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**Da Sen Holdings Group Limited**  
**大森控股集團有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1580)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Da Sen Holdings Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 together with comparative figures for the fifteen months ended 31 March 2023. As the audited consolidated financial statements cover the twelve months ended 31 March 2024 and the comparative financial statements cover the fifteen months ended 31 March 2023, the comparative figures are therefore not entirely comparable.

**SUMMARY**

- Consolidated revenue decreased by 80.5 per cent to approximately RMB11.6 million
- Consolidated loss before tax increased by 5.0 per cent to approximately RMB54.3 million
- Loss attributable to owners of the Company amounted to approximately RMB53.0 million
- Basic loss per share: RMB5.76 cents
- The Board did not recommend the payment of a final dividend

## REVIEW OF OPERATIONS

### Plywood Products

The plywood products operations and its related services is the principal business of the Group. The Group's main production base is strategically located in Heze City, Shandong Province in the People's Republic of China (the "PRC") where there are abundant resources of poplars, the major raw materials for plywood products. During the year under review, to horizontally expand the wood operations of the Group so as to broaden the revenue source, the Group formed a strategic alliance with a factory in Jiangmen, Guangdong Province, the PRC (the "Alliance Factory"), which is principally engaged in the manufacture of interior decorative materials and furniture. Under the strategic alliance arrangement, the Group could earn service revenue for referring customers such as property developers to the Alliance Factory for the purchase of their products, and the Alliance Factory will also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements. Such business carries much higher margin than the existing plywood products business and the Board considers the business would be the focus of the Group in the future.

The Group's plywood products consist of furniture board (家具板), ecological plywood (生態板) (also known as melamine faced board (三聚氰胺貼面板)), and hardwood multi-layered board (實木多層板). All our products are customised depending on our customers' needs.

Customers of the Group are mainly end users, such as furniture manufacturers, equipment manufacturers, decoration or renovation companies, packing material producers, and trading companies. Most customers of the Group's plywood products are located in Eastern China and Southern China regions.

To improve the overall financial performance of the Group, during the year ended 31 March 2024 (the "2024 Year"), the Group has on one hand continued to pursue the policy of reducing acceptance of plywood orders that were of low margins and implement measures to control costs and outsourcing of certain non-core works to local workers to reduce production costs, and on the other hand horizontally expanded the wood operation business to broaden the revenue stream through the strategic alliance with the Alliance Factory with revenue commenced to generate since the third quarter of 2023. Such initiatives, despite resulted in the drop in overall revenue as compared to the fifteen months ended 31 March 2023 (the "2023 Period"), had a material positive contribution towards the turning-around of the gross loss of approximately RMB5.1 million recorded for the 2023 Period to a gross profit of approximately RMB10.5 million. The Board considers that as the business with the Alliance Factory further develops, the financial performance of the Group would gradually improve.

The plywood and related services segment accounted for approximately 73.3% of total revenue of the Group for the 2024 Year.

### Rental Income

Since 1 July 2020, the Group has entered into lease agreements to partially lease out the biomass wood pellets factories to a tenant engaging in agricultural wholesale as well as other factories and land which are surplus to needs in order to generate a stable and recurring rental income, and at the same time reducing the costs in managing these assets.

The rental income of the Group accounted for approximately 26.7% of the total revenue for the 2024 Year.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2024*

		Year ended 31 March 2024 <i>RMB'000</i>	Fifteen months ended 31 March 2023 <i>RMB'000</i>
Revenue	4	11,611	59,487
Cost of sales		<u>(1,102)</u>	<u>(64,609)</u>
<b>Gross profit (loss)</b>		<b>10,509</b>	<b>(5,122)</b>
Selling and distribution expenses		(609)	(424)
Administrative expenses		(18,898)	(22,482)
Allowance for expected credit losses, net		(31,747)	(19,934)
Loss on extinguishment of financial liabilities by issue of ordinary shares		(2,297)	–
Other income, gains or (losses)	5	(7,380)	3,244
Finance costs	6	<u>(3,935)</u>	<u>(7,052)</u>
<b>Loss before tax</b>		<b>(54,357)</b>	<b>(51,770)</b>
Income tax expense	7	<u>–</u>	<u>–</u>
<b>Loss and total comprehensive expenses for the year/period</b>	8	<u><b>(54,357)</b></u>	<u><b>(51,770)</b></u>
<b>Loss and total comprehensive expenses attributable to:</b>			
Owners of the Company		(52,978)	(50,799)
Non-controlling interests		<u>(1,379)</u>	<u>(971)</u>
		<u><b>(54,357)</b></u>	<u><b>(51,770)</b></u>
			(restated)
<b>Loss per share attributable to owners of the Company</b>			
– Basic and diluted (expressed in RMB cents per share)	10	<u><b>(5.76)</b></u>	<u><b>(6.93)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	As at <b>31 March 2024</b> <i>RMB'000</i>	As at 31 March 2023 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		2,684	2,753
Property, plant and equipment		4,914	5,417
Investment properties	11	34,131	66,901
Financial assets at fair value through profit or loss		—	1,557
		<u>41,729</u>	<u>76,628</u>
<b>Current assets</b>			
Inventories		354	1,932
Trade and other receivables	12	38,853	62,579
Financial assets at fair value through profit or loss		368	—
Cash and cash equivalents		979	6,939
		<u>40,554</u>	<u>71,450</u>
<b>Total assets</b>		<u><b>82,283</b></u>	<u>148,078</u>
<b>EQUITY</b>			
Share capital	13	19,511	14,165
Share premium	13	252,927	233,241
Other reserves		46,534	52,942
Convertible bonds equity reserves		1,408	1,408
Accumulated losses		(327,693)	(274,715)
<b>Equity attributable to owners of the Company</b>		<b>(7,313)</b>	27,041
<b>Non-controlling interests</b>		<b>(2,350)</b>	(971)
<b>Total equity</b>		<u><b>(9,663)</b></u>	<u>26,070</u>

