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INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED

國際商業結算控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board of directors (the “Board” or the “Directors”) of International Business Settlement Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2023 (the “current year”), together with the comparative figures for the year ended 31 March 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2023 HK\$’000	2022 HK\$’000
Revenue	4	865,703	304,416
Cost of sales and services		(615,172)	(286,669)
Gross profit		250,531	17,747
Other income, gains and losses	6	18,638	29,066
Selling expenses		(6,290)	(3,855)
Administrative and other expenses		(66,272)	(99,806)
Impairment loss on property, plant and equipment		(6,409)	–
Impairment loss on loan receivables, net		–	(17,294)
Impairment loss on intangible assets		–	(44,773)
Write-down of properties held for sale		(172,731)	(24,355)
Gain on deconsolidation of subsidiaries		–	16,811
Finance costs	7	(72,081)	(5,431)
Loss before taxation		(54,614)	(131,890)
Income tax expenses	8	(27,474)	(13,281)
Loss for the year	9	(82,088)	(145,171)

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Other comprehensive (expenses) income for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(15,553)</u>	<u>23,739</u>
Total comprehensive expenses for the year		<u>(97,641)</u>	<u>(121,432)</u>
Loss for the year attributable to:			
– Owners of the Company		(72,716)	(119,137)
– Non-controlling interests		<u>(9,372)</u>	<u>(26,034)</u>
		<u>(82,088)</u>	<u>(145,171)</u>
Total comprehensive expenses attributable to:			
– Owners of the Company		(83,813)	(100,873)
– Non-controlling interests		<u>(13,828)</u>	<u>(20,559)</u>
		<u>(97,641)</u>	<u>(121,432)</u>
Loss per share – basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>(0.36)</u>	<u>(0.59)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		736,659	492,035
Intangible assets		1,246	1,339
Prepayment	<i>11</i>	166,751	242,520
Deferred tax assets		76,428	41,510
		981,084	777,404
CURRENT ASSETS			
Loan receivables	<i>12</i>	–	–
Properties held for sale	<i>13</i>	1,030,397	1,802,459
Inventories		27,140	12,107
Trade and other receivables	<i>14</i>	69,959	45,013
Factoring receivables	<i>15</i>	–	–
Restricted bank deposits		690	361
Bank balances and cash		268,997	522,507
		1,397,183	2,382,447
CURRENT LIABILITIES			
Trade and other payables	<i>16</i>	677,552	610,303
Borrowings	<i>17</i>	691,754	654,872
Amounts due to non-controlling interests		79,028	85,092
Amount due to ultimate holding company		1,636	1,645
Tax liabilities		33,614	30,684
Contract liabilities	<i>18</i>	133,511	865,629
Lease liabilities		5,967	3,702
		1,623,062	2,251,927
NET CURRENT (LIABILITIES) ASSETS		(225,879)	130,520
TOTAL ASSETS LESS CURRENT LIABILITIES		755,205	907,924

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Borrowings	<i>17</i>	129,006	187,855
Lease liabilities		<u>3,771</u>	<u>–</u>
		<u>132,777</u>	<u>187,855</u>
NET ASSETS		<u>622,428</u>	<u>720,069</u>
CAPITAL AND RESERVES			
Share capital		20,319	20,319
Reserves		<u>569,329</u>	<u>653,142</u>
Equity attributable to owners of the Company		589,648	673,461
Non-controlling interests		<u>32,780</u>	<u>46,608</u>
TOTAL EQUITY		<u>622,428</u>	<u>720,069</u>

1. GENERAL

International Business Settlement Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The immediate and ultimate holding company is Long Grand Limited, a company incorporated in the British Virgin Islands (the “BVI”), which is owned by Mr. Yam Yu and Mr. Yuen Leong (a director of the Company) of 70% and 30%, respectively. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Unit 3103, 31/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company is an investment holding company.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the development of properties, hotel business, provision of international business settlement services, manufacturing and sales of disposable contact lens business, leasing and trading of computer equipment business and provision of financing services. Except for provision of international business settlement services and leasing and trading of computer equipment business, all activities are mainly carried out in the People’s Republic of China (the “PRC”).

2. ADOPTION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

(b) Functional and presentation currency

The functional currency of the Group is Renminbi (“RMB”), while the consolidated financial statements are presented in Hong Kong dollars (“HK\$”). As the Company is listed on the Stock Exchange, the Directors consider that it will be more appropriate to adopt HK\$ as the Group’s and the Company’s presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

(c) Going concern basis

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$225,879,000 as at 31 March 2023. The Directors are of the opinion that taking into account of the good relationship between the relevant banks, other borrowers and the Company, enhancing the Group’s ability on negotiating extension agreements, or seeking new long-term debts to replace existing short-term debts, when needed as well as internally generated funds of the Group, the Group has sufficient working capital for its present requirements for the next twelve months from 31 March 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. REVENUE

The principal activities of the Group are (1) property development; (2) hotel business; (3) international business settlement; (4) contact lens business; (5) leasing and trading of computer equipment business and (6) financing business. Further details regarding the Group's principal activities are disclosed in note 5.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales of properties	714,134	292,042
International business settlement services	–	9,878
Sales of contact lens	40,165	2,159
Leasing and trading of computer equipment	<u>111,404</u>	<u>219</u>
	865,703	304,298
Revenue from other sources		
Financing service income	<u>–</u>	<u>118</u>
	865,703	304,416
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	778,580	294,201
Services transferred over time	<u>87,123</u>	<u>10,097</u>
	865,703	304,298

5. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by different business lines. In a manner consistent with the way in which information is reported internally to the Group's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments.

- | | |
|--|---|
| Property development | – Developing and selling of commercial and residential properties, car parking spaces including undertaking of primary land development activities, in the PRC. |
| Hotel business | – Hotel development and provision of hotel management services in the PRC. |
| International business settlement | – Providing settlement and clearing services for commercial and individual customers. |
| Contact lens business | – Manufacturing and sales of disposable contact lens in the PRC. |
| Leasing and trading of computer equipment business | – Providing encrypted distributed storage space in Hong Kong through leasing of servers and trading of computer equipment. |
| Financing business | – Provision of finance through money lending services, finance leases, leasing, factoring and other related services. |

Following the newly started up leasing and trading of computer equipment business segment in last financial year, the CODM considered that the property development segment, hotel business segment, international business settlement segment, contact lens business segment, leasing and trading of computer equipment business segment and financing business segment are the main businesses lines and reportable operating segments of the Group.

