# 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

# 2024/25
## ANNUAL REPORT

## CONTENT PAGE



In case of any inconsistency between the English version and the Chinese version of this annual report, the English version shall prevail.

# DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

| | |
|---|---|
| "Board" | the board of Directors |
| "CG Code" | code provisions in the Corporate Governance Code contained in Appendix C1 to the Listing Rules |
| "China", "Mainland China" or "PRC" | the People's Republic of China |
| "Company" | Da Sen Holdings Group Limited |
| "Dasen (Heze)" | Dasen (Heze) Biomass Energy Limited (大森(菏澤)生物質能源有限公司), a company established in the PRC on 1 November 2012, and was the Company's indirect wholly-owned subsidiary before its disposal on 21 December 2023 |
| "Dasen (HK)" | Dasen (Hong Kong) Holdings Company Limited (大森(香港)控股有限公司), a company incorporated in Hong Kong on 5 July 2012, and is the Company's indirect wholly-owned subsidiary |
| "Da Sen Inv (HK)" | Da Sen Investment (Hong Kong) Co., Limited (大森投資(香港)有限公司), a company incorporated in Hong Kong on 13 August 2020, and is the Company's indirect wholly-owned subsidiary |
| "Director(s)" | the director(s) of the Company |
| "Group", "our Group", "we", "us" or "our" | the Company and its subsidiaries or, where the context so requires in respect of the period before the Company became the holding company of the present subsidiaries, the present subsidiaries of the Company and the business carried on by such subsidiaries or (as the case may be) their predecessors |
| "Heroic Group" | Heroic Group Limited (雄英集團有限公司), a company incorporated in the British Virgin Islands on 11 November 2013 and is the Company's direct wholly-owned subsidiary |
| "Heze Dashengyuan" | Heze Dashengyuan Agricultural Company Limited (Formerly known as Da Sen Heze Advanced Materials Technology Company Limited) (菏澤市大生園農業有限公司(前稱：菏澤大森新型材料科技有限公司)), a company established in the PRC on 1 November 2017, and is the Company's indirect wholly-owned subsidiary |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |

| | |
|---|---|
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Main Board" | the stock market operated by the Stock Exchange, which excludes the GEM of the Stock Exchange and the options market |
| "Mei Sem (HK)" | Mei Sem (Hong Kong) Holding Co., Limited (美森(香港)控股有限公司), a company incorporated in Hong Kong on 31 December 2010 and is the Company's indirect wholly-owned subsidiary |
| "Meisen (Shandong)" | Meisen (Shandong) Wood Limited (美森(山東)木業有限公司), a company established in the PRC on 19 April 2004 and is the Company's indirect wholly-owned subsidiary |
| "RMB" | Renminbi Yuan, the lawful currency of Mainland China |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary share(s) of the Company, with a nominal value of HK$0.01 each |
| "Shareholder(s)" | holder(s) of the Shares |
| "Shenzhen Vfuchong" | Shenzhen Vfuchong Qucheng Technology Co., Ltd. (深圳市微付充趣程科技有限公司), a company established in the PRC on 15 August 2022 and is held as to 51% by the Company, being the Company's indirect non-wholly owned subsidiary |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "US$" | United States dollars, the lawful currency of United States of America |

# CORPORATE INFORMATION

## BOARD

**Executive Directors**

| | |
|---|---|
| Mr. WONG Ben | |
| Mr. ZHANG Ayang | (Duties suspended) |
| Mr. CHAI Kaw Sing | (Resigned on 18 April 2024) |

**Non-executive Director**

| | |
|---|---|
| Dr. LEUNG Clara Ka-wah | (Appointed on 11 November 2024) |
| Mr. SUN Yongtao | (Redesignated as independent non-executive Director on 11 November 2024) |

**Independent non-executive Directors**

| | |
|---|---|
| Mr. SUN Yongtao | *(Chairman)* (Redesignated as independent non-executive Director on 11 November 2024) |
| Mr. KWOK Yiu Tong | |
| Ms. LO Yuk Yee | |
| Mr. CHAN Shiu Yuen Sammy | (Resigned on 11 September 2024) |

## COMPANY SECRETARY

| | |
|---|---|
| Mr. LAU Chung Wai | *(CPA (Practising))* (Appointed on 1 June 2025) |
| Mr. LEUNG Wing Lun | *(HKICPA)* (Resigned on 1 June 2025) |

## AUDIT COMMITTEE

| | |
|---|---|
| Mr. KWOK Yiu Tong | *(Chairman)* (Appointed on 11 September 2024) |
| Mr. LO Yuk Yee | |
| Mr. SUN Yongtao | |
| Mr. CHAN Shiu Yuen Sammy | *(Chairman)* (Resigned on 11 September 2024) |

## REMUNERATION COMMITTEE

| | |
|---|---|
| Mr. LO Yuk Yee | *(Chairman)* |
| Mr. KWOK Yiu Tong | (Appointed on 11 September 2024) |
| Mr. SUN Yongtao | |
| Mr. CHAN Shiu Yuen Sammy | (Resigned on 11 September 2024) |

## NOMINATION COMMITTEE

| | |
|---|---|
| Mr. SUN Yongtao | *(Chairman)* |
| Mr. KWOK Yiu Tong | (Appointed on 11 September 2024) |
| Mr. LO Yuk Yee | |
| Mr. CHAN Shiu Yuen Sammy | (Resigned on 11 September 2024) |

## RISK MANAGEMENT COMMITTEE

| | |
|---|---|
| Mr. WONG Ben | *(Chairman)* (Appointed on 18 April 2024) |
| Mr. KWOK Yiu Tong | (Appointed on 11 September 2024) |
| Mr. SUN Yongtao | |
| Mr. CHAI Kaw Sing | *(Chairman)* (Resigned on 18 April 2024) |
| Mr. CHAN Shiu Yuen Sammy | (Resigned on 11 September 2024) |

## AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)

| | |
|---|---|
| Mr. WONG Ben | |
| Mr. LAU Chung Wai | *(CPA (Practising))* |

## EXTERNAL AUDITOR

Confucius International CPA Limited
Room 1501-08, 15/F., Tai Yau Building,
181 Johnston Road, Wanchai,
Hong Kong

## REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2703, 27th Floor,
K. Wah Centre,
No. 191 Java Road,
North Point, Hong Kong