	<i>Notes</i>	<b>As at 31 March 2024 RMB'000</b>	As at 31 March 2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income		210	235
Convertible bond payables		—	6,972
		<u>210</u>	<u>7,207</u>
<b>Current liabilities</b>			
Trade and other payables	14	52,464	58,849
Deferred income		25	25
Receipt in advance		2,908	3,311
Tax payables		6,586	7,085
Amount due to related parties		46	7,795
Convertible bond payables		7,284	—
Borrowings		22,423	37,736
		<u>91,736</u>	<u>114,801</u>
<b>Total liabilities</b>		<u>91,946</u>	<u>122,008</u>
<b>Total equity and liabilities</b>		<u><u>82,283</u></u>	<u><u>148,078</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Da Sen Holdings Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The addresses of its registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 2703, 27th Floor, K. Wah Centre, No. 191 Java Road, North Point, Hong Kong, respectively. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 19 December 2016.

The principal activities of the Company and its subsidiaries (the “**Group**”) are manufacturing and sales of plywood with related services and leasing activities.

Pursuant to a resolution of the board of directors dated 11 November 2022, the Group changed its financial year end date from 31 December to 31 March (the “**Change**”). This will enable the Group to rationalise and mobilise its resources with greater efficiency for the preparation of its interim and annual results announcements and reports given that the Change will allow the Group to:

- (i) avoid competition of resources with other listed companies having a financial year end date of 31 December on results announcements and interim and annual reports related external services under the traditional peak market reporting season; and
- (ii) better plan its audit schedules with its auditors by removing the uncertainty from the variation in the dates of the Chinese New Year and Easter holidays which put pressure on the workflow.

These consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company. All values are rounded to the nearest RMB thousand (“**RMB’000**”), unless otherwise used.

## 2 BASIS OF PREPARATION

### (a) **Compliance with International Financial Reporting Standards and Hong Kong Companies Ordinance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance (“**HKCO**”).

## 2 BASIS OF PREPARATION – continued

### (a) Compliance with International Financial Reporting Standards and Hong Kong Companies Ordinance – continued

The accompanying consolidated financial statements for the current financial year cover a period from 1 April 2023 to 31 March 2024. The comparative figures presented for the audited consolidated statement of profit or loss and other comprehensive income, audited consolidated statement of changes in equity, audited consolidated statement of cash flows and related notes cover the audited figures of the financial period from 1 January 2022 to 31 March 2023 which may not be comparable with the amounts shown for the current year.

### (b) Going concern basis

For the year ended 31 March 2024, the Group incurred a net loss of RMB54,357,000 and recorded a net operating cash outflow of RMB15,221,000. As at 31 March 2024, the Group recorded net current liabilities of RMB51,182,000 and net liabilities of RMB9,663,000, where the Group's current borrowings amounted to RMB22,423,000, comprising bank borrowing of RMB8,100,000 and other loans payable of RMB14,323,000 from independent third parties in the People's Republic of China (the "PRC") and Hong Kong, while the Group's cash and cash equivalents amounted to RMB979,000 only.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. A number of measures have been taken to mitigate the liquidity pressure of the Group. These include the followings:

- (i) the Group has been in discussion with its lenders for the extension of repayment periods;
- (ii) the Group has been in discussion with the major shareholders and directors of the Company for providing finance to the Group, and in contact with potential buyers to dispose of certain assets of the Group so as to raise additional fund; and
- (iii) the Group will continue its efforts to implement new measures to improve sales such as rolling out new business initiatives with products of higher profit margin, control costs, contain capital expenditures, and accelerate the collection of trade and other receivables so as to enhance the Group's working capital position.

## 2 BASIS OF PREPARATION – continued

### (b) Going concern basis – continued

The directors of the Company have reviewed the Group's cash flow projections prepared by management, covering a period of not less than twelve months from the date of this announcement, and are of the view that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of this announcement. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) successfully extending the repayment periods of the Group's loans;
- (ii) successfully and timely raising additional fund through financing from major shareholders and directors of the Company and the potential disposal of certain assets of the Group; and
- (iii) successfully implementing the measures to improve sales, control costs and contain capital expenditures as well as to accelerate the collection of trade and other receivables so as to enhance the Group's working capital position.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.



### 3 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### **New and amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for annual periods beginning on 1 April 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Account Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of Accounting Policies

The application of these new and amendments to IFRSs in the current year had no material impact on the Group's financial position and performance for the current year and prior financial period and/or on the disclosures set out in these consolidated financial statements.

#### **Amendments to IFRSs in issue but not yet effective**

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of these amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 4. REVENUE

	<b>Year ended</b> <b>31 March</b> <b>2024</b> <b>RMB'000</b>	Fifteen months ended 31 March 2023 RMB'000
<b>Revenue from contract with customers</b>		
Sales of plywood	–	54,239
Provision of plywood related referral service	<u>8,511</u>	<u>–</u>
	<b>8,511</b>	54,239
<b>Revenue from leasing</b>		
Gross rental income	<u>3,100</u>	<u>5,248</u>
	<u><b>11,611</b></u>	<u><b>59,487</b></u>

The Group's revenue from contracts with customers are derived from the transfer of goods and providing related referral services are recognised at a point in time.