(a) Segment revenue and results

For the year ended 31 March 2023

	Property development <i>HK\$'000</i>	Hotel business <i>HK\$'000</i>	International business settlement <i>HK\$'000</i>	Contact lens business <i>HK\$'000</i>	Leasing and trading of computer equipment business <i>HK\$'000</i>	Financing business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue							
External sales and segment revenue	<u>714,134</u>	<u>–</u>	<u>–</u>	<u>40,165</u>	<u>111,404</u>	<u>–</u>	<u>865,703</u>
Segment (loss) profit	3,788	–	(6,700)	(48,095)	16,129	(1,377)	(36,255)
Unallocated corporate expense, net							(22,726)
Bank interest income							<u>4,367</u>
Loss before taxation							<u>(54,614)</u>

For the year ended 31 March 2022

	Property development <i>HK\$'000</i>	Hotel business <i>HK\$'000</i>	International business settlement <i>HK\$'000</i>	Contact lens business <i>HK\$'000</i>	Leasing and trading of computer equipment business <i>HK\$'000</i>	Financing business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue							
External sales and segment revenue	<u>292,042</u>	<u>–</u>	<u>9,878</u>	<u>2,159</u>	<u>219</u>	<u>118</u>	<u>304,416</u>
Segment (loss) profit	(34,340)	–	(41,265)	(40,598)	129	(19,607)	(135,681)
Unallocated corporate income, net							2,935
Bank interest income							<u>856</u>
Loss before taxation							<u>(131,890)</u>

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies.

Segment results represent the results from each segment without allocation of central administration costs including directors' emoluments, unallocated other income, and unallocated other gains and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	2023	2022
	HK\$'000	HK\$'000
ASSETS		
<i>Segment assets</i>		
Property development	1,095,737	1,857,115
Hotel business	191,476	206,445
International business settlement	4,356	5,087
Contact lens business	526,546	548,938
Leasing and trading of computer equipment business	287,953	16,784
Financing business	9	36
	<hr/>	<hr/>
Total segment assets	2,106,077	2,634,405
Unallocated assets		
Bank balances and cash	268,997	522,507
Other assets	3,193	2,939
	<hr/>	<hr/>
Total unallocated assets	272,190	525,446
	<hr/>	<hr/>
Consolidated total assets	2,378,267	3,159,851
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
<i>Segment liabilities</i>		
Property development	(1,250,792)	(1,970,272)
Hotel business	(132,725)	(143,101)
International business settlement	(22,422)	(18,883)
Contact lens business	(340,100)	(300,592)
Leasing and trading of computer equipment business	(142)	(34)
Financing business	(185)	(32)
	<hr/>	<hr/>
Total segment liabilities	(1,746,366)	(2,432,914)
Unallocated liabilities		
Other liabilities	(9,473)	(6,868)
	<hr/>	<hr/>
Total unallocated liabilities	(9,473)	(6,868)
	<hr/>	<hr/>
Consolidated total liabilities	(1,755,839)	(2,439,782)
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than bank balances and cash and other assets not attributable to respective segments; and
- all liabilities are allocated to operating segments other than other liabilities not attributable to respective segments.

(c) Other segment information

(i) Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2023

	Property development	Hotel business	International business settlement	Contact lens business	Leasing and trading of computer equipment business	Financing business	Reportable segments' total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	-	-	-	132,432	227,349	-	359,781	4,870	364,651
Lease modification	-	-	6,053	-	-	-	6,053	637	6,690
Depreciation of property, plant and equipment	(103)	-	(2,851)	(22,441)	(57,680)	-	(83,075)	(2,787)	(85,862)
Amortisation of intangible assets	-	-	-	(160)	-	-	(160)	-	(160)
Write-down of properties held for sale	(172,731)	-	-	-	-	-	(172,731)	-	(172,731)
Impairment loss on trade receivables, net	-	-	-	(180)	-	-	(180)	-	(180)
Reversal of impairment loss on other receivables, net	-	-	-	-	-	-	-	485	485
Impairment loss on property, plant and equipment	-	-	(3,214)	-	-	-	(3,214)	(3,195)	(6,409)
Government grants	-	-	-	3,824	-	-	3,824	312	4,136
Finance costs	(58,140)	-	(790)	(12,795)	-	-	(71,725)	(356)	(72,081)
Income tax (expenses) credit	(54,673)	-	-	-	27,199	-	(27,474)	-	(27,474)

For the year ended 31 March 2022

	Property development	Hotel business	International business settlement	Contact lens business	Leasing and trading of computer equipment business	Financing business	Reportable segments' total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	-	12,414	94	93,321	11,486	-	117,315	12	117,327
Depreciation of property, plant and equipment	(352)	-	(250)	(8,735)	(51)	-	(9,388)	(2,842)	(12,230)
Impairment loss on intangible assets	-	-	(44,773)	-	-	-	(44,773)	-	(44,773)
Amortisation of intangible assets	-	-	-	(149)	-	-	(149)	-	(149)
Write-down of properties held for sale	(24,355)	-	-	-	-	-	(24,355)	-	(24,355)
Impairment loss on trade receivables, net	-	-	-	(50)	-	-	(50)	-	(50)
Impairment loss on other receivables, net	-	-	-	-	-	-	-	(883)	(883)
Impairment loss on loan receivables, net	-	-	-	-	-	(17,294)	(17,294)	-	(17,294)
Gain on deconsolidation of subsidiaries	-	-	16,811	-	-	-	16,811	-	16,811
Government grants	-	-	-	4,156	-	-	4,156	-	4,156
Finance costs	(1,511)	-	(598)	(3,129)	-	-	(5,238)	(193)	(5,431)
Income tax expenses	(13,182)	-	(99)	-	-	-	(13,281)	-	(13,281)

(ii) **Information about geographical areas**

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than prepayment and deferred tax assets ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	(by customer location)		(by physical location)	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	111,404	219	181,117	11,922
PRC (domicile)	754,299	294,319	556,788	481,452
Others	–	9,878	–	–
	<u>865,703</u>	<u>304,416</u>	<u>737,905</u>	<u>493,374</u>

(iii) **Information about major customers**

Revenue from one customer (2022: one customer) of the Group's leasing and trading of computer equipment business segment accounted to approximately HK\$87,123,000 (2022: property development segment accounted to approximately HK\$49,776,000), which represent 10% or more of the Group's revenue.