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

Economic Development Zone
Sunsi Town, Chengwu
Shandong, Mainland China

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
No. 183 Queen’s Road East
Wanchai, Hong Kong

## STOCK CODE

1580

# STATEMENT FROM THE CHAIRMAN

Dear shareholders,

The year ended 31 March 2025 (the "2025 Year") continued to face challenging and tough year with the after effect of the pandemic, global inflation, Sino-US disputes, US tariff war and Russia-Ukraine war. Due to the keen competition in the plywood industry and the low demand, the plywood product business could only generate very slim or even no margin during the 2025 Year. As revenue growth is restricted by external factors, our Group deliberately reduced the business scale of the plywood product and implemented cost control. We saw an increase in revenue for the 2025 Year as compared to the year ended 31 March 2024 (the "2024 Year") as the Group commenced to generate plywood related referral income and services income which has significantly higher margin. As such, our gross profits increases compared to the 2024 Year. We believe that this trend will continue.

Our management team will continue to strive to develop the new referral business with foreign developers and the related services businesses while maintaining stringent cost control measures, with the goal to turn around the Group's loss making position.

On behalf of Da Sen Holdings Group Limited, I sincerely thank our shareholders and stakeholders for their continued support to the Group over the years. I would also like to express my heartfelt gratitude to our management team and all staff in Hong Kong and PRC for all their hard work and efforts in the 2025 Year and look forward to their continuing contributions and support in our initiative to turn the Group around.

**Sun Yongtao**
*Chairman and Independent Non-Executive Director*

## CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR

**Mr. SUN Yongtao（孫湧濤）**, aged 68, is the chairman and an independent non-executive Director. Mr. Sun joined the Group in May 2020 as an independent non-executive Director, redesignated as the executive Director on 26 November 2020, redesignated as a non-executive Director on 16 March 2022 and then redesignated as an independent non-executive Director again on 11 November 2024. Mr. SUN has over 30 years of experience in finance and accounting.

Mr. Sun is a senior accountant accredited by Guangdong Senior Title Evaluation Committee（廣東省高級職稱評審委員會）under Department of Finance of Guangdong Province, the PRC. Mr. SUN obtained his master degree in economics from Nankai University in 1986. From July 1993 to January 1996, he was a director and general manager of finance department of Shum Yip Investment Limited (now known as Shenzhen Investment Limited), a company listed on the Main Board of the Stock Exchange (stock code: 00604). From January 1996 to February 2002, he served as the financial controller, the deputy general manager (general affairs) and a director of Hengli Weaving (Holdings) Limited（香港恒力紡織（集團）有限公司）. Mr. SUN was the deputy general manager and the financial controller of Daya Bay Nuclear Power Finance Corporation, Ltd.（大亞灣核電財務有限責任公司）from February 2002 to November 2004. Mr. SUN was the chief accountant of Travelsky Technology Limited ("Travelsky"), a company listed on the Main Board of the Stock Exchange (stock code: 0696) from November 2004 to August 2017, and was a non-executive director of Travelsky from January 2007 to March 2009.

## EXECUTIVE DIRECTORS

**Mr. WONG Ben（黃子斌）**, aged 46, is the executive Director. Mr. Wong joined the Group in July 2019 as an executive Director. Mr. Wong has extensive experience in project investment and management. Mr. Wong has been working as a manager in a privately owned company in Hong Kong responsible for daily operation and exploring investment opportunities in different projects since January 2008. Prior to that, Mr. Wong worked in Stottler Henke as an AI software engineer from April 2005 to August 2007 where Mr. Wong was mainly responsible for software development, including writing proposals to clients, designing and implementing software.

Mr. Wong obtained his bachelor of Arts from Cornell University in 2001 and his master of science from Stanford University in 2004. Mr. Wong also obtained the professional certificate in business management from The Open University of Hong Kong in November 2011.

Mr. Wong is also a director of Mei Sum (HK), Dasen (HK), Da Sen Inv (HK) and Heroic Group.

Mr. Wong is the son of Mr. Wong Tseng Hon, a substantial shareholder of the Company.

Mr. Wong is responsible for the management of the Group's office in Hong Kong and also the Group's information technology system.

# DIRECTORS AND SENIOR MANAGEMENT

**Mr. ZHANG Ayang**（張啊阳）, aged 49, is the executive Director responsible for sales and marketing strategy and overseeing the sales of the Group. Mr. Zhang joined the Group in December 2010 as the head of sales department. Mr. Zhang was promoted as the general manager of Dasen (Heze) in November 2014. Since November 2008, Mr. Zhang has been working at Jinjiang Qing Yang Xin Yi Material Trading Company（晉江市青陽信億建材商行）, engaging in the wholesaling and retailing of wooden board, light steel keel and fireproof material.

Mr. Zhang is responsible for sales and marketing strategy and overseeing the operations of the Group's subsidiaries in PRC. His duties and powers as an executive Director has been suspended by the Board from 15 December 2021 until further notice.

## NON-EXECUTIVE DIRECTOR

**Dr. LEUNG Clara Ka-wah**（梁家華）, aged 40, is the non-executive Director.

Dr. Leung has diversified experience in different industries. Dr Leung joined as a director of Pantheon Lab Limited in 2022, which focuses on application of artificial intelligence technologies for digital human synthesis. Dr. Leung has been a director of Amazon Spring Water Group, which presents the global bottled water brand from Brazil, since June 2020, where Dr. Leung is primarily focused on identifying market investment opportunities and tailoring strategic solutions for investors and institutions. Dr. Leung also served as a director and co-founder of Juice Technologies, a Malaysia-based information technology company providing intelligent solutions to the logistics industry, from 2019 to 2022. From 2006 to 2013, Dr. Leung took up a number of roles in different companies, such as customer relationship management, public relations and marketing functions in Richemont North America Inc and Chanel Inc, which are well-known retail groups, and also business development and marketing functions in Toppy Group, a Hong Kong based apparel group with strong international presence.