The Group leases out its investment properties. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

## 5 OTHER INCOME, GAINS OR (LOSSES)

	Year ended 31 March 2024 RMB'000	Fifteen months ended 31 March 2023 RMB'000
Interest income	5	24
Amortisation of deferred income related to government grants	25	32
Write-off of trade and other receivables	(665)	–
Write-off of other payables	153	–
Gain on disposal of property, plant and equipment	–	133
Other gains or (losses)	131	(702)
Gain on debt-restructuring	–	14,755
Impairment loss on inventories, net of reversal	(1,469)	(140)
Impairment loss on investment properties	(1,855)	(10,858)
Fair value change on financial assets at fair value through profit or loss	(1,240)	–
Gain on disposal of a subsidiary	1,787	–
Provision for legal case ( <i>Note</i> )	(4,252)	–
	<u>(7,380)</u>	<u>3,244</u>

### *Note:*

On 4 March 2024, an independent third party filed a petition to the People's Court in Chengwu County of Shandong Province against Meisen (Shandong) Wood Limited (“**Meisen**”), an indirect wholly owned subsidiary, Dasen (Heze) Biomass Energy Limited (“**Dasen**”), a former indirect wholly owned subsidiary, and a former director of Meisen and Dasen for the repayment of the loan and interest accrued amounting to RMB2,939,000 and RMB1,313,000 respectively.

## 6 FINANCE COSTS

	Year ended 31 March 2024 <i>RMB'000</i>	Fifteen months ended 31 March 2023 <i>RMB'000</i>
Interest expense on bank borrowings	757	989
Interest expense on bond payables	–	1,126
Interest expense on other loans	2,529	4,925
Effective interest charged on convertible bond payables	649	12
	<u>3,935</u>	<u>7,052</u>

## 7 INCOME TAX EXPENSE

	Year ended 31 March 2024 <i>RMB'000</i>	Fifteen months ended 31 March 2023 <i>RMB'000</i>
Income tax expense		
– Current tax	–	–
– Deferred income tax	–	–
	<u>–</u>	<u>–</u>

### (i) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no assessable profit derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for the year ended 31 March 2024 (fifteen months ended 31 March 2023: 16.5%).

### (ii) PRC Enterprise Income Tax (“EIT”)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 31 March 2024 (fifteen months ended 31 March 2023: 25%).

## 7 INCOME TAX EXPENSE – continued

### (iii) PRC withholding income tax

According to the new EIT Law, a 10% withholding tax will be levied on the immediate holding companies established out of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. No withholding tax has been provided as the Group does not expect the PRC subsidiaries to distribute the retained earnings as at 31 March 2024 in the foreseeable future.

The income tax expense for the year/period can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March 2024 <i>RMB'000</i>	Fifteen months ended 31 March 2023 <i>RMB'000</i>
Loss before tax	<u>(54,357)</u>	<u>(51,770)</u>
Tax calculated at PRC EIT 25% (2023: 25%)	(13,589)	(12,942)
Tax effects of:		
– Expenses not deductible for tax purpose	10,723	7,859
– Income not taxable for tax purpose	(1,768)	(73)
– Unrecognised temporary differences	(376)	539
– Different tax rates of subsidiaries operating in other jurisdiction	582	122
– Tax losses not recognised	<u>4,428</u>	<u>4,495</u>
Income tax expense	<u>–</u>	<u>–</u>

## 7 INCOME TAX EXPENSE – continued

Notes:

- (i) As at 31 March 2024, the Group’s entities in the PRC had estimated tax losses of RMB123,813,000 (2023: RMB241,796,000). The expiration dates of those tax losses for which no deferred tax assets have been recognised are as follows:

	Year ended 31 March 2024 <i>RMB’000</i>	Fifteen months ended 31 March 2023 <i>RMB’000</i>
Year of expiration		
2024	–	30,711
2025	21,420	118,573
2026	71,690	74,534
2027	12,330	16,312
2028	14,925	1,666
2029	3,448	–
	<hr/>	<hr/>
Total	<b>123,813</b>	<b>241,796</b>
	<hr/> <hr/>	<hr/> <hr/>

- (ii) The remaining tax losses were incurred by the Company and subsidiaries in Hong Kong that are not likely to generate taxable income in the foreseeable future, which can be carried forward perpetually. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profits streams.

## 8 LOSS FOR THE YEAR/PERIOD

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

	Year ended 31 March 2024 RMB'000	Fifteen months ended 31 March 2023 RMB'000
Staff costs, including directors' emoluments	4,230	5,689
Retirement benefits scheme contributions, including contributions for directors	89	111
	<u>4,319</u>	<u>5,800</u>
External auditor's remuneration		
- audit services	1,200	1,250
- other services	150	830
Cost of inventories recognised as cost of sales	–	56,950
Cost of inventories recognised as administrative expenses	109	–
Depreciation on property, plant and equipment	358	501
Depreciation on investment properties	2,397	3,375
Impairment loss on investment properties	1,855	10,858
Depreciation on right-of-use assets	69	85
Impairment loss on inventories, net of reversal	1,469	140
Write-off of trade and other receivables	665	–
Write-off of other payables	(153)	–
Loss on extinguishment of financial liabilities by issue of ordinary shares	2,297	–
	<u>2,297</u>	<u>–</u>
Gross rental income from investment properties	(3,100)	(5,248)
Less: direct operating expenses from investment properties that generated rental income during the year/period	279	345
	<u>(2,821)</u>	<u>(4,903)</u>

## 9 DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 March 2024 and fifteen months ended 31 March 2023.

## 10 LOSS PER SHARE

### (a) Basic

Basic loss per share for the year ended 31 March 2024 and fifteen months ended 31 March 2023 are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares for the respective year/period.

	<b>Year ended 31 March 2024 RMB'000</b>	Fifteen months ended 31 March 2023 RMB'000
Loss attributable to owners of the Company	<u>(52,978)</u>	<u>(50,799)</u>
		(restated)
Weighted average number of ordinary shares (thousands)	<u>919,450</u>	<u>732,820</u>
Basic loss per share (RMB cents per share)	<u><u>(5.76)</u></u>	<u><u>(6.93)</u></u>

### (b) Diluted

For the year ended 31 March 2024 and fifteen months ended 31 March 2023, the computation of diluted loss per share has not taken into account the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share, and is therefore regarded as anti-dilutive.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the fifteen months ended 31 March 2023 has been adjusted retrospectively to reflect the impact of the share consolidation on the basis of every two existing shares consolidated into one consolidated share completed on 24 October 2023.