6. **OTHER INCOME, GAINS AND LOSSES**

	2023	2022
	HK\$'000	HK\$'000
Bank interest income	4,367	856
Government grants (<i>Note</i>)	4,136	4,156
Exchange gain, net	950	735
Impairment loss on trade receivables, net	(180)	(50)
Reversal of impairment loss (impairment loss) on other receivables, net	485	(883)
Gain on disposal of a subsidiary (<i>Note 21</i>)	–	22,705
Gain on deregister of other payable	7,645	–
Gain on disposal of property, plant and equipment	41	–
Rental income	431	1,307
Others	763	240
	<u>18,638</u>	<u>29,066</u>

Note:

The Group recognised government grants of HK\$312,000 (2022: nil) in respect of COVID-19 related subsidies, of which HK\$312,000 (2022:nil) related to Employment Support Scheme provided by the Hong Kong Government and HK\$3,824,000 (2022: HK\$4,156,000) represents the foreign investment subsidy received for the year ended 31 March 2023.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on		
– bank borrowings	11,500	11,956
– other borrowings	59,435	63,489
– lease liabilities	1,146	791
	<u>72,081</u>	<u>76,236</u>
<i>Less: amounts capitalised in</i>		
– properties held for sale	–	(54,101)
– construction in progress under property, plant and equipment	–	(16,704)
	<u>72,081</u>	<u>5,431</u>

There is no borrowing costs capitalised during the year ended 31 March 2023 (2022: HK\$70,805,000) arose from borrowings specifically for the purpose of obtaining qualifying assets.

8. INCOME TAX EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax in PRC		
Enterprise Income Tax (“EIT”)	5,136	–
Land Appreciation Tax (“LAT”)	60,225	14,972
	<u>65,361</u>	<u>14,972</u>
Current tax in Lithuania		
EIT	–	99
Deferred tax	<u>(37,887)</u>	<u>(1,790)</u>
	<u>27,474</u>	<u>13,281</u>

No provision for Hong Kong Profits Tax has been made as the income of the Group neither arises in nor is derived from Hong Kong during the years ended 31 March 2023 and 2022.

The PRC EIT is calculated on the applicable tax rate on assessable profits, if applicable. The applicable EIT rate for the Group’s PRC subsidiaries during the year ended 31 March 2023 is 25% (2022: 25%).

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' emoluments	3,178	3,028
Other staff salaries, wages and allowances	40,980	42,782
Other staff retirement scheme contributions	1,658	1,766
	<u>45,816</u>	<u>47,576</u>
<i>Less:</i> staff costs capitalised in properties held for sale	–	(577)
staff costs capitalised in cost of inventories manufactured	(13,875)	(1,432)
	<u>(13,875)</u>	<u>(1,432)</u>
Total staff costs	<u><u>31,941</u></u>	<u><u>45,567</u></u>
Cost of inventories recognised as expenses	520,149	272,878
Auditor's remuneration	1,800	2,394
Impairment loss on property, plant and equipment	6,409	–
Impairment loss on loan receivables, net	–	17,294
Impairment loss on intangible assets	–	44,773
Write-down of properties held for sale	172,731	24,355
Amortisation of intangible assets	160	149
Short term or low value lease expenses	418	687
Gain on deconsolidation of subsidiaries	–	(16,811)
Gain on disposal of property, plant and equipment	(41)	–
Gain on deregister of other payable	(7,645)	–
	<u><u>(7,645)</u></u>	<u><u>–</u></u>
Depreciation of property, plant and equipment	85,862	12,230
<i>Less:</i> capitalised in cost of inventories manufactured	(70,662)	(1,793)
	<u>(70,662)</u>	<u>(1,793)</u>
	<u><u>15,200</u></u>	<u><u>10,437</u></u>

10. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit and loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	<u>(72,716)</u>	<u>(119,137)</u>
	2023	2022
Number of shares		
Weighted average number of shares for the purposes of basic loss per share	<u>20,319,072,320</u>	<u>20,319,072,320</u>

No diluted loss per share were presented as there were no potential ordinary shares in issue for both years.

11. PREPAYMENT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Prepayment for acquisition of:		
– Machinery and equipment (<i>Note</i>)	117,149	242,520
– Server equipment	<u>49,602</u>	<u>–</u>
	<u>166,751</u>	<u>242,520</u>

Note:

The Group, as purchaser, entered into a series of machinery and equipment purchase agreements with independent providers. Pursuant to which the Group agreed to acquire contact lens production line in the PRC at total considerations of USD37,421,000 and RMB42,601,000 (together equivalent to approximately HK\$348,735,000 (2022: HK\$367,859,000)). Amounts of USD33,874,000 and RMB33,471,000 (together equivalent to approximately HK\$310,452,000) have been paid by the Group as at 31 March 2023 and of machinery equivalent to approximately HK\$193,303,000 was ready for use and settled by prepaid amount. The remaining of approximately HK\$38,283,000 will be payable upon the completion of installation of machinery and equipment.

12. LOAN RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables	132,845	143,230
Interest receivables	6,944	7,487
	<u>139,789</u>	<u>150,717</u>
<i>Less: Loss allowance (Note (b))</i>		
Stage 1	–	–
Stage 2	–	–
Stage 3	(139,789)	(150,717)
	<u>–</u>	<u>–</u>
Carrying amount of loan receivables	–	–
Current portion included under current assets	<u>–</u>	<u>–</u>
Amounts due after one year included under non-current assets	<u>–</u>	<u>–</u>

As at 31 March 2023 and 2022, all loan receivables were secured by collaterals.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interests at rate approximately 6% to 15% (2022: 6% to 15%) per annum.

The Group's management considers that the fair values of loan receivables are not materially different from their carrying amounts.

(a) Ageing analysis

Ageing analysis of loan receivables based on the loan drawdown date and before loss allowance, at the end of reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Over 1 year	<u>139,789</u>	<u>150,717</u>

(b) Movement in impairment losses

Loss allowance for loan receivables during the year was recognised as follows:

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL not	ECL credit-	
	HK\$'000	credit-	impaired	HK\$'000
		impaired	impaired	
		HK\$'000	HK\$'000	
At 1 April 2021	35	–	129,454	129,489
Transfer to lifetime ECL credit-impaired				
Impairment loss charged to profit or loss	(36)	–	17,330	17,294
Exchange adjustments	1	–	3,933	3,934
At 31 March 2022 and 1 April 2022	–	–	150,717	150,717
Exchange adjustments	–	–	(10,928)	(10,928)
At 31 March 2023	<u>–</u>	<u>–</u>	<u>139,789</u>	<u>139,789</u>

For year ended 31 March 2023, an increase of loss allowance of nil (2022: HK\$17,294,000) was charged to profit or loss as an impairment.

