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HONG KONG CHAOSHANG GROUP LIMITED

香港潮商集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

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

The board (the “Board”) of directors (the “Directors”) of Hong Kong ChaoShang Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2024, together with comparative audited figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	3	144,950	198,924
Cost of sales		<u>(112,283)</u>	<u>(166,056)</u>
Gross profit		32,667	32,868
Other income	5	5,841	9,569
Reversal of impairment loss/(Impairment loss) on finance lease receivables		3,376	(3,931)
Impairment loss on trade and account receivables		(27,462)	(13,092)
Reversal of impairment loss on factoring receivables		43	831
Impairment loss on loan and interest receivables		(14,159)	(3,569)
Impairment loss on deposits and other receivables		(6,846)	(1,194)
Loan and interest receivables written off		(4,407)	–
Loss on changes in fair value of investment property		(763)	(2,185)
Impairment loss on intangible assets		(11,275)	(4,700)
Impairment loss on goodwill		–	(3,995)
Gain on changes in fair value of other financial assets		–	11,806
Loss on changes in fair value of held-for-trading investments		(3,474)	(4,840)
Gain on disposal of held-for-trading investments		10,815	5,523
Gains on bargain purchase of interest in an associate		–	820
Loss on disposal of interest in an associate		(5,868)	–
Loss on de-registration of a subsidiary		(10,579)	–
Administrative expenses		<u>(55,497)</u>	<u>(59,697)</u>
Operating loss		(87,588)	(35,786)
Finance costs		(793)	(2,156)
Share of results of an associate		<u>(3,386)</u>	<u>(6,913)</u>
Loss before taxation	6	(91,767)	(44,855)
Taxation	7	<u>4,204</u>	<u>3,062</u>
Loss for the year		<u><u>(87,563)</u></u>	<u><u>(41,793)</u></u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Share of other comprehensive income of an associate		5	37
– Exchange differences arising on translation of foreign operations		(31,909)	(49,464)
– Realisation of exchange reserve and derecognition of non-controlling interests upon de-registration of a subsidiary		10,199	–
– Realisation of exchange reserve upon disposal of interest in an associate		(42)	–
		<u>(21,747)</u>	<u>(49,427)</u>
Total comprehensive loss for the year		<u>(109,310)</u>	<u>(91,220)</u>
Loss for the year attributable to:			
Owners of the Company		(87,432)	(41,749)
Non-controlling interests		(131)	(44)
		<u>(87,563)</u>	<u>(41,793)</u>
Loss for the year			
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(122,138)	(92,187)
Non-controlling interests		12,828	967
		<u>(109,310)</u>	<u>(91,220)</u>
Total comprehensive loss for the year			
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9	<u><u>(2.12) cents</u></u>	<u><u>(1.01) cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		31,482	36,904
Investment property		37,044	39,900
Right-of-use assets		8,363	16,727
Net investment in sublease		–	1,902
Interest in an associate		–	14,146
Intangible assets		5,525	16,800
Goodwill		1,000	1,000
Other non-current assets		230	230
Finance lease receivables	<i>10</i>	–	464
Loan and interest receivables	<i>13</i>	98,851	123,120
Deferred tax assets		21,690	17,498
		<u>204,185</u>	<u>268,691</u>
Current assets			
Amount due from an associate		–	3,112
Trade and account receivables	<i>11</i>	230,675	283,775
Factoring receivables	<i>12</i>	18,449	20,258
Finance lease receivables	<i>10</i>	22,051	33,423
Loan and interest receivables	<i>13</i>	65,586	55,106
Deposits, prepayments and other receivables		68,695	74,272
Tax recoverable		203	7,694
Held-for-trading investments		12,957	7,443
Net investment in sublease		1,902	1,815
Cash held on behalf of clients		13,815	22,016
Cash and bank balances		129,045	138,497
		<u>563,378</u>	<u>647,411</u>
Total assets		<u>767,563</u>	<u>916,102</u>
EQUITY			
Capital and reserves			
Share capital		82,412	82,412
Reserves		641,373	763,511
Total equity attributable to owners of the Company		723,785	845,923
Non-controlling interests		–	(12,828)
Total equity		<u>723,785</u>	<u>833,095</u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	10,318
Deferred tax liabilities		<u>1,254</u>	<u>3,337</u>
		<u>1,254</u>	<u>13,655</u>
Current liabilities			
Trade and account payables	<i>14</i>	13,909	33,105
Lease liabilities		10,705	10,564
Accruals, other payables and deposit received		8,491	15,800
Amount due to a Director		70	1,536
Amount due to non-controlling interests		–	244
Tax payables		<u>9,349</u>	<u>8,103</u>
		<u>42,524</u>	<u>69,352</u>
Total liabilities		<u>43,778</u>	<u>83,007</u>
Total equity and liabilities		<u>767,563</u>	<u>916,102</u>
Net current assets		<u>520,854</u>	<u>578,059</u>
Total assets less current liabilities		<u>725,039</u>	<u>846,750</u>

1 GENERAL INFORMATION

Hong Kong ChaoShang Group Limited is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton II, Bermuda. The principal place of business in Hong Kong is situated at Suite 2202, 22nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in trading, money lending, factoring, finance leasing and financial services businesses.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 28 June 2024.

2 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, except for investment property and held-for-trading investments that have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements in the annual report.