## 11 INVESTMENT PROPERTIES

During the year ended 31 March 2024, the Group disposed of a subsidiary with the investment properties, details refer to Note 15.

## 12 TRADE AND OTHER RECEIVABLES

	<b>31 March 2024 RMB'000</b>	31 March 2023 RMB'000
Trade receivables		
– contract with customers	<b>179,325</b>	172,726
– under IFRS 16 Leases	–	38
	<b>179,325</b>	172,764
Less: accumulated allowance for expected credit losses	<b>(154,855)</b>	(124,516)
	<b>24,470</b>	48,248
Prepayments ( <i>Note</i> )	<b>218</b>	13,418
Other receivables ( <i>Note</i> )	<b>14,290</b>	913
Less: accumulated allowance for expected credit losses	<b>(125)</b>	–
	<b>38,853</b>	62,579

*Note:*

In March 2024, Meisen signed the refund agreements with several wood suppliers (“**Suppliers**”) in which the Suppliers agreed to refund the prepayments for raw materials made by Meisen. Therefore, such prepayments were redesignated to other receivables for the year ended 31 March 2024. As at the date of this results announcement, the amounts of RMB5,169,000 had been refunded.

## 12 TRADE AND OTHER RECEIVABLES – continued

The following is an ageing analysis of trade receivables (net of allowance for expected credit losses) presented based on the invoice dates.

	<b>31 March 2024 RMB'000</b>	31 March 2023 RMB'000
Up to 3 months	–	–
4 to 6 months	–	6,153
7 to 12 months	<b>8,344</b>	19,587
Over 1 year	<b>16,126</b>	22,508
	<u><b>24,470</b></u>	<u>48,248</u>

The following table shows the amounts of trade receivables which are past due but not impaired as the balances related to debtors with sound repayment history and there has not been a significant change in credit quality and the amounts are still considered recoverable.

An ageing analysis of trade receivables past due but not impaired is as follows:

	<b>31 March 2024 RMB'000</b>	31 March 2023 RMB'000
Up to 3 months	–	6,153
4 to 6 months	<b>8,344</b>	10,378
7 to 12 months	–	15,904
Over 1 year	<b>16,126</b>	15,813
	<u><b>24,470</b></u>	<u>48,248</u>

*Note:*

As at the date of this results announcement, trade receivables amounting to RMB7,440,000 had been received.

### 13 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares '000	Share capital RMB '000	Share premium RMB '000	Total RMB '000
At 1 January 2022	974,400	8,592	212,502	221,094
Issue of shares under open offer (Note i)	584,640	5,028	15,083	20,111
Issue of shares under creditors' scheme arrangement (Note ii)	59,215	545	5,888	6,433
Transaction cost attributable to issue of shares (Note iii)	n/a	–	(232)	(232)
At 31 March 2023 and 1 April 2023	1,618,255	14,165	233,241	247,406
Issue of shares under debt capitalisation before share consolidation (Note iv)	73,104	675	5,674	6,349
At the date before share consolidation	1,691,359	14,840	238,915	253,755
Share consolidation (Note v)	(845,679)	n/a	n/a	n/a
Issue of shares under debt capitalisation (Note vi)	250,000	4,671	14,012	18,683
At 31 March 2024	<u>1,095,680</u>	<u>19,511</u>	<u>252,927</u>	<u>272,438</u>

The total number of authorised share capital of the Company comprised 1,500,000,000 ordinary shares with a par value of HK\$0.02 each as at 31 March 2024 (2023: HK\$0.01 each of 3,000,000,000 ordinary shares).

*Notes:*

- (i) On 25 July 2022, the Company completed an open offer on the basis of three new shares of the Company for every five existing shares of the Company held on 15 July 2022 at a subscription price of HK\$0.04 per share and issued 584,640,000 new shares.
- (ii) On 11 November 2022, the Company issued 59,215,000 ordinary shares under general mandate. The shares were issued to settle part of the consideration of the bonds payable during the fifteen months ended 31 March 2023.

### 13 SHARE CAPITAL AND SHARE PREMIUM – continued

- (iii) The transaction costs in relation to issue of shares of HK\$270,000 (equivalent to approximately RMB232,000) were debited to equity under share premium account during the fifteen months ended 31 March 2023.
- (iv) On 21 April 2023, the Company issued 73,104,000 ordinary shares under general mandate. The shares were issued to settle other loan principal with related interest of HK\$3,460,000 and HK\$926,000 (equivalent to approximately RMB3,012,400 and RMB810,000) respectively.
- (v) On 24 October 2023, the Company completed a share consolidation on the basis of every two existing shares consolidated into one consolidated share.
- (vi) On 20 December 2023, the Company issued 250,000,000 ordinary shares under specific mandate. The shares were issued to settle the amount due to a substantial shareholder, Mr. Wong Tseng Hon of HK\$20,000,000 (equivalent to approximately RMB17,841,000).

### 14 TRADE AND OTHER PAYABLES

	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Trade payables	2	6
Other taxes payable	28,102	29,890
Accrued expenses	14,580	18,058
Interest payable	683	5,898
Provision for legal case ( <i>Note 5</i> )	4,252	–
Others	4,845	4,997
	<u>52,464</u>	<u>58,849</u>

The following is an ageing analysis of trade payables presented based on the invoice dates.

	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Within 3 months	<u>2</u>	<u>6</u>

## 15 DISPOSAL OF A SUBSIDIARY

In December 2023, the Group entered into a sale and purchase agreement with Shandong Fulian Shangye Limited to dispose of its indirect wholly owned subsidiary, Dasen (Heze) Biomass Energy Limited at a total consideration of RMB21,010,000.

