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Min Fu International Holding Limited
民富國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8511)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the director (collectively the “**Directors**” and individually a “**Director**”) of Min Fu International Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

RESULTS

The board of Directors (the “**Board**”) of the Company presents the draft consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024, together with the comparative audited figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	80,501	31,974
Cost of sales	5	<u>(62,943)</u>	<u>(22,271)</u>
Gross profit		<u>17,558</u>	<u>9,703</u>
Selling and marketing expenses	5	(2,548)	(2,552)
Administrative expenses	5	(26,260)	(24,509)
Reversal of impairment of/(impairment of) trade receivables		302	(1,571)
Impairment of contract assets		(50)	–
Impairment of other receivables		(1,210)	–
Impairment of non-financial assets		(6,590)	(7,015)
Gains on disposal of a subsidiary		312	–
Other income	6	1,432	740
Other losses – net	6	(353)	(640)
Share of result of an associate		<u>161</u>	<u>–</u>
Operating loss		<u>(17,246)</u>	<u>(25,844)</u>
Finance costs	5	<u>(384)</u>	<u>(934)</u>
Loss before income tax		<u>(17,630)</u>	<u>(26,778)</u>
Income tax expense	7	<u>(2,626)</u>	<u>(1,634)</u>
Loss for the year		<u>(20,256)</u>	<u>(28,412)</u>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,498)	(3,506)
Share of other comprehensive income of an associate		(204)	–
Release of exchange differences upon disposal of a subsidiary		<u>(11)</u>	<u>–</u>
Other comprehensive loss for the year, net of income tax		<u>(2,713)</u>	<u>(3,506)</u>
Total comprehensive loss for the year		<u>(22,969)</u>	<u>(31,918)</u>

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:			
The owners of the Company		(20,098)	(28,251)
Non-controlling interest		<u>(158)</u>	<u>(161)</u>
		<u>(20,256)</u>	<u>(28,412)</u>
Total comprehensive loss for the year attributable to:			
The owners of the Company		(22,801)	(31,756)
Non-controlling interest		<u>(168)</u>	<u>(162)</u>
		<u>(22,969)</u>	<u>(31,918)</u>
			<i>(Restated)</i>
Loss per share			
– Basic (<i>HK\$</i>)	<i>8</i>	(0.03)	(0.06)
– Diluted (<i>HK\$</i>)	<i>8</i>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property and equipment		4,149	9,714
Right-of-use assets		618	7,413
Intangible assets		3,883	8,282
Investment in an associate		–	–
Prepayments		–	5,142
		<u>8,650</u>	<u>30,551</u>
Current assets			
Trade receivables	10	10,780	12,425
Contract assets		1,654	–
Other receivables		6,060	1,545
Prepayments		5,812	9,303
Restricted cash		687	3,823
Cash at banks and on hand		14,676	4,301
		<u>39,669</u>	<u>31,397</u>
Total assets		<u><u>48,319</u></u>	<u><u>61,948</u></u>
CAPITAL AND RESERVERS			
Share capital		562	375
Other reserves		79,207	59,759
Accumulated losses		(50,295)	(30,197)
Equity attributable to owners of the Company		<u>29,474</u>	<u>29,937</u>
Non-controlling interests		–	(39)
Total equity		<u><u>29,474</u></u>	<u><u>29,898</u></u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		198	4,949
Deferred tax liabilities		1,582	1,267
		<u>1,780</u>	<u>6,216</u>
Current liabilities			
Trade payables	11	5,237	689
Other payables		3,961	13,285
Contract liabilities		1,102	3,352
Borrowings		4,584	5,543
Current income tax liabilities		1,723	426
Lease liabilities		458	2,539
		<u>17,065</u>	<u>25,834</u>
Total liabilities		<u><u>18,845</u></u>	<u><u>32,050</u></u>
Total equity and liabilities		<u><u>48,319</u></u>	<u><u>61,948</u></u>

NOTES

1 GENERAL INFORMATION

Min Fu International Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 June 2017 as an exempted company with limited liability. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 April 2018. The address of its registered office is Offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit E, 23/F, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in i) equipment manufacturing business and ii) burial business in the People’s Republic of China (the “**PRC**”).

These consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is the Company’s functional currency, and all values are rounded to the nearest thousand unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the “**Board**”) of the Company on 26 June 2024.

2 BASIS OF PREPARATION

(a) **Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”)**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and accounting principles generally accepted in Hong Kong. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations. These consolidated financial statements also comply with applicable disclosures provisions of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policy information adopted by the Group are discussed below.

(b) **Historical cost convention**

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

(c) **New and amended standards adopted by the Group**

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

None of these amendments have had a material effect on the Group's financial performance and financial position for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” 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 consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated 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 consolidated financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance and the disclosure of the Group's accounting policies.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1st May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group’s LSP liability and staff cost.

(d) New standards, amendments to standards and interpretations not yet adopted

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2023. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 SEGMENT INFORMATION

The Group manages its businesses by business operations in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("CODM"), being the executive directors of the Company, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

- equipment manufacturing business: sales of equipment relating to (i) smart manufacturing solution services focusing on precision 3D testing solutions and precision machining solutions and (ii) digital smart worship ancestors service, and provision of relevant technical service in the PRC; and
- burial business: agency services for sale of burial plots and columbarium units and other burial-related service in the PRC

Segment results

Segment results represent the loss before income tax from each segment except for the unallocated corporate expenses, being central administrative costs. Segment assets and liabilities are not presented in the consolidated financial statements as they are not regularly reviews by the Group's CODM.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	For the year ended 31 March 2024		
	Equipment Manufacturing Business HK\$'000	Burial Business HK\$'000	Total HK\$'000
Reportable segment revenue	78,450	2,051	80,501
Reportable segment loss	(10,119)	(1,739)	(11,858)
Central administrative expenses			(5,772)
Loss before income tax			(17,630)

For the year ended 31 March 2024

	Equipment		
	Manufacturing	Burial	
	Business	Business	Total
	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment loss:			
Depreciation			
– Property and equipment	1,859	–	1,859
– Right-of-use assets	507	437	944
Amortisation of intangible assets	1,285	–	1,285
Income tax expense	2,626	–	2,626
Reversal of impairment of trade receivables	(302)	–	(302)
Impairment of other receivables	1,039	171	1,210
Impairment of contract assets	50	–	50
Impairment loss			
– Property and equipment	3,197	–	3,197
– Intangible assets	3,011	–	3,011
– Prepayments	382	–	382
Waiver of other payables	(602)	–	(602)
Interest expenses	339	45	384
Interest income	(97)	(1)	(98)
Addition of non-current assets	4,794	872	5,666
	<u>4,794</u>	<u>872</u>	<u>5,666</u>

For the year ended 31 March 2023

	Equipment		
	Manufacturing	Burial	
	Business	Business	Total
	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	30,669	1,305	31,974
Reportable segment loss	(13,373)	(6,367)	(19,740)
Central administrative expenses			<u>(7,038)</u>
Loss before income tax			<u><u>(26,778)</u></u>

For the year ended 31 March 2023

	Equipment		
	Manufacturing	Burial	
	Business	Business	Total
	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment loss:			
Depreciation			
– Property and equipment	1,589	–	1,589
– Right-of-use assets	38	2,562	2,600
Amortisation of intangible assets	2,746	–	2,746
Income tax expense	1,634	–	1,634
Impairment of trade receivables	1,571	–	1,571
Impairment loss			
– Property and equipment	2,112	–	2,112
– Intangible assets	1,801	–	1,801
– Prepayments	3,102	–	3,102
Interest expenses	324	610	934
Interest income	(22)	–	(22)
Addition of non-current assets	<u>10,616</u>	<u>12,400</u>	<u>23,016</u>

All of the Group's revenue was derived in the PRC during the years ended 31 March 2024 and 2023.

All of the Group's non-current assets were located in the PRC as at 31 March 2024 and 2023.