(i) ***Effect of adopting new standard, amendments to standards and practice statement***

For the year ended 31 March 2024, the Group adopted the following new standard, amendments to standards and practice statement that are effective for the accounting periods beginning on or after 1 April 2023 and relevant to the operations of the Group:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts and related amendments

The Group has assessed the impact of the adoption of these new standard, amendments to standards and practice statement and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

(ii) ***Amendments to standards and interpretation that are not yet effective***

The following amendments to standards and interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 April 2024, but have not been early adopted by the Group:

HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current (effective from 1 January 2024)
HKAS 1 (Amendment)	Non-current Liabilities with Covenants (effective from 1 January 2024)
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (effective from 1 January 2024)
HKAS 21 (Amendment)	Lack of Exchangeability (effective from 1 January 2025)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no mandatory effective date)
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback (effective from 1 January 2024)
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (effective from 1 January 2024)

The Group will adopt the above amendments to standards and interpretation as and when they become effective. The Group has commenced a preliminary assessment of the likely impact of adopting the above amendments to standards and interpretation and expects the adoption will have no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

3 REVENUE

Revenue represents (i) net invoiced value of goods sold, after allowances for returns and trade discount; (ii) interest income from money lending, factoring, finance leasing and margin financing; (iii) brokerage commission income from securities dealing; (iv) underwriting and placing commission income; and (v) asset management fee income.

An analysis of the Group's revenue for the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of goods	113,181	169,218
Interest income from money lending, factoring, finance leasing and margin financing	28,946	23,284
Brokerage commission income	1,068	2,063
Underwriting and placing commission income	1,755	4,159
Asset management fee income	–	200
	<u>144,950</u>	<u>198,924</u>
Revenue from contracts with customers within HKFRS 15:		
<i>Recognised at a point of time</i>		
Sales of goods	113,181	169,218
Brokerage commission income	1,068	2,063
Underwriting and placing commission income	1,755	4,159
	<u>116,004</u>	<u>175,440</u>
<i>Recognised over time</i>		
Asset management fee income	–	200
	<u>116,004</u>	<u>175,640</u>
Revenue from other sources:		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	28,946	23,284
	<u>144,950</u>	<u>198,924</u>

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of the Company. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segment.

The Group's reportable and operating segments are as follows:

- Trading segment engages in trading of goods in the PRC and Hong Kong;
- Money lending and factoring segment engages in provision of loan financing in Hong Kong, loan and factoring financing in the PRC;
- Finance leasing segment engages in provision of finance leasing and sale-leaseback in the PRC; and
- Financial services segment engages in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned by each segment without allocation of incomes or expenses which are not recurring in nature and unrelated to the Group's operating performance, including central administration costs, Directors' emoluments, loss on changes in fair value of investment property, gain on changes in fair value of other financial assets, loss on changes in fair value of held-for-trading investments, gain on disposal of held-for-trading investments, gains on bargain purchase of interest in an associate, loss on disposal of interest in an associate, loss on de-registration of a subsidiary, share of results of an associate, finance costs, impairment loss on deposits and other receivables (non-trading nature), exchange gain/(loss), rental income, sublease interest income and interest income from cash and bank balances.

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than investment property, held-for-trading investments, net investment in sublease, interest in an associate, amount due from an associate, cash and bank balances, tax recoverable, deferred tax assets and other corporate assets. All liabilities are allocated to operating segments other than amount due to a Director, tax payables, deferred tax liabilities and other corporate liabilities.

The Board assesses the performance of the operating segments based on their underlying operating loss, which is measured by loss before taxation.

(a) Segment revenue and results

Segment revenue and results	Year ended 31 March 2024				Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	
Segment revenue	113,181	16,831	8,940	5,998	144,950
Segment results	(29,802)	(7,865)	9,185	(20,266)	(48,748)
Impairment loss on intangible assets	-	-	-	(11,275)	(11,275)
	<u>(29,802)</u>	<u>(7,865)</u>	<u>9,185</u>	<u>(31,541)</u>	<u>(60,023)</u>
Corporate expenses					(23,424)
Operating loss					(83,447)
Corporate income					5,291
Loss on changes in fair value of investment property					(763)
Loss on changes in fair value of held-for-trading investments					(3,474)
Gain on disposal of held-for-trading investments					10,815
Loss on disposal of interest in an associate					(5,868)
Loss on de-registration of a subsidiary					(10,579)
Finance costs					(356)
Share of results of an associate					(3,386)
Loss before taxation					(91,767)
Taxation					4,204
Loss for the year					<u>(87,563)</u>

Year ended 31 March 2023					
	Trading	Money lending and factoring	Finance leasing	Financial services	Total
Segment revenue and results	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	169,218	15,302	1,879	12,525	198,924
Segment results	(6,336)	9,415	(6,739)	(24,080)	(27,740)
Impairment loss on intangible assets	-	-	-	(4,700)	(4,700)
Impairment loss on goodwill	-	-	-	(3,995)	(3,995)
	<u>(6,336)</u>	<u>9,415</u>	<u>(6,739)</u>	<u>(32,775)</u>	<u>(36,435)</u>
Corporate expenses					<u>(18,923)</u>
Operating loss					(55,358)
Corporate income					7,729
Loss on changes in fair value of investment property					(2,185)
Gain on changes in fair value of other financial assets					11,806
Loss on changes in fair value of held-for-trading investments					(4,840)
Gain on disposal of held-for-trading investments					5,523
Gains on bargain purchase of interest in an associate					820
Finance costs					(1,437)
Share of results of an associate					<u>(6,913)</u>
Loss before taxation					(44,855)
Taxation					<u>3,062</u>
Loss for the year					<u><u>(41,793)</u></u>