The fair value of identifiable assets and liabilities of Dasen (Heze) Biomass Energy Limited as at the date of disposal were as follows:

	21 December 2023 <i>RMB'000</i>
Plant and equipment	162
Investment properties	28,518
Cash and cash equivalents	–
Accruals and other payables	(2,550)
Tax payables	(499)
	<hr/>
Net assets disposed of	25,631
Release of other reserve - statutory reserve	(6,408)
Consideration received	(21,010)
	<hr/>
Gain on disposal of a subsidiary	(1,787)
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration	21,010
Less: cash and cash equivalents disposed of	–
	<hr/>
	21,010
	<hr/> <hr/>

## 16 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the year.

## **EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT**

### **DISCLAIMER OF OPINION**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Multiple uncertainties relating to going concern**

As described in Note 2(b) to the consolidated financial statements, for the year ended 31 March 2024, the Group incurred a net loss of RMB54,357,000 and recorded a net operating cash outflow of RMB15,221,000. As at 31 March 2024, the Group recorded a net current liabilities of RMB51,182,000 and net liabilities of RMB9,663,000, where the Group's current borrowings amounted to RMB22,423,000, comprising bank borrowing of RMB8,100,000 and other loans payable of RMB14,323,000 from independent third parties in the People's Republic of China (the "PRC") and Hong Kong, while the Group's cash and cash equivalents amounted to RMB979,000 only. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The directors of the Company have been taking a number of measures to improve the Group's liquidity and financial position, to refinance its operations and to restructure its borrowings, which are set out in Note 2(b) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group fail to achieve the plans and measures set out in Note 2(b), it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Up to the date of this report, no information or agreement is obtained about the approval from the bank and other loan lenders as to whether they will extend the repayment. Accordingly, we were unable to obtain sufficient audit evidence about the appropriateness of the preparation of the consolidated financial statements on a going concern basis due to the combined effects of the multiple uncertainties described above.

## **FINANCIAL REVIEW**

### **Review of results**

The consolidated revenue of the Group was approximately RMB11.6 million for the 2024 Year, representing a decrease of 80.5% from approximately RMB59.5 million for the 2023 Period. Due to the intense competition in the plywood industry, the plywood product business could only generate very slim or even no margin during the 2024 Year. As such, the Group deliberately reduced the business scale of the plywood product business during the 2024 Year.

On the other hand, to horizontally expand the wood operations of the Group so as to broaden the revenue source, the Group formed a strategic alliance with the Alliance Factory, which is principally engaged in the manufacture of interior decorative materials and furniture. Under the strategic alliance arrangement, the Group could earn service revenue for referring customers such as property developers to the Alliance Factory for the purchase of their products, and the Alliance Factory will also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements. During the 2024 Year, the Group had successfully introduced a Thai property project to the Alliance Factory for custom made wood furniture and generated revenue of approximately RMB8.5 million as referral fee. Currently, the Group is in negotiation with two property projects for referral to the Alliance Factory and is expected to generate referral fee for the year ending 31 March 2025. The Group focused on clients with better margin which resulted in the low revenue.

The consolidated gross profit of the Group for 2024 Year was approximately RMB10.5 million, representing a turnaround from the gross loss of RMB5.1 million for the 2023 Period. For the 2024 Year, the gross profit margin was 90.5% as compared to the gross loss margin of 8.6% for the 2023 Period. The turnaround was mainly due to the reduction of business scale of the plywood product business and the referral income generated from the Alliance Factory which had significantly higher margin.

The total selling and administrative expenses were approximately RMB19.5 million for the 2024 Year as compared to approximately RMB22.9 million for the 2023 Period. The significant drop in overall expenses for the 2024 Year reflected that the 2023 Period was for a period of 15 months as compared to 12 months for the 2024 Year, and that the Company incurred significant costs for debt-restructuring during the 2023 Period.

The allowance for expected credit losses, net was approximately RMB31.7 million for the 2024 Year as compared to approximately RMB19.9 million for the 2023 Period. The significant increase for the 2024 Year reflected further impairment losses made to irrecoverable long overdue receivables brought forward from the 2023 Period in accordance with the expected credit loss model adopted and consistently applied by the Group.

Other income, gains or (losses) for the 2024 Year was a net loss of approximately RMB7.4 million as compared to a net gain of approximately RMB3.2 million for the 2023 Period. The net loss for the 2024 Year mainly reflected the impairment loss on inventories and investment properties, fair value change on financial assets and provision for legal case which was marginally offset by the gain on disposal of a subsidiary, namely Dasen (Heze) Biomass Energy Limited (大森(荷澤)生物質能源有限公司). The net gain for the 2023 Period mainly resulted from the net effect of the gain on debt-restructuring and impairment loss on investment properties.

Finance costs for the 2024 Year were approximately RMB3.9 million as compared to approximately RMB7.1 million which was commensurate with the level of interest-bearing liabilities for the respective periods.

The Group's income tax expense for both the 2024 Year and the 2023 Period was nil.

The total comprehensive expenses attributable to owners of the Company for the 2024 Year was approximately RMB53.0 million, which is stable as compared to the 2023 Period. Basic loss per share for the 2024 Year was RMB5.8 cents compared to the basic loss per share of RMB6.9 cents for the 2023 Period.

### **Gearing Ratio**

The gearing ratio of the Group is calculated based on the total interest-bearing debts divided by the total equity of the Company as at the respective period and multiplied by 100%. As at 31 March 2024, the Group's total interest-bearing debts amounted to approximately RMB29.7 million, which comprised of borrowings of approximately RMB22.4 million and convertible bond payables of approximately RMB7.3 million. As at 31 March 2024, the Group had negative equity of approximately RMB9.7 million. Given the negative equity, the gearing ratio of the Group as at 31 March 2024 is not applicable (31 March 2023: approximately 171.5%).

### **Current assets and liabilities**

As at 31 March 2024, the Group held current assets of approximately RMB40.6 million (31 March 2023: RMB71.5 million), mainly comprising inventories, trade and other receivables, financial assets at fair value through profit or loss and cash and cash equivalents.