4 REVENUE

Revenues from contracts with customers within the scope of HKFRS 15:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Equipment Manufacturing Business		
– Sales of equipment	75,981	29,642
– Technical services	<u>2,469</u>	<u>1,027</u>
	<u>78,450</u>	<u>30,669</u>
Burial Business		
– Agency services for sale of burial plots and columbarium units and other burial-related service	<u>2,051</u>	<u>1,305</u>
Total	<u><u>80,501</u></u>	<u><u>31,974</u></u>

The Group does not disclose information about remaining unsatisfied performance obligations for the year as permitted under the practical expedient in accordance with HKFRS 15 as their original expected duration is less than one year.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition:		
– Service recognised over time	2,051	–
– Service recognised at a point in time	2,469	2,332
– Sales of goods recognised at a point in time	<u>75,981</u>	<u>29,642</u>
	<u><u>80,501</u></u>	<u><u>31,974</u></u>

5 EXPENSES BY NATURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of goods sold	62,943	22,271
Outsourced research and development expenses*	5,022	3,009
Staff costs (including directors' emoluments)	10,034	10,205
Professional fees	1,740	2,083
Entertainment expenses	2,503	972
Depreciation and amortisation, included in administrative expenses		
– property and equipment	1,859	1,589
– right-of-use assets	944	2,600
– intangible assets	1,285	2,746
Travelling expenses	710	636
Short-term lease expenses	509	720
Auditor's remuneration		
– Audit service	900	900
– Non-audit service	180	–
Other expenses	<u>3,122</u>	<u>1,601</u>
Total cost of sales, selling and marketing expenses and administrative expenses	<u><u>91,751</u></u>	<u><u>49,332</u></u>
Interest expense on borrowings	188	268
Interest expense on lease liabilities	<u>196</u>	<u>666</u>
Finance costs	<u><u>384</u></u>	<u><u>934</u></u>

* For the year ended 31 March 2024, no outsourced research and development expenses have been recognised as intangible assets (2023: Nil).

6 OTHER INCOME AND OTHER LOSSES – NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
– Government grants (<i>Note</i>)	–	671
– Gain on termination of leases	243	22
– Interest income from bank deposits	98	22
– Waiver of other payables	602	–
– Others	489	25
	<u>1,432</u>	<u>740</u>
Other losses – net		
– Loss on disposal of an associate	(157)	–
– Exchange differences – net	(1,150)	(438)
– Loss on disposal of property and equipment	–	(218)
– Other gains	954	16
	<u>(353)</u>	<u>(640)</u>

Note:

Government grants were related to “廣州市推動高新技術企業高質量發展扶持” in respect of equipment manufacturing business for the year ended 31 March 2023. There are no unfulfilled conditions attached to the grants.

7 INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– PRC corporate income tax	2,231	670
Under-provision in respect of prior years		
– PRC corporate income tax	4	42
Deferred tax	391	922
	<u>2,626</u>	<u>1,634</u>

8 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023 <i>(Restated)</i>
Loss for the year attributable to the owners of the Company <i>(HK\$'000)</i>	(20,098)	(28,251)
Weighted average number of ordinary shares in issue <i>(number of shares)</i>	<u>645,704,024</u>	<u>439,193,391</u>
Basic loss per share <i>(HK\$)</i>	<u>(0.03)</u>	<u>(0.06)</u>

Adjustments to the weighted average number of shares for the year and prior year are required for the purpose of calculating the basic loss per share for the rights issue during the year because the exercise price of the rights issue was lower than the market price immediately before the exercise of the right.

No diluted loss per share is to be presented as the Company did not have potentially dilutive ordinary shares during the year ended 31 March 2024 (2023: Nil).

9 DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 March 2024 (2023: Nil).

10 TRADE RECEIVABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	12,257	14,288
Accumulated impairment loss recognised	(1,477)	(1,863)
	<hr/>	<hr/>
Trade receivables – net	<u>10,780</u>	<u>12,425</u>

(a) As at 31 March 2024 and 2023, ageing analysis of gross trade receivables based on invoice date is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	5,408	7,115
1 to 6 months	5,721	3,449
6 months to 1 year	169	2,381
Over 1 year	959	1,343
	<hr/>	<hr/>
	<u>12,257</u>	<u>14,288</u>

11 TRADE PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	5,237	689
	<hr/>	<hr/>
	<u>5,237</u>	<u>689</u>

(a) As at 31 March 2024 and 2023, ageing analysis of trade payables based on invoice date is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	4,747	340
Over 1 year	490	349
	<hr/>	<hr/>
	<u>5,237</u>	<u>689</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group consist of (i) equipment manufacturing business; and (ii) burial business in the PRC.