Dr. Leung graduated from The University of British Columbia with a bachelor's degree in economics in 2006. Dr. Leung obtained her doctoral degree in psychology from The Chicago School in 2017.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. KWOK Yiu Tong**（郭耀堂）, aged 66, is an independent non-executive Director. Mr. KWOK joined the Group in March 2022 as an independent non-executive Director. Mr. KWOK has over 40 years of experience in financial management field, mainly gained from reputable multi-national corporations. Mr. Kwok was the finance manager of Hyatt Regency Hong Kong from 1978 to 1989. Mr. Kwok was also the deputy CFO of Harvest International Hotel Ltd., Beijing Taiwan Hotel, and Shenzhen Century Hotel respectively from 1989 to 1998. Mr. KWOK is currently the CFO of a Shenzhen property developer. Mr. KWOK is familiar with the Hong Kong and China accounting standards as well as internal control of multi-national corporations.

**Ms. LO Yuk Yee（勞玉儀）**, aged 65, is an independent non-executive Director. Ms. LO joined the Group in November 2020 as an independent non-executive Director. Ms. LO has over 25 years of experience in the banking, insurance, finance and investment fields. Ms. LO was the chairman and chief executive officer of MAXX Bioscience Holdings Limited (now known as China Grand Pharmaceutical and Healthcare Holding Limited), a company listed on the Main Board of the Stock Exchange (stock code: 512) from 2002 to 2006. Ms. LO is also the founder of MAXX Capital Finance Limited, a company primarily engaged in providing commercial finance and structured finance advice, and has been the chief executive officer since its incorporation in 1999. Ms. LO is currently the chairman, executive director and controlling shareholder of Finet Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8317).

Ms. LO obtained a diploma in business administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1981.

**Mr. CHAN Shiu Yuen Sammy（陳紹源）**, aged 61, was an independent non-executive Director until 11 September 2024. Mr. CHAN joined the group in August 2022 as an independent non-executive Director. Mr. CHAN has over 21 years of experience in auditing, accounting, taxation, business consultancy and financial management. Mr. CHAN holds a bachelor's degree in Commerce from Dalhousie University, Canada and is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. CHAN is currently an independent non-executive director of Hidili Industry International Development Limited (stock code: 1393), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), since May 2019. Mr. CHAN was also an independent non-executive director of Powerleader Science & Technology Group Limited ("Powerleader") (stock code: 8236), a company listed on the GEM of the Stock Exchange and withdrawn from listing on 30 December 2020, during the period from December 2009 to December 2020. During the period from May 2005 to May 2007, Mr. CHAN was the company secretary and qualified accountant of Powerleader. During the period from July 2007 to February 2009, Mr. CHAN was the deputy general manager of China Fibretech Limited (company registration no. 40381), a company listed on the main board of the Singapore Stock Exchange Limited. During the period from December 2009 to September 2015, Mr. CHAN was the chief financial officer of Newtree Group Holdings Limited (currently known as Huasheng International Holding Limited) (stock code: 1323), a company listed on the main board of the Stock Exchange.

## SENIOR MANAGEMENT

**Mr. LAU Chung Wai（劉仲緯）** was the chief financial officer and company secretary of the Company from August 2015 to March 2019, and has become the company secretary of the Company again since 1 June 2025.

Mr. Lau has over 20 years of experience in the field of auditing, accounting, financial management and corporate governance. Mr. Lau graduated from the Hong Kong University of Science and Technology with a bachelor of business administration in accounting in November 2004 and is a certified public accountant (practising) registered with the Accounting and Financial Reporting Council in Hong Kong. Mr. Lau has been the sole practitioner of Yanten (Hong Kong) CPA & Co. since October 2023. Mr. Lau is currently the company secretary of Hygieia Group Limited (stock code: 1650), Kwung's Aroma Holdings Limited (stock code: 1925), MaxWin International Holdings Limited (stock code: 8513) and Omnibridge Holdings Limited (stock code: 8462), shares of which are listed on the Stock Exchange. Mr. Lau is also an independent non-executive director of Fufeng Group Limited (stock code: 0546), Hongcheng Environmental Technology Company Limited (stock code: 2265) and Metropolis Capital Holdings Limited (stock code: 8621), share of which are listed on the Stock Exchange.

**Mr. LEUNG Wing Lun**（梁穎麟）, was the company secretary of the Company until 1 June 2025, and was responsible for the secretarial matters of the Group. Mr. Leung has over 18 years of experience in providing professional corporate services and is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Leung worked in Hop Fung Group Holdings Limited (stock code: 2320) from July 2004 to August 2005. He served in the Inland Revenue Department as contract assistant taxation officer in Hong Kong from September 2005 to March 2006. From March 2006 to July 2011, Mr. Leung worked as tax consultant at Thomas Lee & Partners Limited. In November 2010, Mr. Leung founded Superior Alliance Group Company Limited which provides professional corporate services. He has been acting as the director of Superior Alliance Group Company Limited since its establishment. Mr. Leung obtained a bachelor's degree in business administration majoring in accounting from the City University of Hong Kong in 2004.

Mr. Leung is currently the company secretary of Maike Tube Industry Holdings Limited (stock code: 1553) since April 2019 and was the company secretary of Hang Yick Holdings Company Limited (stock code: 1894) from May 2018 to March 2021.

## OPERATIONS REVIEW

The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in the plywood products operations and related referral services, leasing activities, and trading of agricultural products.

### Plywood Operations

The plywood products operations and its related referral 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. 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 would 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 higher margin than the existing plywood products business and the Board considers the business would be the focus of the Group in the future.

To improve the overall financial performance of the Group, during the 2025 Year, the Group has successfully entered into two referral arrangements with the projects in Rayong Thailand project and Dongguan, China and generated referral income by referring these project owners to the Alliance Factory for the purchase of their products. In respect of the interior design and project management services business, the Group had entered into the design and project management contact with the Rayong Thailand project with the contract sum which amounted to approximately RMB10.8 million. The revenue of plywood and related services segment for the 2025 Year has increased from RMB8.5million to RMB12.2million. The results of this segment have turned around from loss of RMB32.5million to profit of RMB3.2million. Due to unforeseen issues such as the China/US Trade War and Thailand earthquake, the construction progress of the projects have been delayed. Nevertheless, the Company expects that the construction progress would resume once the negative effects of the temporary issues gradually cease and the market confidence recovers. The Board considers that the business development trend will continue, the financial performance of the Group would gradually improve.

The plywood and related services segment accounted for approximately 56.2% of total revenue of the Group for the 2025 Year.

### Leasing Activities

Since 1 July 2020, the Group has entered into lease agreements to partially lease out the plants and lands to various tenants engaging in different industries as well as other factories and land which are surplus to the Group's 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 11.0% of the total revenue for the 2025 Year.

### Trading of agricultural products

During the 2025 Year, the Group expanded the business in trading of agricultural products for seeking business opportunities to generate better gross profit margins and maximisation of using our factories. However, as the cost of agricultural products increased significantly during the year and significantly reduced the gross profit on this business, as a result, the business has been scaled down during the year. The Company will continue to monitor the business environment for resumption of this business. The trading of agricultural products segment accounted for approximately 32.8% of the total revenue of the Group for the 2025 Year.

## FINANCIAL REVIEW

### Review of results

The consolidated revenue of the Group was approximately RMB21.7 million for the 2025 Year, representing an increase of 87.1% from approximately RMB11.6 million for the 2024 Year.

Due to the intense competition in the plywood industry, the Group only maintained minimal business scale of the plywood product business during the 2025 Year. On the other hand, to horizontally expand the plywood 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 2025 Year, the Group had successfully introduced a Thailand property project and a PRC property project to the Alliance Factory for custom made wood furniture and generated revenue of approximately RMB11.9 million as referral fee. Due to unforeseen issues such as the China/US Trade War and Thailand earthquake during the Year 2025, the construction progress of the projects have been delayed. Nevertheless, the Company expects that the construction progress would resume once the negative effects of the temporary issues gradually cease and the market confidence recovers. Currently, the Group is in negotiation with one other property project for referral to the Alliance Factory and is expected to generate further referral fee for the year ending 31 March 2026.

In respect of the interior design and project management services business, the Group had entered into the design and project management contact with the Rayong Thailand project with the contract sum which amounted to approximately RMB10.8 million. As mentioned above, due to unforeseen issues such as the China/US Trade War and Thailand earthquake, the construction progress has been delayed. Although the Group had billed approximately RMB2.2 million, being 20% deposit receivable of the total contract sum for the project, such amount is yet to be recognised in Year 2025.

The major scope of works conducted by the Company for the interior design and project management projects includes:

(i) Interior design concepts and brand development for creating specific brand of the interior design to promote the project;

(ii) sourcing of custom made decorative materials and furniture design and production management with alliance factory;

(iii) sourcing of Modular Integrated Construction (MIC) and pre-fabricated building solutions, logistics and coordination with external factories;

(iv) onsite coordination and construction management;

(v) budgeting and quality control;

(vi) project time management and ESG advisory; and

(vii) sales and marketing advisory.

The consolidated gross profit of the Group for the 2025 Year was approximately RMB14.2 million, representing an increase of 34.6% from approximately RMB10.5 million for the 2024 Year. For the 2025 Year, the gross profit margin was 65.1% as compared to 90.5% for the 2024 Year. The changes was mainly due to the engagement in the trading of agricultural business during 2025 Year, which had significantly lower margin.

The total selling and administrative expenses were approximately RMB7.6 million for the 2025 Year as compared to approximately RMB17.1 million for the 2024 Year. The significant drop in overall expenses for the 2025 Year reflected that the Group has better cost control for the 2025 Year.

The allowance for expected credit losses, net was approximately RMB12.2 million for the 2025 Year as compared to approximately RMB31.7 million for the 2024 Year. The significant decrease for the 2025 Year reflected credit risk control has been better implemented.

# MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains or (losses) for the 2025 Year was a net gain of approximately RMB5.5 million as compared to a net loss of approximately RMB5.5 million for the 2024 Year. The net gain for the 2025 Year mainly reflected that the reversal of provision for legal case. The legal case was initiated in the PRC with the plaintiff claiming that the subsidiary of the Company shall be co-responsible for his investment loss. As the subsidiary of the Company won the case, such provision has been reversed. The net loss for the 2024 Year mainly resulted from provision for the aforementioned legal case.

Finance costs for the 2025 Year were approximately RMB3.0 million as compared to approximately RMB3.9 million which was commensurate with the level of interest-bearing liabilities for the respective periods.

The Group's income tax expense for both the 2025 Year and the 2024 Year was nil.

The total comprehensive expenses attributable to owners of the Company for the 2025 Year was approximately RMB6.4 million, which is significantly decrease of 90.3% from approximately RMB65.9 million for 2024 Year. Basic loss per share for the 2025 Year was RMB0.6 cents compared to the basic loss per share of RMB7.2 cents for the 2024 Year.

### 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 2025, the Group's total borrowings amounted to approximately RMB34.4 million. As at 31 March 2025, the Group had total equity of approximately RMB9.8 million, the gearing ratio of the Group as at 31 March 2025 is 350% (2024: approximately 250%).

### Foreign currency risk

As majority of our assets and liabilities are denominated in RMB, except for certain trade and other receivables, bank balances and borrowings which are denominated in HKD. The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the year ended 31 March 2025. The Group will continue to monitor its foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arises.

### Current assets and liabilities

As at 31 March 2025, the Group held current assets of approximately RMB36.3 million (2024: RMB40.6 million), comprising trade and other receivables and cash and cash equivalents.

Cash and cash equivalents balance as at 31 March 2025 increased to approximately RMB9.5 million as compared to approximately RMB1.0 million as at 31 March 2024. The increase mainly reflected the addition fund raised from new borrowings borrowed in the PRC.

The Group has no inventory as at 31 March 2025 as all the remaining inventories were sold during the 2025 Year.

Trade and other receivables balance as at 31 March 2025 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 RMB12.1 million, from approximately RMB38.9 million as at 31 March 2024 to approximately RMB26.8 million as at 31 March 2025. The decrease in trade receivables balance was mainly due to the increase in accumulated allowance for expected credit losses of trade receivables by approximately RMB11.1 million from approximately RMB154.9 million as at 31 March 2024 to approximately RMB166.0 million as at 31 March 2025 as such receivables became long overdue with increased difficulties for collection.

As at 31 March 2025, the Group's total current liabilities amounted to approximately RMB89.4 million, as compared to approximately RMB91.7 million as at 31 March 2024. The decrease was mainly due to the effect of the reduction in trade and other payables of approximately RMB4.9 million.

### Non-current assets

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

The carrying value of investment properties was approximately RMB51.9 million as at 31 March 2025 (2024: RMB55.7 million). Investment properties are stated at fair value.