Loan receivables bear no credit term. The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up actions taken on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

13. PROPERTIES HELD FOR SALE

	2023	2022
	HK\$'000	HK\$'000
Completed properties held for sale	1,017,648	1,108,926
Properties under development for sale	<u>12,749</u>	<u>693,533</u>
	<u>1,030,397</u>	<u>1,802,459</u>
Carrying amount of properties under development for sale expected to be completed:		
– within one year	<u>12,749</u>	<u>693,533</u>

The management of the Group had engaged independent qualified professional valuer to carry out valuation on the properties held for sale by market comparison approach. Write-down of completed properties held for sale of HK\$172,731,000 is made for the year ended 31 March 2023.

During the year ended 31 March 2022, write-down of completed properties held for sale due to defects found in certain units of approximately HK\$24,355,000 was recognised. Aforesaid defective completed properties are sold during the year ended 31 March 2022.

14. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK\$'000	HK\$'000
Trade receivables	42,790	2,422
Less: Loss allowance	(308)	(135)
	42,482	2,287
Other receivables and prepayments:		
Other deposits	7,570	8,034
Other tax prepayment	432	9,945
Other receivables	11,471	7,520
Other prepayments	8,004	17,227
	69,959	45,013

The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up actions taken on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

The ageing analysis of trade receivables after loss allowance of the Group, presented based on the date of delivery of goods to the customers, at the end of the reporting period is as follows:

	2023	2022
	HK\$'000	HK\$'000
0-90 days	38,773	–
91-180 days	3,709	2,287
	42,482	2,287

Movement in loss allowance of trade receivables of the Group during the year are as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
At 1 April	135	82
Impairment loss on trade receivables	305	133
Reversal of impairment loss previously recognised	(125)	(83)
Exchange adjustments	(7)	3
	<u> </u>	<u> </u>
At 31 March	<u> 308</u>	<u> 135</u>

Movement in loss allowance of other receivables of the Group during the year are as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
At 1 April	2,147	1,264
Impairment loss on other receivables	–	883
Reversal of impairment loss previously recognised	(485)	–
Exchange adjustments	(2)	–
	<u> </u>	<u> </u>
At 31 March	<u> 1,660</u>	<u> 2,147</u>

The balances of other deposits and other receivables are not past due. The Group's management considers that the credit risk associated with these receivables is minimal but a general provision for impairment loss is provided for as in the aforesaid.

15. FACTORING RECEIVABLES

	2023 HK\$'000	2022 <i>HK\$'000</i>
Factoring receivables	66,291	70,079
Interest receivables	2,381	2,516
	<u> </u>	<u> </u>
	<u> 68,672</u>	<u> 72,595</u>
<i>Less: Loss allowance (Note (b))</i>		
Stage 1	–	–
Stage 2	–	–
Stage 3	(68,672)	(72,595)
	<u> </u>	<u> </u>
Current portion included under current assets	<u> –</u>	<u> –</u>

As at 31 March 2023 and 2022, all factoring receivables were secured by accounts receivable of the debtors with interest rate of 6.5% (2022: 6.5%). The Group has recourse right on the debts in the event of default. However, the collaterals are not permitted to sell or re-pledge by the Group.

(a) Ageing analysis

Ageing analysis of factoring receivables based on the loan drawdown date and before loss allowance at the end of reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Over one year	<u><u>68,672</u></u>	<u><u>72,595</u></u>

(b) Movement in impairment losses

Loss allowance for factoring receivables during the year was recognised as follows:

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL not	ECL credit-	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2021	–	–	71,979	71,979
Exchange adjustments	–	–	616	616
At 31 March 2022 and 1 April 2022	–	–	72,595	72,595
Exchange adjustments	–	–	(3,923)	(3,923)
At 31 March 2023	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>68,672</u></u>	<u><u>68,672</u></u>

Factoring receivables bear no credit term. The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up actions taken on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

16. TRADE AND OTHER PAYABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>Note</i>)	4,461	289
Accrued construction cost to contractors	165,141	262,973
Interest payables	193,189	143,897
Other payables	90,868	74,704
Other tax payables	223,893	128,440
	<u>677,552</u>	<u>610,303</u>

Note:

The following is an ageing analysis of the Group's trade payables, presented based on the date of materials received, at the end of the reporting period:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	3,708	–
91–180 days	412	289
181–365 days	341	–
	<u>4,461</u>	<u>289</u>

17. BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings, secured (<i>Note (a)</i>)	254,664	233,080
Other borrowings, secured (<i>Note (a)</i>)	132,726	143,101
Other borrowings, unsecured (<i>Note (b)</i>)	<u>433,370</u>	<u>466,546</u>
	<u>820,760</u>	<u>842,727</u>
Carrying amount of borrowings repayable:		
Within one year	691,754	654,872
More than one year, but not exceeding two years	106,147	110,907
More than two years, but not exceeding five years	<u>22,859</u>	<u>76,948</u>
	<u>820,760</u>	<u>842,727</u>
<i>Less:</i> amounts shown under current liabilities	<u>(691,754)</u>	<u>(654,872)</u>
Amounts shown under non-current liabilities	<u>129,006</u>	<u>187,855</u>
The borrowings comprise:		
Variable-rate borrowings	254,664	233,080
Fixed-rate borrowings	<u>566,096</u>	<u>609,647</u>
	<u>820,760</u>	<u>842,727</u>

All borrowings were denominated in RMB during both years.

As at 31 March 2023 and 2022, the Group's variable-rate borrowings carry interest at Loan Prime Rate plus 0.9375%. Interest is reset every year.

The ranges of effective interest rates on the Group's fixed-rate borrowings are as follows:

	2023	2022
Effective interest rates	<u>3% – 18%</u>	<u>3% – 18%</u>

Notes:

- (a) The followings show the carrying amounts of assets pledged to secure the bank and other borrowings provided to the Group:

	Carrying amounts of assets pledged for		
	Bank	Other	Total
	borrowings	borrowings	
		<i>(note (i))</i>	
	HK\$'000	HK\$'000	HK\$'000
At 31 March 2023			
Property, plant and equipment	<u>224,200</u>	<u>69,887</u>	<u>294,087</u>
At 31 March 2022			
Property, plant and equipment	<u>200,358</u>	<u>75,350</u>	<u>275,708</u>

- (i) As at 31 March 2023, hotel rooms of HK\$69,887,000 (2022: HK\$75,350,000) are pledged as security for one of the Group's other borrowings of HK\$132,726,000 (2022: HK\$143,101,000) at a fixed rate of 6.5% per annum.
- (b) As at 31 March 2023, the Group's unsecured other borrowings represent:
- (i) Unsecured borrowings of HK\$7,887,000 (2022: HK\$8,503,000) provided by independent third parties with interest at a fixed rate of 18% per annum;
- (ii) Unsecured borrowings of HK\$22,859,000 (2022: HK\$23,944,000) provided by related party of non-controlling owner of the Company's subsidiary with interest at a fixed rate of 3% per annum; and
- (iii) Unsecured borrowings of HK\$402,624,000 (2022: HK\$434,099,000) provided by 廣西正和實業集團有限公司 (Guangxi Zhenghe Industrial Co., Ltd*), the former related party of Liuzhou Zhenghe with interest at a fixed rate of 12% per annum.