Equipment manufacturing business

Equipment manufacturing business included (i) smart manufacturing solution services focusing on precision 3D testing solutions and precision machining solutions; and (ii) equipment manufacturing and system construction services.

Smart manufacturing solution services

The Group is a smart manufacturing solution provider focusing on precision 3D testing solutions and precision machining solutions in China. The Company provides smart manufacturing solutions to serve the needs of high-end equipment manufacturers which require a high level of precision in the manufacture of their industrial products. Its solutions comprise and integrate various equipment and services, ranging from solution concept and design, procurement of machinery, auxiliary tools and software and system installation and debugging to provision of aftersales services such as technical support and training.

For the year ended 31 March 2024, the Group continued to devote great efforts in expanding the market scopes, approaching new customers in various industries and regions, and maintaining the productive relationships with existing customers. Benefited from its sales efforts, the Group obtained a total of 4 new projects. 4 new projects together with 3 projects which were carried forward from prior years, were completed during the year. As at 31 March 2024, the Group had 1 on-going project, which was a precision 3D scanning solutions project.

The Group had been persisting in developing new technology, including new auxiliary tools design and relevant software applications. As of 31 March 2024, the Group has 31 registered patents, including 6 invention patents and 25 utility model patents as well, and 18 invention patents and 1 utility model patent in the registration process.

Equipment manufacturing and system construction services

On 18 May 2022, the Group and Huanggang Buddhist Culture Development Co., Ltd (currently known as Huanggang Fuyuan Culture Development Co., Ltd.) (“**Huanggang Fuyuan Culture**”) have entered into an equipment manufacturing and system construction service agreement (the “**Service Agreement**”) in respect of the digital smart worship ancestors services, and provision of relevant technical service in the Huilong Mountain area. This project contributed a revenue of approximately HK\$6.9 million for the year ended 31 March 2024.

Burial business

Burial business included the agency services for sale of burial plots and columbarium units and provision of other burial-related services in the PRC. The burial business contributed a revenue of approximately HK\$2.1 million for the year ended 31 March 2024.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$80.5 million, representing an increase of approximately 151.8% comparing with that of approximately HK\$32.0 million for the year ended 31 March 2023. The increase in revenue was mainly due to the sales of equipment of smart manufacturing solutions business increased by HK\$46.3 million.

Cost of sales

Cost of sales increased by 182.6% to HK\$62.9 million for the year ended 31 March 2024 from HK\$22.3 million for the year ended 31 March 2023.

Gross profit and gross profit margin

Gross profit increased by 81.0% to HK\$17.6 million for the year ended 31 March 2024 from HK\$9.7 million for the year ended 31 March 2023. The increase in gross profit was mainly due to increase in revenue.

Gross profit margin keeps at 21.8% for the year ended 31 March 2024 (2023: 30.3%).

Selling and marketing expenses

Selling and marketing expenses keep at HK\$2.5 million for the year ended 31 March 2024 (2023: HK\$2.6 million).

Administrative expenses

Administrative expenses increased by 7.1% to HK\$26.3 million for the year ended 31 March 2024 from HK\$24.5 million for the year ended 31 March 2023, which was due to increase in entertainment, and research and development expenses.

Income tax expense

The Group had an income tax expense of HK\$2.6 million (2023: income tax expenses HK\$1.6 million) for the year ended 31 March 2024.

Loss for the year

Loss for the year decreased by 28.7% to HK\$20.3 million for the year ended 31 March 2024 from HK\$28.4 million for the year ended 31 March 2023. Such decrease was mainly attributable to the effect of increase in gross profit.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash position

As at 31 March 2024, the net current assets of the Group were approximately HK\$22.6 million (2023: HK\$5.6 million). The increase was mainly attributable to increase of cash at banks and on hand and decrease of other payable of HK\$10.4 million and HK\$9.3 million respectively.

As at 31 March 2024, the cash and cash equivalents and bank borrowings of the Group was approximately HK\$14.7 million (2023: HK\$4.3 million) and HK\$4.6 million (2023: HK\$5.5 million) respectively. The Group expected to fund the future cash flow needs through internally generated cash flows from operations, bank facilities and equity financing.