Cash and cash equivalents balance as at 31 March 2024 dropped to approximately RMB1.0 million as compared to approximately RMB6.9 million as at 31 March 2023. The decrease in cash and cash equivalents balance mainly reflected the unused fund from fund raising activities carried out by the Group during the 2023 Period being utilized for settlement of payables during the 2024 Year.



The Group's inventory balances as at 31 March 2024 comprised of work-in-progress and finished goods for plywood products. The decrease in the inventory balances from approximately RMB1.9 million as at 31 March 2023 to approximately RMB0.4 million as at 31 March 2024 is mainly due to impairment made on obsolete inventories.

Trade and other receivables balance as at 31 March 2024 mainly represented outstanding receivables balance from customers of our plywood products and related services. There was a decrease in trade and other receivables balance of approximately RMB23.7 million, from approximately RMB62.6 million as at 31 March 2023 to approximately RMB38.9 million as at 31 March 2024. The decrease in trade receivables balance was mainly due to the increase in accumulated allowance for expected credit losses of trade receivables by approximately RMB30.3 million from approximately RMB124.5 million as at 31 March 2023 to approximately RMB154.8 million as at 31 March 2024 as such receivables became long overdue with increased difficulties for collection.

As at 31 March 2024, the Group's total current liabilities amounted to approximately RMB91.7 million, as compared to approximately RMB114.8 million as at 31 March 2023. The decrease was mainly due to the combined effect of the reduction in trade and other payables of approximately RMB6.4 million, amount due to related parties of approximately RMB7.7 million and borrowings of approximately RMB15.3 million.

#### **Non-current assets**

Non-current assets principally include investment properties, right-of-use assets and property, plant and equipment.

Investment properties amounted to approximately RMB34.1 million as at 31 March 2024 (31 March 2023: RMB66.9 million). Investment properties are stated at costs less accumulated depreciation and accumulated impairment as determined with reference to the independent valuer's valuation as at 31 March 2024. The decrease in balance was mainly due to the disposal of the subsidiary holding an investment property for the settlement of certain loans. For further details of the disposal, please refer to the announcement of the Company dated 21 December 2023.

As at 31 March 2024, the Group's right-of-use assets and property, plant and equipment are valued at approximately RMB2.7 million and RMB4.9 million respectively (31 March 2023: RMB2.8 million and RMB5.4 million respectively). The decreases reflect depreciation charges for the 2024 Year.

## Capital Structure

### Borrowings

As at 31 March 2024, the Group's borrowings amounted to approximately RMB22.4 million (31 March 2023: RMB37.7 million) in total, comprising approximately RMB8.1 million (31 March 2023: RMB8.5 million) bank borrowings, and approximately RMB14.3 million (31 March 2023: RMB29.2 million) other loans in the PRC and Hong Kong.

The Group's bank borrowings are secured by right-of-use assets, plants and investment properties of the Group, and certain guarantees provided to the banks by present director and individual as at 31 March 2024.

On 28 June 2021, the Company was being notified by Meisen (Shandong) Wood Limited ("**Meisen (SD)**") and Dasen (Heze) Biomass Energy Limited ("**Dasen (Heze)**"), indirectly wholly-owned subsidiaries of the Company incorporated in the People's Republic of China (the "**PRC**"), that they were respectively named as defendants (the "**Defending Subsidiaries**") of the civil lawsuits filed by China Construction Bank Chengwu Branch, the PRC (the "**Plaintiff**") at the Court (the "**Court**") of Chengwu County of Shandong Province, the PRC (the "**Lawsuits**"), relating to the recovery of outstanding loan amount due to the Plaintiff by Meisen (SD). The orders sought by the Plaintiff against the Defending Subsidiaries are as follows: (1) a liquidated sum of RMB7,450,896.75 as the aggregate unpaid principal amount; (2) interest, penalty and compound interest on the sum in (1) above (the interest amount up to 4 June 2021 claimed by the Plaintiff is RMB23,988.24); (3) costs of the action of claim by the Plaintiff; and (4) further and/or other relief.

On 30 August 2021, the Company released an announcement relating to the hearing of the Lawsuits held on 18 August 2021 indicating that the court subsequently decided to rule in favour of the Plaintiff. Since April 2022, the local PRC management has been verbally notified by the relationship manager of China Construction Bank Chengwu Branch that the bank has started the internal procedure to sell the overdue debts of Meisen (SD) and Dasen (Heze) to a Shandong asset management company. In early August 2022, the local PRC management was being notified that the sale was completed and the Shandong asset management company being the creditor of the overdue debts. In December 2022, a Zhejiang asset management company became the new creditor after they purchased the debts from the Shandong asset management company.

On 11 April 2023, Dasen (Heze) and Meisen (SD) received notices from the Court which stated that, among others, the Zhejiang asset management company had applied to the Court for the enforcement of the pledge under the outstanding overdue debts in the aggregate principal amount of approximately RMB16 million (the “**Debts**”), if each of Dasen (Heze) and Meisen (SD) fails to repay the unpaid principal amount, interest and costs of the action of claim within three days from the date of notice.

On 17 October 2023, the Group received a notice from the Court dated 16 October 2023 that judgement has been made by the Court to proceed with the auction of the Property on the judicial auction platform of the Court on Taobao. The Group has also been in discussion with the Creditor on how the Debts can be settled in phases. The first auction took place on 28 November 2023 to 29 November 2023 and the Property was not sold as there were no bidder bidding the Property with a price equal to or higher than the base price set by the Court. The Group expected that the Court would arrange a second auction with a reduced base auction price in December 2023 and there could be no bidder for the Property in the second auction.

In light of the uncertainty in the time required for completing the auction and the final auction price under the then property and financial market situation, the Directors considered it appropriate to dispose of the Property by selling the shareholding of the subsidiary holding the Property as it would allow the Group to secure the fund required to repay the debts in question with more certainty in a relatively shorter timeframe. On 21 December 2023, the Group entered into a disposal agreement with an independent third party to dispose the equity interests of Dasen (Heze), the company which held the Property (the “**Disposal**”). For details of the Disposal, please refer to the announcement of the Company dated 21 December 2023.