As at 31 March 2025, the carrying value of Group's right-of-use assets and property, plant and equipment were approximately RMB2.6 million and RMB4.0 million respectively (2024: RMB2.7 million and RMB4.9 million respectively). The decreases reflect depreciation charges and disposal of fixed assets, for the 2025 Year.

As at 31 March 2025, the carrying value of the Group's intangible assets was approximately RMB4.5 million which is injected by non-controlling interest for the 2025 Year. Intangible assets are stated at cost less accumulated amortisation.

### Borrowings

As at 31 March 2025, the Group's borrowings amounted to approximately RMB34.4 million (2024: RMB22.4 million) in total, comprising approximately RMB17.6 million (2024: RMB8.1 million) bank borrowings, and approximately RMB16.8 million (2024: RMB14.3 million) other loans in the PRC and Hong Kong.

The Group signed a three-year revolving bank loan of RMB10 million for the 2025 Year with relatively lower interest rates for settlement of the high-interest rate loans and it is expected to repay in year ending 31 March 2028.

The increase in borrowings mainly reflected that the convertible bonds have been reclassified as other loans for the 2025 Year.

### Convertible Bond

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% per annum which is payable on a semi-annual basis in arrears from the date of issue, and will mature on 23 March 2025. The initial conversion price is HK$0.15 per convertible bond and the conversion price has been adjusted to HK$0.3 per convertible bond after share consolidation on 24 October 2023 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.

The convertible bond holders agreed to sign with the Group for the extension of repayment of principal amount and reclassified as other loans for the 2025 Year.

### Security on assets

As at 31 March 2025, certain assets of the Group with an aggregated carrying value of approximately RMB58.5 million were pledged to the bank and an independent third party company as security for the loan facility (2024: RMB62.6 million).

### Income tax

The Group's income tax for the 2025 Year was nil (2024: nil), as per tax assessment from local government.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2025 (2024: nil).

## CAPITAL COMMITMENTS

As at 31 March 2025, the Group had no capital commitments contracted but not provided for (2024: nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the 2025 Year, save as disclosed elsewhere in this annual report, 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 RMB2.0 million for the 2025 Year (2024: 4.3 million).

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 2025 Year (2024: nil).

The Board did not declare an interim dividend to shareholders for the six months ended 30 September 2024 (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 2025 Year have also been reviewed by the Audit Committee.

As at 31 March 2025, the Audit Committee consists of three independent non-executive Directors, namely Mr. Sun Yongtao, Mr. Kwok Yiu Tong and Ms. Lo Yuk Yee.

Mr. Kwok Yiu Tong serves as the chairman of the Audit Committee. The annual results of the Company for the 2025 Year has been reviewed by the Audit Committee.

## ADDITIONAL DETAILS RELATING TO THE PROVISIONS FOR IMPAIRMENT

### Financial Assets

For the 2025 Year, the Company recognised accumulated allowance for expected credit losses of trade receivables of RMB166.0 million due to the recoverability of outstanding receivables from the Group's downstream customers, an increase of RMB11.1 million from the 2024 Year.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the course of preparing for the annual results for the 2025 Year, the Management conducted an impairment assessment together with Peak Vision Appraisals Limited, an independent firm of valuer (the "Valuer") on the trade receivables of the Group's customers. The Management considered indicators such as the debtor failing to agree with the Company as to a viable repayment plan, and any failure by the debtor in meeting its contractual repayment obligations within its credit period. Certain provisions for impairment on trade receivables were made by the Management as it cannot reasonably expect those receivables to be recoverable based on the expected credit loss analysis.

The Company has monitored its working capital on an on-going basis to minimise potential credit risks. Regular evaluation of its trade receivables with ad hoc and regular contacts with its customers at least on a monthly basis were also conducted by the Management to make collective assessments on the recoverability of receivables based on information available, historical settlement records and their past experiences. As part of its assessment, the Group's finance team in the PRC will conduct regular credit evaluations of its debtors' financial condition to predict the expected recoverability and timing for collection of the outstanding balances and will follow up on all aged outstanding balances. If the Management believes that there are material credit risks inherent in any outstanding balance of receivables, the Company may take appropriate legal actions to recover such outstanding balances as circumstances warrant so.

In arriving at the provision amount for impairment of trade receivables, the Management together with its Valuer assessed the expected credit losses for grouped trade receivables based on shared credit risk characteristics, the amount of days past due and the expected time required for collection. The expected loss rates were considered based on the payment profiles of customers and the corresponding historical credit losses experienced within this reporting period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Management also considered the business, financial or economic conditions, performance and behaviour of customers, and adjusted the historical loss rates based on expected changes in these factors accordingly. The Management has also considered the probability of default ("PD") and potential loss given default ("LGD") in its analysis. In assessing the expected loss rate, the Group calculated the PD and LGD for each class of accounts receivables by incorporating forward-looking adjustments.

Details of impairment assessment of trade and other receivables for the 2025 Year and the 2024 Year are set out in Notes 7 and 23 to the consolidated financial statements.

The Board, having considered the characteristics and profile of the Group's customers which have remained relatively the same in previous period, concluded that the basis of assessment adopted for the 2025 Year (being the basis which has been adopted and applied consistently by the Group in previous periods) is appropriate.

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2025.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in Note 39 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Group's business, financial key performance indicators, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, these can be found in the *Management Discussion and Analysis* section set out on pages 11 to 18 and the audited consolidated financial statements set out on pages 40 to 127 of this annual report. This discussion forms part of this annual report.

## RESULTS AND DIVIDENDS

The Group's loss for the 2025 Year and the Group's consolidated statement of financial position at that date are set out in the consolidated financial statements on pages 40 to 42 of this annual report.

The Directors do not recommend the payment of any dividends for the 2025 Year (2024: nil).

## SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 128 of this annual report. This summary does not form part of the Group's audited financial statements.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the 2025 Year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

The Directors are not aware of any tax relief available to shareholders by reason of their holding of the Company's securities.

## DISTRIBUTABLE RESERVES

At 31 March 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB252,927,000.

## MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, revenue from the Group's five largest customers and the largest customer accounted for approximately 90.62% and 40.65% respectively of the total revenue for the 2025 Year. Except the cost of trading of agricultural products of RMB6.9million which is from the Group's largest supplier, there is no other purchase supplier for the 2025 Year, the cost mainly included the other taxes.

None of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the number of issued Shares in the Company) had any beneficial interest in the Group's five largest customers.

## DIRECTORS

The Directors during the 2025 Year were:

**Executive Directors**
Mr. WONG Ben
Mr. ZHANG Ayang (Duties suspended)
Mr. CHAI Kaw Sing (resigned on 18 April 2024)

**Non-executive Director**
Mr. SUN Yongtao (Chairman) (redesignated on 11 November 2024)
Dr. LEUNG Clara Ka-wah (appointed on 11 November 2024)

**Independent non-executive Directors**
Mr. SUN Yongtao (Chairman) (redesignated on 11 November 2024)
Mr. KWOK Yiu Tong
Ms. LO Yuk Yee
Mr. CHAN Shiu Yuen Sammy (resigned on 11 September 2024)

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 7 to 10 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

No service agreements have been entered between the executive Directors and the Company, while each of the independent non-executive Directors have signed an appointment letter with the Company, The principal particulars of these letters of appointment are (i) for an initial fixed term of three years commencing from the appointment date for the independent non-executive Directors respectively, and (ii) are subject to termination in accordance with their respective terms. All Directors were appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' REMUNERATION

As approved by the remuneration committee of the Company and the Board, the annual emoluments for certain Directors have been adjusted as follows:

| | HK$ |
|---|---|
| Mr. SUN Yongtao | 120,000 |
| Mr. WONG Ben | 120,000 |
| Mr. ZHANG Ayang | 120,000 |
| Mr. KWOK Yiu Tong | 120,000 |

## EMPLOYEE AND EMOLUMENT POLICY

The Group has 23 employees in Hong Kong and Mainland China as at 31 March 2025. The total salaries and related costs granted to employees, including directors' emoluments amounted to approximately RMB2.0 million for the 2025 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 central pension scheme operated by the local municipal government in Mainland China.

The relationships with employee and the statistic shall be set out in the Environmental, Social and Governance Report which will be released in due course.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during the 2025 Year.

## CONNECTED TRANSACTIONS

All of the Group's related party transactions for the 2025 Year did not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 March 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

### (a) Interests of Directors

| Name of director | Number of shares held through spouse | Percentage of the Company's share capital |
|---|---|---|
| ZHANG Ayang | 53,922,400 | 4.92% |

Note:

1. Mr. Zhang Ayang is the spouse of Ms. Wu Haiyan and he is deemed to be interested in these Shares under the SFO.

## SHARE OPTION SCHEME

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Option Scheme became effective on 19 December 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options permitted to be granted under the Option Scheme as at the date of this report is an amount equivalent, upon their exercise, to 36,000,000 Shares. The maximum number of Shares issuable under share options to each eligible participant in the Option Scheme within any 12-month period is limited to 1% of the Shares in issue as of the date of grant. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial Shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial Shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the Shares in issue at any time or with an aggregate value (based on the price of the Shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption. There is no minimum period for which an option must be held before it can be exercised.

The subscription price of a Share in respect of any particular option granted under the Option Scheme shall be such price as our Board in its absolute discretion shall determine, save that such price will not be less than the highest of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully paid Shares in issue on the date of issue.

At no time during the period were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Since adoption of the Scheme, no options have been granted.

As at 31 March 2025, there were 36,000,000 (2024: 36,000,000) share options available for grant under the Option Scheme. In addition, as at the date of the publication of the Annual Report, the Company had 36,000,000 shares available for issue under the Option Scheme, which represented approximately 3.3% of the issued shares at that date.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

| | Number of Shares held, capacity and nature of interest | | | |
|---|---|---|---|---|
| | Directly beneficially owned | Interests in persons acting in concert (Note 1) | Total | Percentage of the Company's share capital |
| **Name** | | | | |
| WONG Tseng Hon | 734,165,278 | – | 734,165,278 | 67.01% |
| **Concert party group** | | | | |
| WU Haiyan | 23,769,600 | 30,152,800 | 53,922,400 | 4.92% |
| WANG Songmao | 20,232,800 | 33,689,600 | 53,922,400 | 4.92% |
| WU Shican | 9,840,000 | 44,082,400 | 53,922,400 | 4.92% |
| LIN Qingxiong | 80,000 | 53,842,400 | 53,922,400 | 4.92% |

Note 1:

Pursuant to the concert party agreement dated 3 March 2016 and entered into among KE Mingcai, CAI Jinxu, WANG Songmao, LIN Qingxiong, WU Shican and WU Haiyan, they have agreed on certain arrangements pertaining to their shareholdings in the Company.

Save as disclosed above, as at 31 March 2025, there was no other person who had an interest or short position in the Shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued voting shares of the Company; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. So far as the Directors is aware, the Group has complied in all material respects with the relevant laws and regulations that have significant impact on the business of the Group.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued Shares were held by the public as at the date of this report.

## AUDITOR

The consolidated financial statements for the 2025 Year were audited by Confucius International CPA Limited ("Confucius"). A resolution for the re-appointment of Confucius as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

**LEUNG Clara Ka-wah**
*Non-Executive Director*

Hong Kong
30 June 2025

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

Save as the deviation from the code provision C.1.8 of the CG Code, the Company has applied the principles and complied with the applicable code provisions in the CG Code for the 2025 Year.

Under the CG Code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the articles of association of the Company. However, as the risk management and internal control systems of the Group is considered to be effective, the Board believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Board is of the view that the benefits of the insurance may not outweigh the cost. Therefore, the Board considers that the Directors' exposure to risk is manageable.

## BOARD OF DIRECTORS

### Board composition

The Board currently comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. As at the date of this report, the Board comprises the followings Directors:

### Executive Directors

Mr. WONG Ben
Mr. ZHANG Ayang (duties suspended)

### Non-executive Director

Dr. LEUNG Clara Ka-wah

### Independent non-executive Directors

Mr. KWOK Yiu Tong
Ms. LO Yuk Yee
Mr. SUN Yongtao

### Independence of the independent non-executive Directors

The Company has assessed the independence of all independent non-executive Directors and consider, based on the guidelines set out in Rule 3.13 of the Listing Rules, that all independent non-executive Directors still remain independent to the Company.

### Continuous professional development

During the 2025 Year, all Directors participated in continuous professional development by either attending external seminars and conferences, or reading materials relating to corporate governance practices, directors' duty and the Listing Rules.

The Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code on Directors' training. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge during the year under review:

| Name of Directors | Training received |
|---|---|
| Mr. SUN Yongtao | Reading materials/attending training course |
| Mr. WONG Ben | Reading materials/attending training course |
| Mr. ZHANG Ayang | Reading materials/attending training course |
| Dr. LEUNG Clara Ka-wah | Reading materials/attending training course |
| Mr. KWOK Yiu Tong | Reading materials/attending training course |
| Ms. LO Yuk Yee | Reading materials/attending training course |

## APPOINTMENT OF DIRECTORS

All Directors are subject to retirement by rotation at least once every three years. In addition, all independent non-executive Directors are appointed for a term of three years.

### Roles and responsibilities

The Board is responsible for the leadership and control of the Group, and delegates day-to-day operations to the management team of the Group. The Board provides directions to the management team by laying down strategies and plans, and then oversees the implementation performed by the management team. The Board also timely monitors the Group's operational and financial performance through monthly reports prepared by the management team of the Group.

The Board also reviews the compensation policies, succession planning, internal control system and risk management system regularly through various committee established under the Board.

### Directors' securities transactions

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the standards set out in the Model Code throughout the 2025 Year.

## BOARD COMMITTEES

The Company currently has four committees established under the Board, listed as follows:

- Audit committee
- Remuneration committee
- Nomination committee
- Risk management committee

### Audit committee

The audit committee is to serve as a focal point for communication between other Directors, the external auditor, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits.

The audit committee is currently chaired by Mr. KWOK Yiu Tong and the other members of the audit committee are Mr. SUN Yongtao and Ms. LO Yuk Yee. All members of the audit committee are independent non-executive Directors.

The work performed by the audit committee during the year ended 31 March 2025 comprises the following:

- reviewing the annual results and the annual report of the Group;
- reviewing the interim results and the interim report of the Group;
- assessing the effectiveness of the Group's internal audit function;
- making recommendations to the Board on reappointment of the Company's external auditor;
- approving the remuneration and terms of engagement of the Company's external auditor;
- reviewing and monitoring the independence of the Company's external auditor, objectivity and the effectiveness of the audit process;
- reviewing the Group's system of internal control; and
- reviewing the Group's accounting policies and practices.

**Remuneration committee**

The remuneration committee is mainly responsible for the following:

- making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- making recommendations to the Board on the remuneration of non-executive Directors;
- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- ensuring that no director or any of his/her associates is involved in deciding his/her own remuneration; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The remuneration committee is currently chaired by Ms. LO Yuk Yee and the other members of the remuneration committee are Mr. SUN Yongtao and Mr. KWOK Yiu Tong. All members of the remuneration committee are independent non-executive Directors.

The work performed by the remuneration committee during the year ended 31 March 2025 comprises the following:

- reviewing the policy for the remuneration of Directors; and
- assessing performance of executive Directors and approving the terms of executive Directors' service contracts.

### Nomination committee

The nomination committee is mainly responsible for the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships with due regard to the benefits of diversity in the Board with reference to the Board diversity policy;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;
- assessing the independence of independent non-executive Directors in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations;
- reviewing the Board diversity policy, developing and reviewing measurable objectives for implementing the Board diversity policy and monitoring the progress on achieving these objectives; and
- where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, setting out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.

The nomination committee is currently chaired by Mr. SUN Yongtao and other members of the nomination committee are Mr. KWOK Yiu Tong and Ms. LO Yuk Yee. All members of the nomination committee are independent non-executive Directors.

The work performed by the nomination committee during the year ended 31 March 2025 included reviewing the policy for the nomination of Directors.

### Board Diversity Policy

The Board recognises the importance of diversity in the Board composition and has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, selection of candidates has been considered from a number of perspectives and measurable objectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has considered and reviewed the composition and diversity of the Board. All the executive Directors and non-executive Director possess extensive and diversified experience in management and industrial experience. The three independent non-executive Directors possess professional knowledge in management, finance, accounting and legal aspects. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness.

The Nomination Committee recognises that the gender diversity of the Board and will continue to use its best efforts, to train, retain, attracts and select suitable female candidates that can contribute success to the Group. As at the date of this report, the Board comprises four male Directors and two female Directors.

### Risk management committee

The risk management committee is mainly responsible for the following:

- considering the Company's risk management strategies;
- considering, reviewing and approving risk management policies and guidelines;
- deciding on risk levels, risk appetite and related resources allocation;
- approving major decisions affecting the Group's risk profile or exposure and giving such directions as it considers appropriate;
- considering the effectiveness of decision making process in crisis and emergency situations; and
- reviewing at least once a year the effectiveness and resources of the risk management control system of the Group.

The risk management committee is currently chaired by Mr. WONG Ben and the other members of the risk management committee are Mr. SUN Yongtao and Mr. KWOK Yiu Tong, Mr. WONG Ben is an executive Director, and Mr. SUN Yongtao and Mr. KWOK Yiu Tong are independent non-executive Directors.

The work performed by the risk management committee during the year ended 31 March 2025 included reviewing the Group's risk management control system.

### Board, Board committee meetings and general meetings

The attendance of each Director for the Board meetings, Board committee meetings and general meetings held during the 2025 Year is set out in the following table:

| | Meetings attended/meetings eligible to attend | | | | | |
|---|---|---|---|---|---|---|
| Directors | Board | Audit committee | Remuneration committee | Nomination committee | Risk management committee | General meeting |
| **Executive Directors** | | | | | | |
| Mr. WONG Ben | 4/4 | N/A | N/A | N/A | 1/1 | 1/1 |
| Mr. ZHANG Ayang | 4/4 | N/A | N/A | N/A | N/A | 1/1 |
| Mr. CHAI Kaw Sing (resigned on 18 April 2024) | 0/0 | N/A | N/A | N/A | 0/0 | 0/0 |
| **Non-executive Directors** | | | | | | |
| Dr. LEUNG Clara Ka-wah (appointed on 11 November 2024) | 1/1 | N/A | N/A | N/A | N/A | 0/0 |
| **Independent non-executive Directors** | | | | | | |
| Mr. SUN Yongtao | 4/4 | 2/2 | 1/1 | 1/1 | 1/1 | 1/1 |
| Mr. KWOK Yiu Tong | 4/4 | 2/2 | N/A | N/A | N/A | 0/1 |
| Ms. LO Yuk Yee | 4/4 | 2/2 | 1/1 | 1/1 | N/A | 1/1 |
| Mr. CHAN Shiu Yuen Sammy (resigned on 11 September 2024) | 2/2 | 1/1 | 1/1 | 1/1 | 1/1 | 0/0 |

### Remuneration paid to the senior management by band

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration paid to the senior management by band for the 2025 Year is set out below:

| Remuneration bands | Number of individual(s) |
|---|---|
| Below HK$1,000,000 | 7 |

Details of remuneration of the Directors and the five highest paid individuals are set out in Note 12 to the consolidated financial statements.