Gearing ratio

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings, amount due to a related party and amount due to a director net of cash and cash equivalents and restricted cash) divided by total equity as at 31 March 2024 was Nil (31 March 2023: 15%).

As at 31 March 2024, the Group had a two-year credit loan of HK\$4.6 million with weighted average effective interest rate is 4.1%.

Capital Structure

On 30 May 2023, the Board proposes to conduct the rights issue on the basis of one (1) rights share (the “**Right Share**”) for every two (2) Shares held as at the record date at the subscription price of HK\$0.1 (the “**Subscription Price**”) per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares.

On 3 July 2023, a total of 8 valid acceptances and applications had been received for a total of 19,893,183 Rights Shares, representing approximately 8.29% of the total number of Rights Shares offered under the Rights Issue. Based on the above results of valid acceptances and applications, the total number of untaken shares (the “**Untaken Shares**”) subject to the compensatory arrangements under Rule 10.31(1) of the GEM Listing Rules shall be 220,106,817 Rights Shares.

On 21 July 2023, 220,000,000 Untaken Shares, representing approximately 99.95% of the total number of 220,106,817 Untaken Shares, were successfully placed at the placing price of HK\$0.1 per Share (the “**Placing**”), which is equal to the Subscription Price, under the Placing.

On 2 August 2023, based on the results of acceptance of the Rights Issue and the results of the Placing, the Rights Shares to be allotted and issued amounted to 239,893,183 Rights Shares, representing approximately 99.96% of the total number of Rights Shares offered for subscription under the Rights Issue.

For details of the Rights Issue and the Placing, please refer to the announcements of the Company dated 30 May 2023, 20 June 2023, 10 July 2023 and 1 August 2023 and the listing document dated 16 June 2023.

Save as disclosed above, there was no other material change in the capital structure of the Group during the year ended 31 March 2024. As at 31 March 2024, the Company has 719,893,183 Shares in issue.

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

On 2 August 2023, 239,893,183 Rights Share, have been issued and allotted at the Subscription Price of HK\$0.1 per Rights Share. The net proceeds from the issuance of the Rights Share are approximately HK\$22,338,000 after deducting placing commissions and other costs related to the Rights Issue.

After careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the remaining net proceeds on 18 March 2024. Use of net proceeds as at 31 March 2024 are listed as follows:

	Planned use of proceeds <i>HK\$'million</i>	Percentage of net proceeds	Actual use of proceeds from 2 August 2023 to 31 March 2024 <i>HK\$'million</i>	Percentage of net proceeds	Unutilized net proceeds as at 31 March 2024 <i>HK\$'million</i>	Percentage of net proceeds
Support the upfront working capital requirement of the Equipment Manufacturing and System Construction Service Agreement	6.4	28.7%	6.4	28.7%	–	0%
Recruitment of additional I.T. talents	1.5	6.7%	1.5	6.7%	–	0%
General working capital	14.4	64.6%	11.2	50.3%	3.2	14.3%
	<u>22.3</u>	<u>100%</u>	<u>19.1</u>	<u>85.7%</u>	<u>3.2</u>	<u>14.3%</u>

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group did not have any capital commitments.

PLEDGE OF ASSETS

As at 31 March 2024, save for the restricted cash approximately of HK\$0.7 million (2023: HK\$3.8 million) and the motor vehicles under hire purchase arrangement is secured by the lessors' charge over the leased assets with net book values of approximately of HK\$Nil (2023: HK\$4.5 million), the Group did not have any pledge on its assets.

EXCHANGE RATE RISK EXPOSURE

For the operating entities of the Company that are incorporated in Hong Kong and the British Virgin Islands, their functional currencies are United States dollars (“US\$”). As certain trade and other receivables, bank balances, lease liabilities, trade and other payables of overseas entities are denominated in Hong Kong dollars (“HK\$”) or Euro (“EUR”) or Renminbi (“RMB”), currencies other than the functional currencies of the entities may cause the foreign exchange risk. Under the Linked Exchange Rate System in Hong Kong, HK\$ is pegged to US\$, the Board considers that there is no significant foreign exchange risk with respect to HK\$. Therefore, the foreign exchange risk mainly arises from the monetary assets and liabilities denominated in EUR and RMB, which the Board considers as not significant to the Group. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

Because of the fluctuation in the exchange rate of the functional currencies of the group entities, mainly RMB and US\$, to the Group's presentation currency, HK\$, the Group recorded a loss in other comprehensive income of HK\$2.7 million for the year ended 31 March 2024.