18. CONTRACT LIABILITIES

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portion are received on or before the date of delivery of the properties to customers which is recorded as contract liabilities.

	2023	2022
	HK\$'000	HK\$'000
Contract liabilities arising from property development business	<u>133,511</u>	<u>865,629</u>
		HK\$'000
At 1 April 2022		865,629
Revenue recognised for the balances included in the contract liabilities at the beginning of the year		(714,134)
Increase for the cash received for the balances where revenue is not yet recognised during the year		47,325
Exchange adjustments		<u>(65,309)</u>
At 31 March 2023		<u>133,511</u>

As at 31 March 2023 and 2022, the amount of sales deposits received expected to be recognised as revenue after one year is nil.

19. COMMITMENTS

	2023	2022
	HK\$'000	HK\$'000
Commitments contracted for acquisition of property, plant and equipment	<u>101,992</u>	<u>52,079</u>

20. CONTINGENT LIABILITIES

	2023	2022
	HK\$'000	HK\$'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	<u>479,329</u>	<u>517,488</u>

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchaser to banks, the Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

The Group's management, with its assessment of the current and outlook of the market, perceives that the possibility of default in mortgage loans by home buyers is remote and, in the event of default, the liabilities caused to the Group will be minimal as the loss will be adequately mitigated by the proceeds recovered from the sales of the repossessed properties. Accordingly, no provision is made in the accounts for the guarantees.

21. DISPOSAL OF A SUBSIDIARY

During the previous financial year ended 31 March 2022, the Group entered into agreement with one of the non-controlling interest, Vintage Gold Management Limited, to dispose of its interest in a 90% indirectly owned subsidiary, Eagle Mountain Holdings Limited, which was an investment holding company controlling interests in associates (Note), at cash consideration of USD3,000,000. The disposal was completed in May 2021 and the Group recognised a gain on disposal of a subsidiary of approximately HK\$22,705,000.

Net assets of Eagle Mountain Holdings Limited at the date of disposal are as follows:

	<i>HK\$'000</i>
Cost of interests in associates	56,648
Impairment	<u>(56,648)</u>
Net assets disposed of	<u><u>–</u></u>
Cash consideration received	23,400
Less: Net assets disposed of	–
Less: Amount due from a subsidiary waived	<u>(695)</u>
Gain on disposal of a subsidiary	<u><u>22,705</u></u>

An analysis of net cash inflow of bank balances and cash in respect of disposal of a subsidiary is as follows:

HK\$'000

Cash consideration received	<u>23,400</u>
Net cash inflow of bank balances and cash	<u>23,400</u>

Note:

31 March

2022

HK\$'000

Cost of interests in associates	56,648
Share of post-acquisition loss and other comprehensive income	<u>(56,648)</u>
Disposed of during the year	—
	<u>—</u>
	<u><u>—</u></u>

FINAL DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2023 (2022: nil).

OVERALL RESULTS

Key performance indicator (Financial Ratio)

	Notes	Year ended 31 March	
		2023	2022
Revenue (HK\$'000)		865,703	304,416
Gross profit margin (%)	(i)	28.9%	5.8%
Loss for the year (HK\$'000)		(82,088)	(145,171)
Loss per share (HK cent)		(0.36)	(0.59)
Net asset value per share (HK cents)	(ii)	3.06	3.54

Notes:

- (i) Gross profit margin is calculated as gross profit divided by revenue and multiplying the resulting value by 100%.
- (ii) Net asset value per share is calculated based on the number of 20,319,072,320 ordinary shares issued as at 31 March 2023 (2022: 20,319,072,320 ordinary shares).

For the current year, the Group recorded a revenue of approximately HK\$865,703,000, representing a growth nearly 2 times when compared with revenue of the preceding financial year. The revenue for the current year is mainly generated from the property development segment in 正和城 (“Zhenghe City”) of 柳州正和樺桂置業集團有限公司 (Liuzhou Zhenghe Huagui Real Estate Group Company Limited*) (“Liuzhou Zhenghe”). During the year, the construction of 3 blocks of residential and commercial complexes in Zone F in Zhenghe City were completed and delivered to the customers. As a result, the revenue of the Group for the year increased significantly.

The turnover for the current year generated from the property development business was HK\$714,134,000 (2022: HK\$292,042,000), leasing and trading of computer equipment business was HK\$111,404,000 (2022: HK\$219,000) and the contact lens business was HK\$40,165,000 (2022: HK\$2,159,000).

An overall gross profit of approximately HK\$250,531,000 (2022: HK\$17,747,000) and gross profit margin of 28.9% (2022: 5.8%) were recorded for the current year. Increase in gross profit margin was mainly due to higher average selling prices of residential and commercial complexes in Zone F were sold in current year as compared to certain defective commercial units with low gross profit margin sold in previous year.

The Group continued to incur losses of approximately HK\$82,088,000 for the current year (2022: HK\$145,171,000). The loss mainly attributable to write-down of properties held for sale of HK\$172,731,000 is made for the year. The write-down of properties held for sale was mainly due to decrease in fair value of remaining unsold car park area attached to each zone under market comparison approach. Finance costs amounted to HK\$72,081,000 in current year which was much higher than that of last year amounting to HK\$5,431,000 was due to finance costs no longer capitalised to properties held for sale during the year as the major building construction works in Liuzhou Zhenghe were completed. The basic and diluted loss per share was approximately HK\$0.36 cents for the current year (2022: HK\$0.59 cents).

REVIEW OF OPERATIONS AND PROSPECT

International Business Settlement

During the year, in view of the continuing military conflict between Russia and Ukraine and the global political environment against the development of China-related enterprises, business activities were affected and there was minimal progress in the development of our settlement platform. Also, there has not been much activities on the cross-border settlement system in connection to the Central Bank Digital Currency proposed by the PRC government. No additional investment were made in the current year in respect of these two projects.

The Group acknowledges that the development of alternative settlement channels continues to be challenging. However, the trend of dedollarisation between international trades by using their local currencies among several countries and regions due to the geopolitical and economic considerations recently increases our confidence that our target to develop an alternative global settlement channels would be a good fit for the transformation of the global economic and financial markets. Despite the challenges and difficulties the Group is facing, we will continue to work through the challenges.

No revenue generated from this segment for the year after the deconsolidation of International Business Settlement Limited (the “IBS HK”), a wholly-owned subsidiary engaged in the settlement business through an electronic money institution license (“EMI license”) in Lithuania, in the previous financial year as a result of a winding up petition against IBS HK (2022: Revenue generated from EMI license business was HK\$9,878,000). Total loss incurred for the year was HK\$6,700,000 (2022: HK\$41,265,000). The major expenses of this segment are impairment made for right-of-use assets, rental expenses and staff costs. The deconsolidation of IBS HK will not affect the development of alternative settlement channels that the Group will continue to work on.

In relation to the winding up petition against IBS HK, liquidator has been appointed. The Company will monitor the latest development and will keep shareholders and investors informed of the latest progress.

Liuzhou Zhenghe (property development and hotel business segment)

Zhenghe City is a mix-used complex project located at No. 102, Xinliu Avenue, Liudong New District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC, which offers a wide range of properties, including villas, townhouses, commercial buildings, office buildings, hotels and high-rise apartments developed by Liuzhou Zhenghe.

Zhenghe City comprises two phases with Phase I providing a stack of residential and commercial properties with gross floor area of approximately 485,000 square meters. Phase II will provide another stack of residential and commercial properties with a total gross floor area of approximately 513,000 square meters. Both Phase I and Phase II have commenced construction and are under development. The Group owned 100% interest in properties held for development and properties held for sale in both Phase I and Phase II.

(a) Detail area of the properties under development and completed properties are as follows:

	Site area (sq.m)	Approximate gross floor area (sq.m)	Saleable area remaining unsold (note 2) (sq.m)	Properties held for self-operating/ own use (sq.m)
Phase I:				
Zone A	76,000	97,000	12,000	–
Zone B	94,000	130,000	10,000	–
Zone C	61,000	258,000	115,000	–
	<u>231,000</u>	<u>485,000</u>	<u>137,000</u>	<u>–</u>
Phase II:				
Zone D	71,000	191,000	44,000	–
Zone E	30,000	140,000	80,000	31,000
Zone F	41,000	182,000	35,000	–
	<u>142,000</u>	<u>513,000</u>	<u>159,000</u>	<u>31,000</u>
Total:	<u><u>373,000</u></u>	<u><u>998,000</u></u>	<u><u>296,000</u></u>	<u><u>31,000</u></u>

Note 1: The number of square meters (“sq.m”) are rounded to nearest thousand for illustrative purpose only.

Note 2: Representing saleable gross floor area under development and saleable gross floor area of completed properties that were unsold as at 31 March 2023.

(b) The progress of each phase in Zhenghe City are shown as follows:

	Property type	Status
Phase I:		
Zone A	Villas and high-rise apartment buildings with retail outlets, farmers market and car parking spaces	The construction works were completed and most of the residential units were sold in the past financial years. Farmers market attached with a total saleable area of approximately 12,000 square meters are held for sale.

	Property type	Status
Zone B	Villas and high-rise apartment buildings with retail outlets and car parking spaces	The construction works were completed and most of the residential units were sold in the past financial years. Remaining unsold saleable area are retail outlets and car parking spaces with approximately 10,000 square meters are held for sale.
Zone C	Residential and commercial complexes and studio/office buildings with retail outlets and car parking spaces	<p>There are 7 blocks of residential and commercial complexes and 3 blocks of studio/office buildings in this zone.</p> <p>The construction works of 7 blocks of residential and commercial complexes and 2 of 3 blocks of studio/office buildings in this zone were completed and most of the units were sold in the past financial years.</p> <p>The construction works of the remaining 1 block of studio/office buildings were completed and acceptance certificates of completion were granted in the current year. The studio/office building with saleable area of approximately 32,000 square meters, retail outlets and car parking spaces with saleable area of approximately 83,000 square meters in this zone are held for sale.</p>

	Property type	Status
Phase II:		
Zone D1	Villas	The construction works of the villas in this zone were completed and sold to the customers and revenue was recognised in the past financial years.
Zone D1	High-rise apartment buildings with retail outlets and car parking spaces	<p>There are 5 blocks of high-rise apartment buildings in this zone.</p> <p>The construction works of these 5 blocks of high-rise apartment buildings were completed and most of the units were sold in the past financial years.</p> <p>Car parking spaces and few remaining retail shops with a total saleable area of approximately 44,000 square meters in this zone are held for sale.</p>
Zone D2	Villas	The construction works of 36 villas are completed and were sold in the past financial years.
Zone E	Hotel and high-rise apartment buildings with retail outlets and car parking spaces	<p>The construction works of high-rise apartment buildings were completed and most of the units were sold in the past financial years. Retail outlets and car parking spaces attached to this apartment building with a saleable area of approximately 26,000 and 54,000 square meters respectively are held for sale.</p> <p>The construction works of the hotel building were completed and the pre-sale permit was granted. The acceptance certificates of completion are expected to be obtained in late 2023. The Group plan to operate the hotel under franchising arrangement instead of held for sale. Constructing area of approximately 31,000 square meters of the hotel building are included in property, plant, and equipment.</p>

	Property type	Status
Zone F	Residential and commercial complexes with retail outlets and car parking spaces	<p>There are 6 blocks of residential and commercial complexes in this zone.</p> <p>The construction works of 3 blocks of residential and commercial complexes were completed and most of the units together with the attached retail outlets were sold in the past financial years.</p> <p>The construction works of the remaining 3 blocks of residential and commercial complexes were completed and acceptance certificates of completion were granted in current year. The properties were therefore delivered to the customers and revenue was recognized in the current year.</p>

- (i) For property development segment in Liuzhou Zhenghe, an area of approximately 79,000 square meters (2022: 44,000 square meters) was sold and generated a segment revenue of approximately HK\$714,134,000 for the current year (2022: HK\$292,042,000). A segment profit of approximately HK\$3,788,000 (2022: segment loss of HK\$34,340,000) was recorded for the current year. The high sales figures in the year was mainly due to newly completed units in 3 blocks of residential and commercial complexes in Zone F were delivered to customers during the current year.

An external expert was engaged to assess the fair value of the properties development project as at 31 March 2023. For those properties which had completed the construction work and were held for sale, a market comparison method by making reference to comparable sales transactions as available in the relevant market was used. For those properties still under construction, the value was derived by using a market comparison method with the assumption that the construction works of the properties would have been completed at the date of valuation and have taken into account the construction costs expected and costs that will be expended to complete the development. As result, a write-down of properties held for sale of HK\$172,731,000 is recognised for the year ended 31 March 2023 as the net realisable value is lower than carrying amount.

Liuzhou Zhenghe will continue to develop the Phase II of Zhenghe City and the Group is actively looking for other property development opportunities in Guangxi or other provinces in the PRC.

- (ii) The hotel business is located in Zone E1 of Zhenghe City with gross floor area of approximately 31,000 square meters. In 2018, the Group entered into a franchising agreement with a well-known international hotel franchisee to operate the hotel under the franchising requested standards. The construction works of the hotel building were completed but acceptance certificate of completion not yet obtained and no revenue will be generated until commencement of operation of the hotel.

Contact lenses in Fujian

The construction of the production plant in Mawei District in Fuzhou was completed in 2021. With respect to the production, as of 31 March 2023, 5 of the 7 production lines planned to be installed in Fujian Unicon had all been installed and commissioned. At present, all 5 production lines have been put into operation. The remaining 2 production lines with a total of 20 sets of equipment are scheduled to be in place by the third quarter of 2023, with the aim of completing commissioning by 2023. By that time, the full production capacity will reach approximately 21 million pieces per month.

In addition to the 5 medical device registration certificates previously obtained, the Company obtained 2 new medical device registration certificate, and completed 2 large diameter products filing during the year.

Fujian Unicon is still planning to apply for the medical device registration certificates for its silicone color film and porous silicone blue film. At the same time, the Company is also planning to initiate the application for registration of medical devices such as defocused contact lenses and bandage contact lenses to further enhance the Company's technological advancement and operating efficiency.

On the basis that the Company has obtained the "ISO13485 Medical Device Quality Management System" certification, the Company has initiated the application for FDA qualification in the United States and planned to apply for CE certification and the relevant qualifications of our products to gain a foothold in the Southeast Asian markets in the second half of the year. In 2023, the Company will step up the efforts of international market expansion.

During the year, the Company has obtained 15 utility model patents. In terms of patent applications, the Company's research and development department will continue to prepare and carry out.

With the Medical Device Production Permit obtained, Fujian Unicon has commenced production of contact lenses since late 2021. During the year, the segment recorded sales revenue of HK\$40,165,000 (2022: HK\$2,159,000) and recorded a loss of HK\$48,095,000 for the current year (2022: HK\$40,598,000). The substantial loss for the current year was mainly due to salaries, depreciation, and research and development expenses incurred. Currently, 36 brands and channels have established steady business relationship with the Company with production and orders being gradually increasing. As the quality, production capacity and delivery time of the Company's products have been positively evaluated by our customers, we are actively approaching and negotiating with more potential customers. The Company will also enhance its graphic design capabilities, optimise its production capacity structure and increase the flexibility of its supply chain, and improve management and its order coordination capabilities, to provide customers with more flexible supply chain services and strengthen customer loyalty.

In addition to our OEM and ODM business, in the second half of 2023, the Company will engage in the establishment of our own brand, which includes planning to open self-operated flagship stores on the major e-commerce platform and expanding sales of our own brand to enhance the Company's operational efficiency and brand effect. We hope to achieve substantial growth in business performance in the coming year.

The Company is actively exploring cooperation opportunities with industry experts, including but not limited to introducing industry experts as investor, so as to leverage the Company's advantages in industry-related fields and bring returns to the Group and shareholders.

Leasing and trading of computer equipment

The Group believe that the emerging Fintech industry is one of the innovative factors that would improve the delivery of global financial services in the future. The Group continues to explore different potential opportunities in the Fintech sector, including but not limited to Fintech-related upstream and downstream services, infrastructure projects in connection with Fintech.

In view of the fast pace development of the virtual world and the ever increasing amount of data being generated online every minute of the day, the Board believes that the need for secured, encrypted and reliable cloud distributed storage space and the computer equipment is not only an important element of the infrastructure for the healthy development of the virtual world but will also increase sharply in the near future. A subsidiary engaged mainly in the business of leasing of data storage equipment to customers who provide virtual data storage space for end-users and trading of computer equipment was set up in January 2022.

In last financial year, the first phase of installing 40 sets of servers was completed and all 40 sets of servers were leased out to customer. During the current year, the installation work of the servers for the second phase has been completed. 960 sets of servers in total has been set up in Hong Kong and all were leased out to customer.

The leasing fees payable to the Group consist of a fixed rent plus a variable rent with reference to the average market price of Filecoin quoted on different cryptocurrency exchanges with specific formula. The rental income provides a steady income stream to the Group. It is expected that the Group would be able to recover the cost of each set of server within 14 to 30 months.

During the year, in order to maximize the return of the resources of the Group, the rental received was used in trading business of computer equipment. In view of the steady income stream and recover the investment cost within a reasonable period, the Group decided to re-invest the rental income received by further acquiring 450 sets of server for leasing.

For the current year, the revenue generated from leasing of data storage equipment was approximately HK\$87,123,000 (2022: HK\$219,000) and trading of data storage equipment was approximately HK\$24,281,000 (2022: Nil) respectively; and the segment profit for the year was HK\$16,129,000 (2022: HK\$129,000). The significant increase in revenue and segment profit was due to all servers are leased out as planned and the Group utilize the rental received from the customer to conduct trading activities of computer equipment and diversify different source of income to the Group.

The Group considers that the leasing and trading of the data storage equipment fit into the Group's business strategy and generate stable revenue stream, the revenue generated will be reinvested into the Group, leading to further growth and expansion.

Recently, the government announced its strategy to foster the development of Fintech development and its goal of creating a top crypto hub. It is expecting that Hong Kong is pivoting toward a more friendly regulatory regime for cryptocurrencies in the coming future. Looking forward, the legislative framework encoding crypto rules will bring transparency and clarity to development of future cryptocurrency trading activities. The Group will keep a close eye on policy changes and market trends, the Group may engage further in the business of cryptocurrencies, including but not limited to trading of crypto and crypto-asset production, in the future when the development of the ecosystem of virtual assets is regulated and matured.

Financing Business

In respect of the loan receivables from financing leasing business of the Group, in the last financial year, the Group prudently made full impairment provision on the long overdue loan receivables in view of inactive response from the borrower and no promising future repayment schedule can be reached. Although the loan receivables was secured by a plantation in Shanghai, the Group does not have the expertise in running and operating the plantation, the Company does not take possession of the plantation. We have approached certain asset management company to see whether they can help to recover our loans by realizing the collaterals. However, as the cost to realize the collaterals is difficult to estimate, the response is not positive.

To safeguard the interest of the Group, we have arranged for staff to visit the plantation site regularly and performed stock take of the collaterals to make sure the collaterals are in good condition. We will continue to monitor the situation and take any possible actions to recover the loan.