(b) **Segment assets and liabilities**

	As at 31 March 2024				
	Trading	Money	Finance	Financial	Total
Segment assets	HK\$'000	lending and factoring HK\$'000	leasing HK\$'000	services HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	516	470	29,339	131	30,456
Right-of-use assets	-	-	-	5,663	5,663
Intangible assets	-	-	-	5,525	5,525
Goodwill	-	-	1,000	-	1,000
Other non-current assets	-	-	-	230	230
Loan and interest receivables	-	98,851	-	-	98,851
	<u>516</u>	<u>99,321</u>	<u>30,339</u>	<u>11,549</u>	<u>141,725</u>
Current assets	<u>217,376</u>	<u>84,550</u>	<u>25,624</u>	<u>41,789</u>	<u>369,339</u>
	<u><u>217,892</u></u>	<u><u>183,871</u></u>	<u><u>55,963</u></u>	<u><u>53,338</u></u>	<u><u>511,064</u></u>
Unallocated:					
Net investment in sublease					1,902
Cash and bank balances					129,045
Others					125,552
					<u>256,500</u>
Total assets per statement of financial position					<u><u>767,563</u></u>
Segment liabilities					
	<u><u>900</u></u>	<u><u>905</u></u>	<u><u>1,391</u></u>	<u><u>21,196</u></u>	<u><u>24,392</u></u>
Unallocated:					
Amount due to a Director					70
Others					19,316
					<u>19,386</u>
Total liabilities per statement of financial position					<u><u>43,778</u></u>

As at 31 March 2023

Segment assets	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Non-current assets					
Property, plant and equipment	808	896	31,993	2,921	36,618
Right-of-use assets	–	–	–	11,326	11,326
Intangible assets	–	–	–	16,800	16,800
Goodwill	–	–	1,000	–	1,000
Other non-current assets	–	–	–	230	230
Finance lease receivables	–	–	464	–	464
Loan and interest receivables	–	123,120	–	–	123,120
	<u>808</u>	<u>124,016</u>	<u>33,457</u>	<u>31,277</u>	<u>189,558</u>
Current assets	<u>255,512</u>	<u>75,419</u>	<u>36,096</u>	<u>64,043</u>	<u>431,070</u>
	<u><u>256,320</u></u>	<u><u>199,435</u></u>	<u><u>69,553</u></u>	<u><u>95,320</u></u>	<u><u>620,628</u></u>
Unallocated:					
Net investment in sublease					3,717
Interest in an associate					14,146
Cash and bank balances					138,497
Others					139,114
					<u>139,114</u>
Total assets per statement of financial position					<u><u>916,102</u></u>
Segment liabilities	<u>15,248</u>	<u>484</u>	<u>7,294</u>	<u>33,640</u>	56,666
Unallocated:					
Amount due to a Director					1,536
Others					24,805
					<u>24,805</u>
Total liabilities per statement of financial position					<u><u>83,007</u></u>

(c) **Other segment information**

Other segment information	Year ended 31 March 2024					Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Unallocated HK\$'000	
Depreciation of property, plant and equipment	(264)	(442)	(958)	(2,806)	(269)	(4,739)
Depreciation of right-of-use assets	-	-	-	(5,664)	(2,700)	(8,364)
Capital expenditure	(71)	-	-	(16)	(1,009)	(1,096)
Reversal of impairment loss on finance lease receivables	-	-	3,376	-	-	3,376
Impairment loss on trade and account receivables	(27,393)	-	-	(69)	-	(27,462)
Reversal of impairment loss on factoring receivables	-	43	-	-	-	43
Impairment loss on loan and interest receivables	-	(14,159)	-	-	-	(14,159)
Impairment loss on deposits and other receivables	-	-	(910)	-	(5,936)	(6,846)
Loans and interest receivables written off	-	(4,407)	-	-	-	(4,407)
Loss on changes in fair value of investment property	-	-	-	-	(763)	(763)
Impairment loss on intangible assets	-	-	-	(11,275)	-	(11,275)
Loss on changes in fair value of held-for-trading investments	-	-	-	-	(3,474)	(3,474)
Gain on disposal of held-for-trading investments	-	-	-	-	10,815	10,815
Loss on disposal of interest in an associate	-	-	-	-	(5,868)	(5,868)
Loss on de-registration of a subsidiary	-	-	-	-	(10,579)	(10,579)
Share of results of an associate	-	-	-	-	(3,386)	(3,386)
Bank interest income	-	-	-	-	751	751
Finance costs	-	-	-	(437)	(356)	(793)
Taxation	-	-	-	-	4,204	4,204

Other segment information	Year ended 31 March 2023					
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	(486)	(466)	(1,277)	(2,888)	(169)	(5,286)
Depreciation of right-of-use assets	-	-	-	(5,663)	(2,700)	(8,363)
Capital expenditure	-	-	(118)	(17,019)	(1)	(17,138)
Impairment loss on finance lease receivables	-	-	(3,931)	-	-	(3,931)
Impairment loss on trade and account receivables	(5,747)	-	-	(7,345)	-	(13,092)
Reversal of impairment loss on factoring receivables	-	831	-	-	-	831
Impairment loss on loan and interest receivables	-	(3,569)	-	-	-	(3,569)
Impairment loss on deposits and other receivables	-	-	-	-	(1,194)	(1,194)
Loss on changes in fair value of investment property	-	-	-	-	(2,185)	(2,185)
Impairment loss on intangible assets	-	-	-	(4,700)	-	(4,700)
Impairment loss on goodwill	-	-	-	(3,995)	-	(3,995)
Gain on changes in fair value of other financial assets	-	-	-	-	11,806	11,806
Loss on changes in fair value of held-for-trading investments	-	-	-	-	(4,840)	(4,840)
Gain on disposal of held-for-trading investments	-	-	-	-	5,523	5,523
Gains on bargain purchase of interest in an associate	-	-	-	-	820	820
Share of results of an associate	-	-	-	-	(6,913)	(6,913)
Bank interest income	-	-	-	-	1,499	1,499
Finance costs	-	-	-	(719)	(1,437)	(2,156)
Taxation	-	-	-	-	3,062	3,062
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,062</u>	<u>3,062</u>

5 OTHER INCOME

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	751	1,499
Sublease interest income	135	223
Rental income	900	1,285
Government grants (<i>Note</i>)	–	710
Others	4,055	5,852
	5,841	9,569

Note: Government grants were subsidies from the Employment Support Scheme of the Government of HKSAR and other unconditional government subsidies received by the Group from relevant government bodies.

6 LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	112,091	165,803
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	5,163	6,083
Salaries, wages and other benefits (excluding Directors' emoluments)	18,022	15,161
Contribution to defined contribution plans (excluding Directors)	950	942
	<u>24,135</u>	<u>22,186</u>
Auditor's remuneration		
– Audit services	964	1,175
– Other services	–	80
Depreciation of property, plant and equipment	4,739	5,286
Depreciation of right-of-use assets	8,364	8,363
Rental expenses in respect of short-term lease	298	298
(Gain)/Loss on disposal of property, plant and equipment	(2)	6
(Reversal of impairment loss)/ Impairment loss on finance lease receivables	(3,376)	3,931
Impairment loss on trade and account receivables	27,462	13,092
Reversal of impairment loss on factoring receivables	(43)	(831)
Impairment loss on loan and interest receivables	14,159	3,569
Impairment loss on deposits and other receivables	6,846	1,194
Loan and interest receivables written off	4,407	–
Loss on changes in fair value of investment property	763	2,185
Impairment loss on intangible assets	11,275	4,700
Impairment loss on goodwill	–	3,995
Gain on changes in fair value of other financial asset	–	(11,806)
Loss on changes in fair value of held-for-trading investments	3,474	4,840
Gain on disposal of held-for-trading investments	(10,815)	(5,523)
Gains on bargain purchase of interest in an associate	–	(820)
Loss on disposal of interest in an associate	5,868	–
Loss on de-registration of a subsidiary	10,579	–
Share of results of an associate	<u>3,386</u>	<u>6,913</u>

7 TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporation income tax	<u>2,640</u>	<u>2,222</u>
	2,640	2,222
Deferred tax	<u>(6,844)</u>	<u>(5,284)</u>
Taxation credit	<u><u>(4,204)</u></u>	<u><u>(3,062)</u></u>

Hong Kong profits tax

Under the two-tiered profits tax rates regime, Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits of the qualifying entity of the Group and 16.5% on the estimated assessable profits above HK\$2,000,000. The assessable profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are continued to be taxed at a flat rate of 16.5%.

PRC corporate income tax

The PRC corporate income tax in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

8 DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

9 LOSS PER SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to shareholders	(87,432)	(41,749)
Weighted average number of ordinary shares, for the purposes of calculating basic loss per share (shares in thousands)	<u>4,120,600</u>	<u>4,120,600</u>
Basic and diluted loss per share	<u><u>HK(2.12) cents</u></u>	<u><u>HK(1.01) cents</u></u>

As there is no dilutive potential ordinary share outstanding as at 31 March 2024 and 2023, the diluted loss per share is equal to the basic loss per share.

10 FINANCE LEASE RECEIVABLES

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	26,089	47,064	26,080	46,681
In the second to fifth years, inclusive	<u>–</u>	<u>474</u>	<u>–</u>	<u>468</u>
	26,089	47,538	26,080	47,149
Less: Unearned finance income	<u>(9)</u>	<u>(389)</u>	<u>N/A</u>	<u>N/A</u>
Present value of minimum finance lease receivables	26,080	47,149	26,080	47,149
Less: Impairment loss	<u>(4,029)</u>	<u>(13,262)</u>	<u>(4,029)</u>	<u>(13,262)</u>
	<u>22,051</u>	<u>33,887</u>	22,051	33,887
Less: Current portion of finance lease receivables			<u>(22,051)</u>	<u>(33,423)</u>
Non-current portion of finance lease receivables			<u>–</u>	<u>464</u>

The carrying amounts of the finance lease receivables are denominated in RMB.

11 TRADE AND ACCOUNT RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Receivables arising from securities broking business:		
– Loans to margin clients	44,660	60,438
– Clearing houses	1	–
	<u>44,661</u>	<u>60,438</u>
Less: Impairment loss	<u>(28,499)</u>	<u>(28,431)</u>
	----- 16,162	----- 32,007
Receivables arising from asset management business	–	–
Receivables arising from trading business	<u>245,638</u>	<u>295,339</u>
	245,638	295,339
Less: Impairment loss	<u>(31,125)</u>	<u>(43,571)</u>
	----- 214,513	----- 251,768
Total trade and account receivables	<u><u>230,675</u></u>	<u><u>283,775</u></u>

No ageing analysis of cash clients account receivables and loans to margin clients is disclosed as in the opinion of the Directors, the ageing analysis is not meaningful in view of the nature of the cash clients account receivable arising from securities broking and the revolving margin loans.

An aged analysis of receivables arising from trading and asset management businesses, net of allowance for impairment, at the end of the reporting period, based on the date of invoice (or date of revenue recognition, if earlier), is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	16,871	26,967
31 to 60 days	19,899	3,526
61 to 90 days	–	–
91 to 180 days	2,653	11,702
More than 180 days	<u>175,090</u>	<u>209,573</u>
	----- <u><u>214,513</u></u>	----- <u><u>251,768</u></u>

The aged analysis of receivables arising from trading and asset management businesses that are not considered to be impaired is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Neither past due nor impaired	39,157	30,493
Past due but not impaired		
0 to 30 days	–	4,041
31 to 90 days	21,540	7,661
91 to 180 days	27,487	9,279
more than 180 days	126,329	200,294
	<u>214,513</u>	<u>251,768</u>

12 FACTORING RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Factoring receivables	18,360	20,862
Interest receivables	639	22
	<u>18,999</u>	<u>20,884</u>
Less: Impairment loss	(550)	(626)
	<u>18,449</u>	<u>20,258</u>

The carrying amounts of the factoring receivables are denominated in RMB.

13 LOAN AND INTEREST RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivables	176,908	182,951
Interest receivables	<u>32,267</u>	<u>26,952</u>
Loan and interest receivables	209,175	209,903
Less: Impairment loss	<u>(44,738)</u>	<u>(31,677)</u>
	<u>164,437</u>	<u>178,226</u>
Current portion of loan and interest receivables	65,586	55,106
Non-current portion of loan and interest receivables	<u>98,851</u>	<u>123,120</u>
	<u>164,437</u>	<u>178,226</u>
Analysed as:		
Within one year	65,586	55,106
In the second to fifth years, inclusive	<u>98,851</u>	<u>123,120</u>
	<u>164,437</u>	<u>178,226</u>

14 TRADE AND ACCOUNT PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Payables arising from securities broking business:		
– Cash clients account payables	2,162	1,903
– Margin clients account payables	11,715	19,746
– Clearing houses	32	55
Payables arising from trading business	<u>–</u>	<u>11,401</u>
Total trade and account payables	<u>13,909</u>	<u>33,105</u>

In view of the nature of the payables arising from securities broking, no ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis is not meaningful. The normal settlement terms of payables arising from securities broking are two trading days after the trade date.

The aged analysis of the payables arising from trading business at the end of the reporting period, based on the date of invoice (or date of cost recognition, if earlier), is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	<u> – </u>	<u> 11,401 </u>

15 COMMITMENTS

(a) The Group as lessee

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than 1 year	<u> 93 </u>	<u> 23 </u>

None of the leases include contingent rentals.

(b) The Group as lessor

As at 31 March 2024 and 2023, the Group did not lease out its assets under short-term lease.

(c) The Group as lender

During the year, a subsidiary of the Company entered into a loan agreement and two supplemental agreements with an independent third party, pursuant to which a loan facility with principal amount of HK\$14 million was offered and available for drawdown. As at 31 March 2024, none of this loan facility was drawdown by the counterparty.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK\$145.0 million with a gross profit of approximately HK\$32.7 million for the year ended 31 March 2024 as compared to approximately HK\$198.9 million and HK\$32.9 million respectively for the last corresponding year. The loss for the year was approximately HK\$87.6 million as compared to approximately HK\$41.8 million for the last corresponding year. The increase in loss for the year was mainly attributable to the net effect of the followings:

- (i) a decrease in administrative expenses and finance costs in the aggregate amount of approximately HK\$5.6 million;
- (ii) an increase in aggregate amount of impairment losses and written off of receivables of approximately HK\$28.5 million;
- (iii) an aggregate increase in gain arising from disposal/changes in fair value of held-for-trading investments of approximately HK\$6.7 million;
- (iv) recognition of one-off losses on disposal of interest in an associate and de-recognition of a subsidiary in the aggregate amount of approximately HK\$16.4 million; and
- (v) there was a gain on fair value change of other financial assets of approximately HK\$11.8 million in the previous year.

As at 31 March 2024, the total assets and net assets of the Group amounted to approximately HK\$767.6 million (2023: HK\$916.1 million) and HK\$723.8 million (2023: HK\$833.1 million) respectively. The decrease in total assets and net assets were mainly caused by the loss for the year as mentioned above and the exchange losses recognised as other comprehensive loss due to the depreciation of Renminbi against Hong Kong Dollars in the current year.

Business Review and Prospects

Trading Business

The Group is principally engaged in trading of food and electronic products in the PRC. The Group recorded a turnover of approximately HK\$113.2 million with a loss of approximately HK\$29.8 million from its trading business during year ended 31 March 2024 as compared to approximately HK\$169.2 million with a loss of approximately HK\$6.3 million for the same period in 2023. The gross profit attributed by the trading business was approximately HK\$1.0 million for the current year whilst it was approximately HK\$3.2 million for the last corresponding year. The increase in the loss recorded for the year ended 31 March 2024 was mainly caused by the increase in impairment loss for trade receivables.

During the current year, it was expected that in light with the introduction of economic enhancement measurements by the PRC government, consumption demand in the retail markets would be increased. However, as the sentiments of both the PRC real estate and stock markets were less than positive and macroeconomic data such as purchasing managers' index were not promising throughout the year, the economic environment surrounding the Group's trading business was less than satisfactory. During the last corresponding period as people adapted to living with the pandemic and the disrupted supply chains gradually improving, the Group recorded a period by period increase in sales for the last corresponding period. But such improvement in the market conditions was not carried over to the current period, the general market was also plagued by unfavorable news such as the insolvency of certain large companies in the PRC. Also, news regarding international trade wars including increasing tariff on imported goods were appearing more and more in news articles. The general market sentiment took hits after hits as a result, which compounded by the uncertainty about the pace of recovery of the economy, the consumption patterns of customers became more prudent. As the Group's trading business focuses on discretionary goods which are not mandatory for people's everyday lives, the above factors resulted in a negative demand and led to a significant decrease of approximately 33.1% in turnover.

Under such circumstances, the management of the Group prudently re-assessed the individual conditions of our customers to evaluate the businesses and credit risks with reference to historical trading and repayment patterns, and conditions of the market as a whole. With the assistance of an independent professional valuer on the computation of expected credit losses, impairment loss on trade receivables amounted to approximately HK\$27.4 million was provided for during the current period. As mentioned by the Group in prior years, this provision includes certain customers which encountered financial difficulties in the relatively weak post COVID-19 pandemic era and defaulted in repayments, and hence the Group was more prudent when conducting business with them, which also contributed to the Group's decreasing revenue from trading business. During the years, despite appropriate measures including legal proceedings against such customers were taken by the Group with judgement in favour of the Group by the court and certain of the customers' assets were seized and recovered by the Group thereon, after such legal actions and the auctioning and selling of all seized assets, the management considered that the Group could not recover further sums from such customers. Accordingly, after due and careful assessment, such balances which have been fully provided for impairment were written off during the current year.

The management will continue to stay vigilant on the macroeconomic conditions and may adjust our product mix in order to satisfy the needs of the market and drive the growth of the Group's trading business.

Money Lending and Factoring Business

The Group offers corporate and personal loans in Hong Kong and the PRC to well-established businesses and affluent individuals of occupations ranging from executives, businessmen and professionals. Clients are generally solicited through (i) the directors and senior management of the subsidiaries whom are in charge of each of the lending businesses; (ii) direct approaches from clients; and (iii) referral from existing clients.

The money lending portfolio consists of loans with initial terms generally ranging from 1 to 3 years with principals of approximately HK\$3 million to HK\$25 million which are principally for the development and expansion of their businesses and their corporate and personal needs.

The Group also offers factoring loans on trade receivables in the PRC with initial terms of not more than 6 months and sizes ranging from approximately RMB10 million to RMB20 million in general. The financing purpose of the Group's clients is principally for their operation requirements.

The Group has loan portfolios in Hong Kong and the PRC with outstanding principals of approximately HK\$176.9 million and factoring receivables of approximately HK\$18.4 million as at 31 March 2024. The Group recognised an aggregate interest income of approximately HK\$16.8 million and a loss of approximately HK\$7.9 million for the year ended 31 March 2024 as compared to approximately HK\$15.3 million and a profit of HK\$9.4 million respectively for the last corresponding year. The decrease in profit was mainly caused by the increase in impairment loss on loan and interest receivables and an increase in administrative expenses for the current year.

Collaterals and guarantors would be obtained from clients as appropriate on a case-by-case basis by considering the background, repayment ability and creditworthiness of the potential clients a whole. While the Group aims to have securities over the loans granted in accordance with the industry practice and in compliance with the relevant regulations, if applicable, unsecured loans may also be granted which is considered by the Group as a balance of our product-mix and part of our portfolio. Nevertheless, the Group is conservatively prudent in assessing the creditworthiness of the unsecured loans including but not limited to the review and inspection of asset title, asset portfolio, leverage level and liquidity conditions before approval.

As previously mentioned, the Group has cautiously adjusted its loan portfolio to take advantage of the market opportunities presented by policies such as the introduction of policy easing measures in the PRC. However, amid the unstable economic environment, the Group has not made significant increase to the loan portfolio during the year.

The general market conditions during the year was not as good as expected. The expected economic recovery after the COVID-19 pandemic is weak, and businesses across different industries are experiencing difficult times, which in turn affects the financial strength of our lending clients. One of the clients with carrying amount of approximately HK\$4.4 million was declared bankruptcy by the court subsequent to the end of the reporting period. Since the management considered the recoverability of this customer is remote, the related carrying amount was written off to profit or loss during the year. Furthermore, the management of the Group has re-assessed the individual conditions of our customers to evaluate the businesses and credit risks with reference to historical repayment patterns, and conditions of the market as a whole. With the assistance of an independent professional valuer on the computation of expected credit losses, impairment loss on loan and interest receivables amounted to approximately HK\$14.2 million was provided for during the current year.

The Group will further assess and closely monitor the creditworthiness of our potential and existing clients, in accordance with our internal control measures as discussed below and, when necessary, formulate the appropriate actions to reduce our credit risk and recovery of the outstanding amounts.

Finance Leasing Business

The Group is engaged in finance leasing business in the PRC and mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from 1 to 5 years and with size not more than RMB30 million. The Group provides both direct leasing and sale-leaseback services to customers and the financing purpose of the Group's customers is principally for the development and expansion of their business.

The finance leasing business maintained a portfolio with outstanding amount of approximately HK\$26.1 million as at 31 March 2024. The finance leasing portfolio has attributed a turnover of approximately HK\$8.9 million with a profit of approximately HK\$9.2 million to the Group during the year ended 31 March 2024 as compared to approximately HK\$1.9 million and a loss of approximately HK\$6.7 million respectively for the last corresponding year. As the management considered asset-heavy clients faces more business risks in this turbulent economic environment and hence was more prudent in accepting new businesses, no new finance lease was granted during the year. Nevertheless with the effort of the management of the Group in collection of the overdue amount including taking out necessary legal proceedings to seize and safeguard the assets secured, the Group successfully recovered from certain clients and recorded a reversal of impairment loss on finance lease receivables of approximately HK\$3.4 million, and resumed recognition of interest income from a client due to the improvement of its creditworthiness and repayment records which attributed to the turnaround from loss to profit making of the finance leasing business for the current year. The Group will closely monitor the creditworthiness of the clients and formulate appropriate actions for recovery of the outstanding lease receivables, where appropriate.