PROSPECTS

Looking forward, the Group will organically expand its business, broaden its operation scale and realise its business growth, improving market competitiveness while increasing market share. In addition, the Group will continue to expand its talent pool to recruit professional sales and marketing staffs, as well as administrative staffs, for future business expansion.

It has been the Company's business strategy to make investments in development projects with economic growth potential so as to expand its revenue source, improve its profitability and maintain a sustainable growth. The Group will also actively seek for potential business opportunities to create higher value for shareholders.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2024, the Group did not hold any significant investments.

OTHER FINANCIAL ASSETS

As at 31 March 2024, other financial assets held by the Group comprise:

- Trade receivables of HK\$10.8 million;
- Cash and bank deposits of HK\$14.7 million; and
- Other receivables of HK\$6.1 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2024, the Group did not have any plans for material investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as the disposal of an associate, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 March 2024.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 40 employees (including executive Directors) as at 31 March 2024 (2023: 27 employees). The Company relies on its employees to provide smart manufacturing solutions to its customers. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance-based bonus. The Company generally has a fixed term employment contract with its employees such as administrative and finance staff and the Company generally renews the employment contract with such employees on a yearly basis.

The Group also reviews the performance of the Group's staff periodically and consider the result of such review for staff's annual bonus, salary review and promotion appraisal. The Company has also adopted a share option scheme.

The Remuneration Committee shall make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of the Directors or any of their associates determine their own remuneration.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

There was a deviation from code provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company considers that having Mr. Zeng Weijin ("**Mr. Zeng**") acting as both its chairman of the Board and its chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective planning and management for the Group. In view of Mr. Zeng's extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Company considers that it is beneficial to the business prospects of the Group that Mr. Zeng continues to act as both its chairman and its chief executive officer.

Save as disclosed above, the Company has complied with the applicable code provisions of the Code as set out in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2024.

NON-COMPLIANCE WITH THE GEM LISTING RULES

Following the resignation of Ms. Du Li on 2 February 2024, the Company has two independent non-executive Directors only. The number and composition of independent non-executive directors fail to meet the requirements under (i) Rule 5.05(1) of the GEM Listing Rules which requires the Board to include at least three independent non-executive directors; (ii) Rule 5.05(2) of the GEM Listing Rules which requires the Board to include at least one of the independent non-executive directors with appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 5.05A of the GEM Listing Rules which requires that the Company must appoint independent non-executive directors representing at least one-third of the board; and (iv) Rule 5.28 of the GEM Listing Rules which requires the audit committee to comprise a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2).

Following the appointment of Ms. Chen on 2 May 2024, the Company re-complied with Rules 5.05(1), 5.05(2), 5.05A and 5.28.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Standard of Dealings**”), as its own code of conduct regarding Directors’ securities transactions.

Having made specific enquiries of all the Directors, each of the Directors has confirmed that he or she has complied with the required Standard of Dealings for the year ended 31 March 2024.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2024 (2023: nil).

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2024 and up to the date of this results announcement.

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 March 2024 have been reviewed by the Audit Committee in a meeting held on 26 June 2024.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods 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 Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.minfuintl.com and the Stock Exchange's website at www.hkexnews.hk. The 2024 annual report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the year.

By order of the Board
Min Fu International Holding Limited
Zeng Weijin
Chairman

Hong Kong, 26 June 2024

As at the date of this announcement, the executive Directors are Mr. Zeng Weijin, Ms. Ye Jialing and Mr. Huang Minzhi; the non-executive Directors are Mr. Zhou Ruizhao, Ms. Zhang Xiaoling and Ms. Li Xiaoxuan; and the independent non-executive Directors are Dr. Zhou Wenming, Mr. Lu Shengwei and Ms. Chen Meng.

This announcement will be available on the Company's website www.minfuintl.com and will remain on the "Latest Listed Company Information" page on the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting.