finance leasing business in July 2015 and has been engaged in providing finance lease services in the PRC. The principal focus of the Group's finance leasing business is to provide an alternative way of financing to corporate clients in the PRC via a sale and lease-back arrangement of tangible assets, like plant and machinery, as well as to render consultancy services with respect of finance leasing. For the year ended 31 March 2022, the turnover of the Group's finance leasing business amounted to approximately HK\$2.3 million (fifteen months ended 31 March 2021: approximately HK\$2.9 million). Corresponding segment loss of approximately HK\$12.2 million, including the impairment loss of approximately HK\$10.8 million, was incurred for the year ended 31 March 2022 (fifteen months ended 31 March 2021: approximately HK\$4.8 million).

Money Lending Business

The Group holds a money lenders licence in Hong Kong and provides loan facilities to prospective customers including enterprises and individuals. This segment has begun to generate returns to the Group since April 2016. For the year ended 31 March 2022, the turnover of the Group's money lending business amounted to approximately HK\$23.8 million (fifteen months ended 31 March 2021: approximately HK\$25.4 million). Corresponding segment loss of approximately HK\$3.8 million, including the impairment loss on loan and interest receivables of approximately HK\$23.0 million, was incurred for the year ended 31 March 2022 (fifteen months ended 31 March 2021: segment profit of approximately HK\$16.9 million).

Securities and Futures Brokerage Business

The Group has been providing brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries since August 2017. For the year ended 31 March 2022, the turnover of the Group's securities and futures brokerage business amounted to approximately HK\$0.4 million (fifteen months ended 31 March 2021: approximately HK\$1,000). Considering this segment's past performance and the current conditions, in particular uncertainties in the financial market, an impairment loss on goodwill of HK\$14.0 million was recognised in the year ended 31 March 2022 with the reference to the valuation result conducted by independent professional valuers. Corresponding segment loss of approximately HK\$19.1 million, including the impairment loss on goodwill, was incurred for the current year (fifteen months ended 31 March 2021: approximately HK\$21.1 million, including the impairment loss on goodwill of approximately HK\$13.0 million).

Trading Business

With the established distribution channels and upstream suppliers network in niche market of electronics, the trading of goods business mainly focuses on trading of semi-finished electronic components produced in mainland China and Taiwan which are equippable to mobile electronic appliances and laptops computers. For the year ended 31 March 2022, the turnover of the Group's trading business amounted to approximately HK\$345.6 million (fifteen months ended 31 March 2021: approximately HK\$571.4 million) whereas the gross profit was approximately HK\$5.1 million (fifteen months ended 31 March 2021: approximately HK\$7.5 million). The Group recorded a loss of approximately HK\$8.7 million (fifteen months ended 31 March 2021: approximately HK\$9.9 million) in this segment.

Securities Investment Business

It represents trading of listed equity securities in the Hong Kong stock market and dividend income (if any) from such listed equity securities. For the year ended 31 March 2022, the Group did not trade any listed equity securities and hence no turnover and realised gain/loss of the Group's securities investment business was generated (fifteen months ended 31 March 2021: turnover of HK\$3.8 million and realised gain on the listed securities of approximately HK\$2.3 million was recorded). As the Group did not hold any trading securities during the year and at the end of the reporting period (31 March 2021: nil), the Group did not receive any dividend income (fifteen months ended 31 March 2021: nil) and did not record any unrealised fair value gain/loss on the Group's securities investment for the year ended 31 March 2022 (fifteen months ended 31 March 2021: nil).

Freight Forwarding Business

The freight forwarding business of the Group provides international air and sea freight forwarding and logistic services to local customers in Singapore and the United State of America which consist of small and medium trading companies and forwarders. During the year, the freight forwarding business in United States of America was faded out for the reason of resources reallocation. For the year ended 31 March 2022, the turnover of the Group's freight forwarding business amounted to approximately HK\$1.2 million (fifteen months ended 31 March 2021: approximately HK\$2.0 million). Corresponding gross profit of approximately HK\$0.4 million and segment loss of approximately HK\$0.4 million were made for the current year respectively (fifteen months ended 31 March 2021: gross profit of approximately HK\$0.7 million and segment loss of approximately HK\$1.0 million).

Property Investment Business

The Group acquired a group of companies which mainly hold the investment properties in the PRC for rental income and capital appreciation since January 2019. For the year ended 31 March 2022, the rental income generated from such investment properties amounted to approximately HK\$7.1 million (fifteen months ended 31 March 2021: nil). Corresponding profit of approximately HK\$12.0 million (fifteen months ended 31 March 2021: segment loss of approximately HK\$1.9 million) was made in this segment. As at 31 March 2022, the fair value of the investment properties was approximately HK\$129.0 million after addition of unrealised fair value gain of approximately HK\$6.6 million with reference to the valuation result conducted by independent professional valuers (2021: approximately HK\$117.6 million).

Property Brokerage Business

The Group has been engaged in provision of residential and commercial property brokerage services in the PRC since June 2019. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Xiangshan City, Zhejiang Province of the PRC. During the year, due to the re-bounce of coronavirus (COVID-19) cases in mainland China, the sentiment of real estate market was inevitably affected, which further disrupted the implementation of plans and projects of the Group. For the year ended 31 March 2022, no turnover of the Group's property brokerage business was generated (fifteen months ended 31 March 2021: approximately HK\$45.3 million) and the gross loss of approximately HK\$2.1 million was recorded (fifteen months ended 31 March 2021: gross profit of approximately HK\$28.0 million). Corresponding loss of approximately HK\$5.7 million was made in this segment (fifteen months ended 31 March 2021: segment profit of approximately HK\$19.8 million).

Customised Technical Support Business

After the Group acquired a group of companies which are principally engaged in the provision of financial information, solutions and data analytical services to customers in finance and property related field in the PRC in August 2021, the Group combined such newly acquired business with its building architecture and interior design business so as to provide customised technical support services to customers in the PRC. For the year ended 31 March 2022, the turnover of the Group's customised technical support business amounted to approximately HK\$20.8 million (fifteen months ended 31 March 2021: approximately HK\$4.6 million) and the gross profit of approximately HK\$10.9 million was recorded (fifteen months ended 31 March 2021: approximately HK\$4.6 million). Segment loss of approximately HK\$0.7 million was incurred during the current year (fifteen months ended 31 March 2021: approximately HK\$8.1 million).

Property Development and Project Management Business

The Group acquired a company in March 2020 which is principally engaged in property development in the PRC and holds land use rights of a land parcel at Haiyong Road, Haiyong Country, Haimen City, Jiangsu Province, with a total site area of 47,519 square meters and for commercial use. The Group originally is planning to develop properties for sale on such land parcel. However, due to various challenges and difficulties faced by property developers in the PRC and, in particular, a certain degree of volatility in property prices in the area where the Land Parcel is located at, the Group disposed the company engaged in property development business on 31 March 2022 and recognised the gain on disposal of approximately HK\$48.2 million. Immediately following the disposal, the Group ceased its property development business segment.

On the other hand, the Group has commenced to provide project management services in the PRC since July 2020. For the year ended 31 March 2022, the turnover of the Group's project management business amounted to approximately HK\$44.8 million (fifteen months ended 31 March 2021: approximately HK\$45.5 million) and the gross profit of approximately HK\$36.5 million was recorded (fifteen months ended 31 March 2021: approximately HK\$45.5 million). Segment loss of approximately HK\$13.1 million was incurred in this segment (fifteen months ended 31 March 2021: approximately HK\$9.3 million).

Geothermal Energy Business

The Group acquired a group of companies, which are principally engaged in developing and utilising geothermal energy in provision of heating and cooling supply to various buildings located in residential areas in the PRC, in March 2020. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Henan Province of the PRC. For the year ended 31 March 2022, the turnover of the Group's geothermal energy business amounted to approximately HK\$18.4 million (fifteen months ended 31 March 2021: approximately HK\$18.0 million) and the gross profit was approximately HK\$4.4 million (fifteen months ended 31 March 2021: approximately HK\$0.8 million). Corresponding segment loss of approximately HK\$6.9 million was incurred in this segment (fifteen months ended 31 March 2021: approximately HK\$8.3 million).

Building Construction Contracting Business

The Group acquired a company, which is principally engaged in building construction contracting on project basis in the PRC, in May 2020. For the year ended 31 March 2022, the turnover of the Group's building construction contracting business amounted to approximately HK\$329.5 million (fifteen months ended 31 March 2021: approximately HK\$438.2 million) and the gross profit of approximately HK\$42.1 million (fifteen months ended 31 March 2021: approximately HK\$44.8 million) was made. Corresponding profit of approximately HK\$29.7 million (fifteen months ended 31 March 2021: approximately HK\$31.6 million) was achieved in this segment.

Centralised Heating Business

The Group started the centralised heating business after becoming the reorganisation investor of a company, which is principally engaged in the business of providing the heat and steam supply services in the licensed area of Yuncheng, Shanxi through centralised pipe networks, in September 2020. The Group was further granted an exclusive license for the provision of centralised heating service in Yuncheng City for 30 years from 1 January 2021. For the year ended 31 March 2022, the turnover of the Group's centralised heating business amounted to approximately HK\$64.6 million (fifteen months ended 31 March 2021: approximately HK\$29.2 million) and the gross loss of approximately HK\$0.4 million (fifteen months ended 31 March 2021: approximately HK\$0.5 million) was incurred. The Group recorded a loss of approximately HK\$7.7 million (fifteen months ended 31 March 2021: approximately HK\$4.0 million) in this segment.

OUTLOOK

In order to increase the profitability of the Group and enhance its sustainability, the Group (i) will continuously improve its real estate-related businesses layout while developing its existing main businesses; (ii) will keep seeking opportunities to diversify its income and growth drivers, such as the metaverse related business mentioned below; and (iii) will further expand its client base and enrich its products and services mix by exploring possible intersegment development and collaboration between the Group's different business segments.

In first quarter of 2022, the Group has announced that it would build an ecological environment of the whole industry chain of metaverse and develop the metaverse related businesses. With the advanced development in technology, metaverse is universally regarded as the next frontier in technology services. The emerging of the metaverse has widened the spectrum of traditional industries by extending the space for development and transforming the physical shape of the ecosystem. The Directors considered that by leveraging the strength and experience of the Group in real-estate related business and the Group's exploration in the big data business, the Group would be able to provide comprehensive and customized metaverse solutions, including but not limited to designing, constructing and operating the metaverse offline entertainment experience venue.

Looking forward, the global economic situation and market sentiment is still vulnerable in the shadow of the continuing coronavirus pandemic and the military and political conflicts among the world superpowers. The Group will keep on reviewing and considering its existing resources, including the experience, expertise and social network of the directors and management of the Company, with the aim of further expanding the current principal businesses and exploring possible development in the metaverse related businesses. The Group firmly believes that challenges and opportunities coexist in the current situation. The Group will adopt prudent measures to control operating risks and continue to expand its businesses by seeking new opportunities.

LIQUIDITY AND CASHFLOW RESOURCES

As at 31 March 2022, the equity and net current assets of the Group amounted to approximately HK\$1,260.5 million (2021: approximately HK\$1,149.7 million) and HK\$448.4 million (2021: approximately HK\$483.4 million) respectively. On the same date, the Group had bank balances and cash of approximately HK\$46.0 million (2021: approximately HK\$50.3 million) and the current ratio was 1.42 (2021: 1.53). As at 31 March 2022, the Group had (i) secured trust loans of approximately HK\$246.9 million (2021: approximately HK\$237.3 million) bearing fixed interest rate at 12% per annum and to be repaid in March 2023, (ii) secured bank loans of approximately HK\$88.9 million (2021: approximately HK\$11.9 million) bearing fixed interest rate ranged from 3.8% to 5.6% per annum and to be repaid from November 2022 to March 2023, (iii) secured short-term loans from an independent lender of approximately HK\$9.9 million (2021: approximately HK\$20.2 million) bearing fixed interest rate at 16.8% per annum and to be repaid in March 2023, (iv) unsecured short-term loan from an independent lender of approximately HK\$3.7 million (2021: nil) bearing fixed interest rate at 6% per annum and to be repaid in June 2022, (v) interest-free and unsecured loan from a joint venture of approximately HK\$0.1 million (2021: HK\$0.1 million) to be repaid in December 2021, (vi) interest-free and unsecured advance payments from an independent third party and subcontractor of approximately HK\$13.7 million and HK\$110.3 million respectively to be repaid on demand (2021: interest-free and unsecured advance payment from an associate and subcontractor of approximately HK\$16.6 million and HK\$80.7 million respectively to be repaid on demand).

As at 31 March 2022, the gearing ratio of the Group was approximately 0.20 (2021: approximately 0.18). The gearing ratio is measured on the basis of the total amount of interest bearing and interest free borrowings/advance payments over the amount of total assets. As at 31 March 2022, the total amount of interest bearing and interest free borrowings/advance payments and the amount of total asset of the Group amounted to approximately HK\$473.5 million (2021: approximately HK\$366.8 million) and approximately HK\$2,340.9 million (2021: approximately HK\$2,072.9 million) respectively.

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

PLEDGE OF ASSETS

As at 31 March 2022 and 2021, none of the Group's securities was pledged to brokers to secure the margin loan. As at 31 March 2022, certain flats of the investment properties held by the Group were pledged to banks to secure the bank loans borrowed to the Group (2021: the properties under development for sale in amount of approximately HK\$86.3 million (including the land use rights of approximately HK\$27.2 million) was pledged to an independent lender to secure the trust loans borrowed to the Group).

CONTINGENT LIABILITIES

As at 31 March 2022 and 2021, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE

During the year ended 31 March 2022, the Group incurred approximately HK\$13.9 million (fifteen months ended 31 March 2021: approximately HK\$41.7 million) as capital expenditure mainly in respect of plant and equipment situated in the PRC.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no material capital commitment (2021: nil).

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2022, the Group held financial assets at fair value through other comprehensive income of approximately HK\$8.6 million (2021: approximately HK\$8.6 million) which represented unlisted equity securities in Hong Kong. No financial assets at fair value through profit or loss in relation to equity securities was held as at 31 March 2022 (2021: nil).

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

As at 31 March 2022, the Company did not hold any significant investments in an investee company with a value of 5% or more of the Company's total assets.

MATERIAL ACQUISITION AND DISPOSAL

- (i) On 10 August 2021, China Best Financial Holdings Limited, a wholly owned subsidiary of the Company, entered into share transfer agreement with independent third party to acquire 42% of the issued share capital of Treasure Cart Holdings Limited (“Treasure Cart”) at a consideration of HK\$90 million (the “Treasure Cart Acquisition”). The major subsidiaries of Treasure Cart are principally engaged in the provision of financial information, solutions and data analytical services to customers in finance and property related field in the PRC. Before the acquisition, Treasure Cart and its subsidiaries (“Treasure Cart Group”) are associates of the Company with 25% equity interest held. After the completion of the acquisition on 12 August 2021, the Group held 67% equity interest in Treasure Cart and Treasure Cart Group has become non-wholly owned subsidiaries of the Company since then. Further details are set out in the Company's announcement dated 10 August 2021.

- (ii) On 29 March 2022, Shenzhen Guohua Construction Industrial Co., Ltd.* (深圳國華建業實業有限公司) (“Shenzhen Guohua”), a wholly owned subsidiary of the Company, and Beijing Taoli Chunfeng Real Estate Property Development Co., Ltd.* (北京桃李春風房地產開發有限公司) (“Beijing Taoli Chunfeng”), an independent third party, among others, entered into an agreement pursuant to which Shenzhen Guohua agreed to dispose, and Beijing Taoli Chunfeng agreed to acquire and assume, 100% equity interest in Jiangsu Meili Kongjian Construction Design Development Co., Ltd.* (江蘇美麗空間建築設計產業發展有限公司) (“Jiangsu Meili Kongjian”) and the benefit of the aggregate amount outstanding and owing by Jiangsu Meili Kongjian to the Group, at the consideration of RMB126 million. The disposal was completed on 31 March 2022 and the Group ceased to hold any interest in Jiangsu Meili Kongjian accordingly. Further details are set out in the Company’s announcement dated 29 March 2022.

Save as disclosed above, there was no other material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the year ended 31 March 2022.

FUND RAISING ACTIVITIES

On 11 May 2021, the Company proposed to implement the rights issue (“Rights Issue”) on the basis of one (1) rights share (“Rights Share(s)”) for every two (2) existing shares held on 16 June 2021 at the subscription price of HK\$0.2 per Rights Share. The Rights Issue was completed on 14 July 2021 with 508,428,313 Rights Shares allotted and issued and the net proceeds were approximately HK\$96.7 million. Details of the Rights Issue were set out in the prospectus of the Company dated 17 June 2021 and the announcement of the Company dated 13 July 2021. As at 31 March 2022, the Group has utilised the net proceeds from the Rights Issue of approximately HK\$85.7 million. Details of the intended and actual use of proceeds were as follows:

Intended use of proceeds

- (a) approximately HK\$32 million would be applied to centralised heating business;

Actual use of proceeds up to 31 March 2022

approximately HK\$26 million was changed to settle the partial consideration of the Treasure Cart Acquisition for deploying the Group’s financial resources more effectively, and approximately HK\$6 million was utilised as intended;

- (b) approximately HK\$11 million would be used for the settlement of unpaid investment sum to Tiandi Youdamei (Beijing) Cultural Tourism Company Limited* (天地有大美(北京)文旅有限公司); approximately HK\$11 million remained unused and will be utilised as intended in 2022;
- (c) approximately HK\$34 million would be used for the Treasure Cart Acquisition, and/or property related business of the Group; and approximately HK\$34 million was utilised to settle the partial consideration of the Treasure Cart Acquisition as intended; and
- (d) approximately HK\$19.7 million would be used for general working capital of the Group. approximately HK\$19.7 million was utilised as intended.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the year ended 31 March 2022, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had an upward adjustment, resulting in an exchange gain of approximately HK\$21.6 million recognised as other comprehensive income of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

EMPLOYEE AND HUMAN RESOURCES POLICY

As at 31 March 2022, the Group had 332 staff (2021: 402 staff). The total staff cost incurred for the year ended 31 March 2022 was approximately HK\$81.4 million (fifteen months ended 31 March 2021: approximately HK\$111.3 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group's performance. In accordance with the Listing Rules, the staff of the Company's accounting and financial reporting function have adequate training programmes and budget.

Pursuant to a share option scheme adopted on 22 May 2012 and terminated on 1 September 2021 (the “2012 Share Option Scheme”) and a share option scheme adopted on 1 September 2021 (the “2021 Share Option Scheme”), the Board may grant options to, among other, directors (including non-executive directors and independent non-executive directors) and employees of the Company and any of its subsidiaries or associated companies or any suppliers of goods or services to the Group, to subscribe for shares of the Company. During the year ended 31 March 2022, no options were granted under the 2012 Share Option Scheme and the 2021 Share Option Scheme.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) PERFORMANCE

The Group continually reviews its ESG efforts, corporate governance and risk management practices with the aim to create and deliver sustainable value to all its stakeholders. The Group has been looking for opportunities to reduce the consumption of resources in order to minimise the impact on the environment. Details of the Group’s ESG efforts will be set out in its 2021/22 annual report.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 March 2022 (fifteen months ended 31 March 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the year ended 31 March 2022 (fifteen months ended 31 March 2021: Nil).

REVIEW OF FINANCIAL INFORMATION

The Board has established the audit committee of the Company (the “Audit Committee”) in accordance with the Listing Rules. The Audit Committee currently comprises Mr. Ru Xiangnan, Mr. Liu Tonghui and Ms. Yin Meiqun, the three independent non-executive Directors. A summary of duties and work of the Audit Committee will be set out in the “Corporate Governance Report” in the 2021/22 annual report which will be despatched to the shareholders in due course.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters. The Audit Committee has reviewed the financial results of the Group for the year ended 31 March 2022.

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 2022 as set out in this announcement have been agreed by the Group’s auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2022. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, saved as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules during the year ended 31 March 2022.

Under the code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to influence of COVID-19 pandemic, three independent non-executive Directors namely, Mr. Ru Xiangan, Mr. Liu Tonghui and Mr. Liu Haiping (the term of his appointment expired on 28 April 2022), were unable to attend the Company’s annual general meetings held on 1 September 2021.

Under the code provision C.2.5 of the CG Code, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee is responsible for a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. No significant deficiency was identified under current period’s review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

RISK MANAGEMENT AND INTERNAL CONTROL

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made on all Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 August 2022 to Friday, 2 September 2022 (both days inclusive), during which no transfer of shares will be registered. In order to qualify to be shareholders of the Company to attend and vote at the annual general meeting to be held on Friday, 2 September 2022, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (before 15 August 2022), or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (on or after 15 August 2022), no later than 4:30 p.m. on Friday, 26 August 2022.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement containing the results of the Group for the year ended 31 March 2022 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cbgroup.com.hk>) respectively. The 2021/22 annual report and notice of annual general meeting of the Company will be despatched to the shareholders and made available on the above websites in due course.

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

Hong Kong, 28 June 2022

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