Loan Portfolio Summary

In respect of our money lending and factoring business and finance leasing business, in order to diversify the clients and lower the concentration of our loan portfolio, our portfolio include corporations from different industries such as hotel management, health management, computer software and trading and individuals. As at 31 March 2024, the Group's lending businesses has 20 clients with outstanding balances from different types of loans and fell within the following bands:

Types of loans	Number of customers
Finance leases	4
Factoring loans	1
Corporate loans	7
Personal loans	8
	<hr/>
	20
	<hr/> <hr/>

Carrying amounts of loans	Number of loans
HK\$5,000,000 or less	8
HK\$5,000,001 – HK\$10,000,000	2
HK\$10,000,001 – HK\$20,000,000	6
HK\$20,000,001 or above	4
	<hr/>
	20
	<hr/> <hr/>

As at 31 March 2024, the top five clients constituted approximately 51% of the total carrying amounts of the Group’s loan portfolio of the lending businesses.

In addition to minimising the risks by restricting the Group’s source of funds to its internally generated cash resources, the Group has appointed the directors and senior management personnel of the subsidiaries whom are in charge of each of the lending businesses (the “Management Teams”) to be responsible for the credit assessment, granting of and supervision of loans. Each of the Management Teams have vast experiences and knowledge in the industries.

Notwithstanding the nature of the loans granted, the internal control measures are in general very similar to each other. Each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The following is a summary of procedures the Group conducts on potential clients assessment:

- (a) identity checks must be performed on potential clients and the ultimate beneficial owner(s) of the potential clients by obtaining, including but not limited to, constitution documents, business registrations, identity cards or passports;
- (b) background checks must be performed by understanding the business operations, occupation and employment, the source and origin of funds and obtaining address proof of the potential clients, which included utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body;

- (c) repayment ability of potential clients must be assessed through their financial statements, assets portfolio (e.g. properties held) and the related leverage level, liquidity condition, bankruptcy or winding up or litigation searches, media and news searches, past payment record (where applicable) and any other available information to evaluate their repayment ability;
- (d) check the availability of guarantor(s), if any; and
- (e) in case of security being provided as collateral for the loan, the validity, title and value of the security must be assessed.

Furthermore, guarantors who provide personal/corporate guarantee in favour of a loan, where applicable, are also required to meet the same basic eligibility and approval criteria as the borrower of loans, and will be required to go through the same verification and approval procedures.

After credit assessment, with the terms determined (having taken into consideration factors such as the credit quality of the clients, their recoverability and the prevalent market interest rates), loan documents will be prepared and the loans will be recommended for the Management Teams' review and approval. The Management Teams will monitor on a continued basis the credit quality of such loans and may require other credit enhancement measures from the borrowers from time to time. The Management Teams are primarily responsible for the approval of loans by considering whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole.

The Management Teams conduct regular review and carry out follow up actions on a continuing basis in respect of overdue amounts to minimise the Group's exposure to credit risk and follows up closely with its clients as to the repayment deadlines. An aging analysis of the borrowers is prepared and reviewed on a monthly basis. As for loan collection, in case of any minor defaults, the Management Teams shall send reminders and/or demand letters to its clients. In case the default persists, the Group may engage lawyers to advise on the recovery and take out enforcement actions as and when appropriate.

Financial Services Business

The Group acquired the financial services business in December 2019 (the “Acquisition”) which is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The financial services business has attributed a turnover of approximately HK\$6.0 million with a loss of approximately HK\$31.5 million to the Group during the year ended 31 March 2024, as compared to approximately HK\$12.5 million and a loss of approximately HK\$32.8 million respectively for the last corresponding year.

The stock market was under-performed during the years. The market sentiment and economic downturn of Hong Kong attributed to the decrease in revenue from brokerage, margin financing and underwriting and placing during the current year. Nonetheless, the management has actively explored the possibility on other financial services in order to increase the Group’s exposure within the capital markets, so as to enlarge the sources of income.

During the Company’s preparation of the consolidated financial statements, based on the latest financial information available and the deteriorating market conditions as mentioned above, the Group re-assesses its position, with reference to the actual results up to the date of this report and the prospects of the financial services business. As such, the profit and cashflow forecast prepared by the Group for the assessment of the recoverable amounts of the financial services business has incorporated the most updated information for the best estimate of the impairment of intangible assets and goodwill, if any. Based on the impairment assessment on the assets of this business unit, the Group noted that the carrying amounts of this business unit exceeded their recoverable amounts, and thus, impairment loss on intangible assets of approximately HK\$11.3 million was recognised in the current year.

In respect of the profit guarantee given by the vendors of the Acquisition, the Group has actively negotiated with the vendors for the settlement and has instructed our lawyers to issue a writ of summons to initiate legal proceedings against the vendors for recovery of the amount receivable in December 2022. In May 2023, the Company and the vendors agreed on a settlement arrangement. Whilst the vendors were still in default of the settlement of the outstanding amount, the Company is in the process of continuing negotiations with the vendors on settlement of the outstanding amounts under the profit guarantee. Up to the date of this announcement, an aggregate amount of approximately HK\$7.1 million was settled by the vendors. Further updates regarding this profit guarantee will be announced by the Company as and when appropriate.

Impairment Assessment of Expected Credit Losses

As mentioned in the business review of different business segments above, the Group has engaged an independent valuer to conduct valuation in assistance of our impairment assessment over the receivables as at 31 March 2024.

The independent valuer adopted the expected credit loss model to measure the expected credit loss of trade and account receivables, factoring receivables, finance lease receivables, loan and interest receivables, and deposits and other receivables. Major inputs of the model include (i) probability of default of the debtor which include assessing the loss stages and checking forward looking assumptions, (ii) loss given default, (iii) exposure at default, and (iv) discount factor to reflect time value of money. The model was adopted in accordance with Hong Kong Financial Reporting Standard 9 and was consistently applied as the last corresponding year.

Potential Business Development and Prospects

In May 2023, the Company entered into a non-legally binding memorandum of understanding with two potential vendors, pursuant to which the Company intends to acquire an equity interest in a target company which is principally engaged in (a) marketing and sales of medical equipment and nutritional supplements; (b) marketing of medicine; and (c) provision of operation systems and training for clinics in the PRC. Notwithstanding that the exclusivity period under the memorandum of understanding was subsequently expired in May 2024, the Group remains on the lookout for quality investment opportunities and may consider diversify into other business segments.

Looking forward, the Group will actively identify and explore other investment and business opportunities in different industries to broaden its assets and revenue base and may consider restructuring its business segments pursuant to the ever-changing economic environment. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

Securities Investments

The Group invested surplus funds in securities listed in Hong Kong during the year. The fair value of the Group's securities investment amounted to approximately HK\$13.0 million as at 31 March 2024. The Group recorded a loss on changes in fair value of held-for-trading investments of approximately HK\$3.5 million during the year as compared to a loss of approximately HK\$4.8 million for the last corresponding year. The Group disposed certain of the held-for-trading investments with a gain of approximately HK\$10.8 million during the year, as compared to a gain of approximately HK\$5.5 million for the last corresponding year. The management will continue to keep monitoring the stock markets closely and grasping for opportunities to realise gains from its investment portfolio.

The other details of the securities investments held as at 31 March 2024 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition HK\$'000	Fair value as at 31 March 2024 HK\$'000	% of net assets of the Group as at 31 March 2024	Loss on changes in fair value for the year HK\$'000
1	Huashi Group Holdings Limited 1111	Provision of branding, advertising and marketing services and advertising placement services in the PRC	22,608,000	2.93%	11,628	8,252	1.14%	(3,376)
2	SY Holdings Group Limited 6069	Provision of digital financing solutions, platform-based services, supply chain technology services and sales of supply chain assets in the PRC	1,123,000	0.11%	4,803	4,705	0.65%	(98)
					16,431	12,957		(3,474)
					16,431	12,957		(3,474)

Liquidity, Financial Resources and Gearing

As at 31 March 2024, the Group had cash and bank balances of approximately HK\$129.0 million (2023: HK\$138.5 million) and total borrowings of approximately HK\$10.8 million (2023: HK\$22.4 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 1.49% (2023: 2.69%). The liquidity ratio, being the ratio of current assets over current liabilities was 13.25 as at 31 March 2024 (2023: 9.33).

The decrease in the gearing ratio was mainly due to the decrease in lease liabilities and the increase in the liquidity ratio was mainly due to the decrease in lease liabilities and trade and account payables during the year.

Foreign Exchange Exposure

Operations of the Group are mainly conducted in Hong Kong dollar ("HK\$"), Renminbi ("RMB") and US dollar ("US\$") and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$, RMB and US\$. The Group does not enter into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk as appropriate.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

Capital Structure and Fund Raising Activities

As at 31 March 2024, the total number of issued shares of the Company was 4,120,600,000.

There was no change in the capital structure of the Company during the year.

Charges on Group Assets

As at 31 March 2024, none of the Group's asset was pledged to secure any facilities and borrowings granted to the Group.

Significant Acquisition and Disposal of Assets

Save as the acquisition and disposal of held-for-trading investments in securities as mentioned above and the disposal of interest in an associate (please refer to the Company's announcements dated 1 February 2024 and 2 February 2024 for details), there has been no significant acquisition and disposal of assets by the Group during the year.

Contingent Liabilities

The Group did not have significant contingent liabilities as at 31 March 2024.

Commitments

Details of the commitments are set out in Note 15 to this announcement.

Employees And Remuneration Policies

As at 31 March 2024, the Group employed 56 (2023: 46) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

To the best knowledge of the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2024.

CORPORATE GOVERNANCE PRACTICE

The Board believes that good governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted practices which meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. The Company has been in compliance with all code provisions set out in the CG Code for the year ended 31 March 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix C3 of the Listing Rules as its own code regarding securities transactions by Directors of the Company and its subsidiaries and employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company. The Company has received written confirmation from each Director that they have complied with the codes throughout the year.

ANNUAL GENERAL MEETING

As at the date of this announcement, the Company has not determined the date when the Company's 2024 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.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company comprising three independent non-executive directors, has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the financial year ended 31 March 2024. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditor, Lau & Au Yeung C.P.A. Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Lau & Au Yeung C.P.A. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Lau & Au Yeung C.P.A. Limited on this announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange at www.hkex.com.hk under “Latest Listed Company Information” and on the Company’s website at www.chaoshang.hk under the section “Investor Relations”. The annual report for the year containing all the information required by the Listing Rules will be published on the the Stock Exchange website and the Company’s website and despatched to the Company’s shareholders in due course.

For and on behalf of the Board of
Hong Kong ChaoShang Group Limited
Ms. Zheng Juhua
Chairlady

Hong Kong, 28 June 2024

As at the date of this announcement, the executive directors are Ms. Zheng Juhua and Mr. Chan Chi Yuen; the independent non-executive directors are Mr. Yu Pak Yan, Peter, Mr. Chi Chi Hung, Kenneth and Mr. Yeung Yat Chuen.