## **Debt restructuring**

### ***Debt Capitalisation***

On 20 January 2023, the Company entered into a settlement deed with a creditor of the Company, pursuant to which, among others, the Company has conditionally agreed to capitalise an aggregate amount of approximately HK\$4,386,247 owed to the creditor by the Company, the creditor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 73,104,116 capitalisation Shares at the issue price of HK\$0.060 per capitalisation Share under the general mandate. The capitalisation Shares was allotted and issued by the Company on 21 April 2023.

On 7 September 2023, the Company entered into a settlement deed with Mr. Wong Tseng Hon (“**Mr. Wong**”), the controlling Shareholder, pursuant to which, among others, the Company has conditionally agreed to capitalise an aggregate amount of HK\$20,000,000 owed to Mr. Wong, Mr. Wong has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 500,000,000 capitalisation Shares at the issue price of HK\$0.04 per capitalisation Share. The subscription was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 19 October 2023. The capitalisation Shares have been allotted and issued by the Company on 20 December 2023.

## ***Convertible Bonds***

On 3 March 2023, the Company entered into a placing agreement with a placing agent in relation to the placing of convertible bonds with an aggregate principal amount of up to HK\$9,000,000. On 23 March 2023, the convertible bonds with an aggregate principal amount of HK\$7,800,000 have been issued by the Company to eight placees. The convertible bonds carries an interest of 10% which is payable on a semi-annual basis in arrears from the date of issue, and will mature on 23 March 2025. The conversion price is HK\$0.3 per convertible bonds after share consolidation and the holders are entitled to convert them into ordinary Shares on the maturity date.

The Company received net proceeds of approximately HK\$7.6 million and approximately HK\$5.8 million (equivalent to approximately RMB5.1 million) has been used for the capital injection to a 51% owned subsidiary, namely Shenzhen Vfuchong Qucheng Technology Co., Ltd.\* (深圳市微付充趣程科技有限公司) (the “**Shenzhen Vfuchong**”) and the remaining HK\$1.8 million has been utilised for general working capital of the Group.

## **Income tax**

The Group’s income tax for the 2024 Year was nil (2023 Period: nil), as per tax assessment from local government.

## **Security on assets**

As at 31 March 2024, certain assets of the Group with an aggregated carrying value of approximately RMB41.0 million were pledged to the bank as security for the loan facility (31 March 2023: RMB69.5 million).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 March 2024 (31 March 2023: Nil).

## **CAPITAL COMMITMENTS**

As at 31 March 2024, the Group had no capital commitments contracted but not provided for (31 March 2023: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the 2024 Year, save as disclosed elsewhere in this results announcement, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

## **EMPLOYEES AND REMUNERATION POLICIES**

The total salaries and related costs granted to employees, including directors' emoluments amounted to approximately RMB4.3 million for the 2024 Year.

The Group's remuneration policy and share option scheme determine benefits of employees (including Directors) based on the duties and performance of each individual. The Group has also participated in the mandatory provident fund retirement benefit scheme in Hong Kong, and the central pension scheme operated by the local municipal government in Mainland China.

## **DIVIDENDS AND DISTRIBUTION**

The Board did not recommend the payment of a final dividend to shareholders for the 2024 Year (31 March 2023: Nil).

The Board did not declare an interim dividend to shareholders for the 2024 Year (31 March 2023: Nil).

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in-compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Group and to assist the Board to fulfill its responsibilities over audit. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The annual results of the Group for the 2024 Year have also been reviewed by the Audit Committee.

As at 31 March 2024, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Shiu Yuen Sammy, Mr. Kwok Yiu Tong and Ms. Lo Yuk Yee and one non-executive Director, namely Mr. Sun Yongtao.

Mr. Chan Shiu Yuen Sammy serves as the chairman of the Audit Committee. The annual results of the Company for the 2024 Year has been reviewed by the Audit Committee.

## **THE AUDIT MODIFICATION**

Confucius International CPA Limited issued a disclaimer of opinion with multiple uncertainties relating to going concern on the consolidated financial statements of the Group for the year ended 31 March 2024. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" on pages 22 to 23 of this results announcement.

The Directors have reviewed the Group's cash flow projections prepared by management, covering a period of not less than twelve months from the date of this results announcement, and are of the view that, taking into account the below mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of this results announcement. Accordingly, the Directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

*The Directors have undertaken substantial work to improve the Group's liquidity and financial position, refinance its operations and restructure its debts for the year ended 31 March 2024.*

## **Debt Capitalisation**

On 20 January 2023, the Company entered into a settlement deed with a creditor of the Company, pursuant to which, among others, the Company has conditionally agreed to capitalise an aggregate amount of approximately HK\$4,386,247 owed to the creditor by the Company, the creditor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 73,104,116 capitalisation Shares at the issue price of HK\$0.060 per capitalisation Share under the general mandate. The capitalisation Shares was allotted and issued by the Company on 21 April 2023. The Group may further negotiate with other creditors of the Group for settlement of their debts through capitalisation issues.

On 7 September 2023, the Company entered into a settlement deed with Mr. Wong Tseng Hon (“**Mr. Wong**”), the controlling Shareholder, pursuant to which, among others, the Company has conditionally agreed to capitalise an aggregate amount of HK\$20,000,000 owed to Mr. Wong, Mr. Wong has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 500,000,000 capitalisation Shares at the issue price of HK\$0.04 per capitalisation Share. The subscription was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 19 October 2023. The capitalisation Shares have been allotted and issued by the Company on 20 December 2023.