In view of the uncertain macro-economic environment in the PRC, the Group adopted a prudent and careful strategy to operate its financing business in future and temporary ceased to provide new financing services in PRC.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2023 (31 March 2022: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposal of subsidiaries and associated companies during the current year.

EVENTS AFTER REPORTING PERIOD

There were no major subsequent events since the year end date and up to the date of this announcement.

FINANCIAL REVIEW

Finance position, liquidity and gearing

As at 31 March 2023, the total assets and liabilities of the Group were at approximately HK\$2,378,267,000 (31 March 2022: HK\$3,159,851,000) and approximately HK\$1,755,839,000 (31 March 2022: HK\$2,439,782,000) respectively. The Group recorded a total equity of approximately HK\$622,428,000 as at 31 March 2023 (31 March 2022: HK\$720,069,000).

The Group recorded net current liabilities of approximately HK\$225,879,000 as at 31 March 2023 (31 March 2022: net current assets of approximately HK\$130,520,000). The bank balances and cash as at 31 March 2023 was approximately HK\$268,997,000 (31 March 2022: HK\$522,507,000), of which most were denominated in US dollars, Hong Kong dollars and Renminbi.

The Group's current ratio (defined as current assets divided by current liabilities) was 0.86 (31 March 2022: 1.06).

As at 31 March 2023, the Group had total borrowing amounting to approximately HK\$901,424,000 (31 March 2022: HK\$929,464,000) which were denominated in Renminbi. 86% (31 March 2022: 80%) of borrowings are due within one year, 12% (31 March 2022: 12%) of borrowings are due more than one year but not exceeding two years, and 2% (31 March 2022: 8%) of borrowings are due more than two years but not exceeding five years. The breakdowns are as follows:

- (i) Secured bank borrowings amounting to approximately HK\$254,664,000 (31 March 2022: HK\$233,080,000) with variable interest rate; and secured other borrowings amounting to approximately HK\$132,726,000 (31 March 2022: HK\$143,101,000) with fixed interest rate of 6.5%;
- (ii) Unsecured other borrowings amounted to approximately HK\$433,370,000 (31 March 2022: HK\$466,546,000) with fixed interest rate ranges from 3% to 18%;
- (iii) Interest free loan due to non-controlling interests and ultimate holding company amounting to approximately HK\$56,169,000 (31 March 2022: HK\$60,446,000) and approximately HK\$1,636,000 (31 March 2022: HK\$1,645,000) respectively; and
- (iv) Interest bearing loan from non-controlling interests amounting to approximately HK\$22,859,000 (31 March 2022: HK\$24,646,000) with floating interest rate.

As at 31 March 2023, the Group has unutilised banking facilities of approximately HK\$25,358,000 (31 March 2022: HK\$68,834,000) available for further drawdown should it have any further capital needs. The cash at banks together with the available banking facilities and the estimated cash flows generated from the Group's operations can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

The gearing ratio, as a ratio of total borrowings to total equity, as at 31 March 2023 was 1.45 (31 March 2022: 1.29).

Financial resources

During the year, the Group's operations continued to be mainly financed by internal resources, borrowings as well as proceeds raised from equity financing exercise in December 2016. The management believes that the Group will generate its liquidity from business operations and will consider making use of further equity financing when necessary.

Share capital

As at 31 March 2023, the Company had 20,319,072,320 shares of ordinary shares in issue and the total equity of the Group was approximately HK\$622,428,000.

Charges on assets

As at 31 March 2023, certain property, plant and equipment with carrying amount of approximately HK\$294,087,000 (31 March 2022: HK\$275,708,000), were pledged to secure certain bank and other borrowings granted to the Group.

Contingent liabilities

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is any default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchaser to banks, the Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of granting the relevant mortgage loans and ends after the buyer obtains the individual property ownership certificate. As at 31 March 2023, the guarantee given to banks for the above-mentioned mortgage facilities amounted to approximately HK\$479,329,000 (31 March 2022: HK\$517,488,000).

Foreign exchange exposure

As part of the Group's assets and liabilities are denominated in Renminbi, US dollars and Hong Kong dollars, in order to minimise the foreign exchange risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2023, the Group had approximately 210 employees (2022: 190, not including the employees of the Deconsolidated Subsidiaries). The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical insurance, mandatory provident fund scheme, local municipal government retirement scheme and education subsidy to encourage continuous professional development of staff.

MODEL CODE FOR DIRECTOR'S DEALING IN SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company received confirmation from all of the Directors that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the current year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's securities during the year ended 31 March 2023.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") throughout the year ended 31 March 2023 except for certain deviations as specified and explained below with considered reasons for such deviations.

- (a) In accordance with the code provision C.2.1, the role of Chairman and Chief Executive Officer (“CEO”) should not be performed by the same individual. However, the Company did not officially appoint a Chairman or a CEO during the year. The responsibilities of the Chairman and daily management of the Group’s business is handled by the executive Directors collectively and supported by a team of senior management, which is in turn supported by staff with relevant expertise and experience.

The Board considers that this arrangement allows for contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company’s policies and strategies and the interest of the shareholders of the Company as a whole. Depending on the future development of the business of the Company, the Board will review the existing structure and consider the issue of nominating appropriate candidate to fill up the role of Chairman and CEO.

- (b) Code provision C.2.7 stipulates that the Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other directors. Since the Company has not appointed a new Chairman and no meeting was held between the Chairman and the non-executive Directors (including independent non-executive Directors) without the executive Directors present during the year ended 31 March 2023.
- (c) Code provision F.2.2 stipulates that the Chairman should attend the annual general meeting. The Company does not at present have any officer with the title Chairman. However, one of the Directors presents at the annual general meeting held on 24 August 2022 was elected as chairman thereof to ensure an effective communication with the shareholders thereat.
- (d) Code provision C.6.3 stipulates that the company secretary should report to the Chairman and/or the CEO. As the Company did not officially appoint a Chairman or a CEO, the company secretary reported to the executive Directors during the year.

Save as those mentioned above, in the opinion of the Directors, the Company complied with the code provisions of the CG Code during the current year.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprised of three independent non-executive Directors, namely, Mr. Yap Yung (the chairman), Ms. Chen Lanran and Mr. Wong Kin Ping. The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 March 2023 and discussed with the management the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters of the Group.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

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 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements of the Group for the year as approved by the Board on 30 June 2023. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.ibsettlement.com. The 2022/2023 annual report containing all information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the shareholders of the Company and business associates for their continued support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions throughout the year.

By Order of the Board
International Business Settlement Holdings Limited
Yuen Leong
Executive Director

Hong Kong, 30 June 2023

** The English name is for identification purpose only*

As at the date of this announcement, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive directors; Mr. Liu Yu as non-executive director; Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive directors.