## **Convertible Bonds**

On 3 March 2023, the Company entered into a placing agreement with a placing agent in relation to the placing of convertible bonds with an aggregate principal amount of up to HK\$9,000,000. On 23 March 2023, the convertible bonds with an aggregate principal amount of HK\$7,800,000 have been issued by the Company to eight placees. The convertible bonds carries an interest of 10% which is payable on a semi-annual basis in arrears from the date of issue, and will mature on 23 March 2025. The conversion price is HK\$0.15 per convertible bonds and the holders are entitled to convert them into ordinary Shares on maturity date.

The Company received net proceeds of approximately HK\$7.6 million and approximately HK\$5.8 million (equivalent to approximately RMB5.1 million) has been used for the capital injection to Shenzhen Vfuchong and the remaining HK\$1.8 million has been utilised for general working capital of the Group.

## **Disposal of Certain Assets of the Group**

Since March 2021, the Company conducted in depth discussions with a number of potential independent buyers on possible disposal of certain assets of the Group to repay the Group's bank borrowings in its PRC subsidiaries. With reference to the announcement of the Company dated 21 December 2023 regarding the Disposal, the Company has disposed the entire issued share capital of Dasen (Heze) to an independent third party and the Disposal was completed on 21 December 2023. Subsequent to the completion of the Disposal, the Group has fully repaid the loan due to a Zhejiang asset management company in the aggregate amount of approximately RMB21.2 million.

## **Financial Support from Major Shareholders**

The Company has received financial support from major shareholders in terms of cash advances made to support the Restructuring. The Company will continue to discuss with the major shareholders for other forms of financial support such as providing guarantees for new bank borrowings to be obtained in Hong Kong and China.

## **Fund Raising Exercises**

The Company will consider various fund raising exercises to reduce its debt level, including but not limited to open offer, rights issue, placing of new Shares to independent individuals, corporate and/or institutional and professional investors and/or debt capitalisation, depending on the then prevailing market conditions. As at the date of this results announcement, no agreement has been entered in respect of any fund raising exercises.

## **New Business Initiatives**

One of the uncertainties that may affect the going concern basis used in the consolidated financial statements of the Group for the 2024 Year is the outcome of, among other things, whether the Group can successfully cooperate with the Alliance Factory to develop the new business stream of the plywood business, roll out the new business of Shenzhen Vfuchong, control costs, contain capital expenditures, and accelerate the collection of trade and other receivables so as to enhance the Group's working capital position. The Group has already made some progress in these areas in 2022 and 2023, in particular on the restructuring of the debts position of the Group which is reflected in the financial position as at 31 March 2024. The Group will continue to accelerate the improvements in the coming year.

During the 2024 Year, the Group focused on the further reduction of debts in order to improve the Group's financial position. During the year, the Group completed (i) the debt capitalisation issue, which settled the debt owed by the Company to Mr. Wong in the aggregate amount of HK\$20 million; and (ii) the Disposal which fully repaid the loan due to a Zhejiang asset management company in the aggregate amount of approximately RMB21.2 million. Due to the intense competition of plywood products business in the PRC as competitors of the Group in Guangxi province further lowered their price as they used lower end wood as raw materials, the Group could only generate very slim or even no margin from the sale of plywood products. With a view to reduce the operating costs, the Group deliberately downscaled the plywood product business during the Year 2024. On the other hand, the Group commenced to cooperate with the Alliance Factory where the Group could earn service revenue for referring customers such as property developers to the Alliance Factory for the purchase of their products, and the Alliance Factory will also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements. While the cooperation with the Alliance Factory is still in development stage, the Group had successfully introduced one important Thai property project to the Alliance Factory for custom made wood furniture and generated revenue of approximately RMB8.5 million as referral fee during the Year 2024. Currently, the Group is in negotiation with two property projects for referral to the Alliance Factory. The Directors expect that leveraging on the Group's connection with property projects and the further development of this business, the Group would be able to derive increasing income from this business during the year ending 31 March 2025.

In March 2023, the Group entered into a joint venture agreement with Shenzhen Vfuchong Technology Co., Ltd.\* (深圳市微付充科技有限公司) and Shenzhen Qucheng Tongchuang Technology Enterprise (Limited Partnership)\* (深圳市趣程同創科技企業(有限合夥)) in relation to the operation of Shenzhen Vfuchong. Shenzhen Vfuchong will be engaged in the operation of a hotel virtual room card system and an e-commerce membership club platform. During the 2024 Year, Shenzhen Vfuchong has developed the first system for the booking of hotel rooms, where the Group would be able to generate commission income for each booking transactions. It is expected that Shenzhen Vfuchong will broaden the income stream of the Group and begin to generate revenue during the year ending 31 March 2025. Following the development and establishment of presence by Shenzhen Vfuchong in the industry, the Directors expect that Shenzhen Vfuchong would be able to contribute a new revenue stream to the Group and aid to turnaround the Group's loss making position. Our management team will strive to develop the new export business for the plywood products and the business of Shenzhen Vfuchong while maintaining stringent cost control measures.

Taking into consideration the action plan (as set out in the sections above) suggested by the Directors, the management of the Company (the “**Management**”) and the audit committee of the Company are of the view that, barring unforeseen circumstances, the Audit Modification relating to going concern can be removed and will be removed in the next financial year (i.e. the year ending 31 March 2025).



## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the 2024 Year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the 2024 Year.

## **ANNUAL GENERAL MEETING**

As at the date of this results announcement, the Company has not determined the date when the Company's annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules, which is expected to be published in July 2024.

## **PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The annual report of the Company will be despatched to the shareholders of the Company and published on the above website in July 2024.

By order of the Board  
**Da Sen Holdings Group Limited**  
**Sun Yongtao**  
*Chairman and Non-Executive Director*

Hong Kong, 28 June 2024

*As at the date of this results announcement, the executive Directors are Mr. WONG Ben and Mr. ZHANG Ayang (duties suspended); the non-executive Director is Mr. SUN Yongtao; and the independent non-executive Directors are Mr. CHAN Shiu Yuen Sammy, Mr. KWOK Yiu Tong and Ms. LO Yuk Yee.*