## AUDITOR'S REMUNERATION

Confucius International CPA Limited has been appointed as the auditor of the Company in respect of the audit of the consolidated financial statements of the Company for the year ended 31 March 2025. Non-audit services, including other assurance engagement and agreed upon procedures, have been provided by Confucius International CPA Limited to the Group during the year ended 31 March 2025.

An analysis of the fees paid or payable to Confucius International CPA Limited in relation to services rendered to the Company for the year ended 31 March 2025 is as follows:

| | RMB'000 |
|---|---|
| Audit services | 1,100 |
| Non-audit services | 150 |
| | 1,250 |

## COMPANY SECRETARY

The Company engaged Mr. LEUNG Wing Lun as the company secretary of the Company up to 1 June 2025, and the Company has engaged Mr. LAU Chung Wai as the company secretary of the Company with effect from 1 June 2025 upon the resignation of Mr. LEUNG Wing Lun on the same date. The primary contact person at the Company for the company secretary is Mr. WONG Ben, an executive Director. The biographical details of Mr. LEUNG Wing Lun and Mr. LAU Chung Wai are set out under the section headed "Directors and senior management" in this annual report.

## SHAREHOLDERS' RIGHTS

Shareholders can at any time raise enquiries to the Board. The enquiries must be in writing with contact information of the Shareholder(s) and deposited at the principal place of business of the Company in Hong Kong at Room 2703, 27th Floor, K. Wah Centre, No. 191 Java Road, North Point, Hong Kong for the attention of the company secretary of the Company.

In addition, any one or more duly registered holder of the Shares holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## CONSTITUTIONAL DOCUMENTS

There is no significant changes in the constitutional documents of the Company during the 2025 Year.

## ANNUAL REPORTING

**Directors' responsibilities**

The Directors acknowledge that the Board is responsible for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

**Auditor's responsibilities**

The reporting responsibilities of the Company's auditor with regard to the consolidated financial statements of the Group are set out on pages 37 to 39 of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that a review of the risk management and internal control systems of the Group for the year ended 31 March 2025 has been conducted by an external service provider. There has been suggestions for improvement on the Group's internal control systems by the external service provider and the Group has taken and will continue to take further follow-up actions in response to those suggestions.

The Board expects that a review of the risk management and internal control systems will be performed annually.

## MATERIAL UNCERTAINTIES RELATING TO GOING CONCERN

For the 2025 Year, the Group incurred a net loss of approximately RMB6,959,000 and recorded net current liabilities of approximately RMB53,038,000 as at 31 March 2025.

In view of the financial performance and position, the Directors consider the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors haven undertaken substantial work for improving the Group's liquidity and financial position, including adopting the Scheme of Arrangement, an open offer, debt capitalization, issuance of convertible bonds, disposal of the Group's certain assets, arranging financial support from major shareholders and exploring new business initiatives.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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Rooms 1501-8, 15/F., Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
電話 Tel: (852) 3103 6980
傳真 Fax: (852) 3104 0170
電郵Email: info@pccpa.hk

**TO THE SHAREHOLDERS OF DA SEN HOLDINGS GROUP LIMITED**
*(Incorporated in Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Da Sen Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 127, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 March 2025 have been prepared assuming that the Group will continue as a going concern. We draw attention to Note 2 to the consolidated financial statements which mentions that the Group incurred a net loss of approximately RMB6,959,000 and recorded net current liabilities of approximately RMB53,038,000 as at 31 March 2025. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors' arrangements to address the going concern issue are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Valuation of investment properties**

Refer to Note 19 to the consolidated financial statements

Management has estimated the fair value of the Group's investment properties to be approximately RMB51,900,000 with a fair value loss amounting to approximately RMB3,800,000 for the year recorded in the consolidated statement of profit or loss with reference to valuation performed by the independent external valuer.

Due to the significance of investment properties (representing approximately 52.2% of total assets) to the consolidated financial statements and the existence of significant management's judgements and estimations involved in valuations, we identified the valuation of investment properties as a key audit matter.

**How our audit addressed the key audit matter**

Our procedures in relation to valuation of investment properties included:

- Assessing the independent external valuer's competence, capabilities, independence and objectivity;

- Assessing the valuation methodologies used and the appropriateness of the key assumptions and data adopted in the valuation based on our knowledge of the property industry;

- Evaluating, on a sample basis, the reasonableness of the significant unobservable and the accuracy of the input data used in the valuation by comparing them to, where relevant, existing tenancy profiles, and available public information of similar comparable properties;

- Discussing the valuation with the external valuer and management and challenging key estimates and inputs adopted in the valuation; and

- Conducting site visits to investment properties.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Confucius International CPA Limited**
*Certified Public Accountants*

**Tsang Kwong Kin**
*Practising Certificate Number: P07368*
Hong Kong
30 June 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

| | Notes | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|---|
| Revenue | 9 | **21,724** | 11,611 |
| Cost of sales | | **(7,574)** | (1,102) |
| **Gross profit** | | **14,150** | 10,509 |
| Selling and distribution expenses | | **(240)** | (609) |
| Administrative expenses | | **(7,384)** | (16,501) |
| Allowance for expected credit losses, net | 7 | **(12,200)** | (31,747) |
| Loss on extinguishment of financial liabilities by issue of ordinary shares | 14 | **–** | (2,297) |
| Fair value loss on investment properties | 19 | **(3,800)** | (17,182) |
| Other income, gains or (losses) | 10 | **5,467** | (5,525) |
| Finance costs | 11 | **(2,952)** | (3,935) |
| **Loss before tax** | | **(6,959)** | (67,287) |
| Income tax expense | 13 | **–** | – |
| **Loss and total comprehensive expenses for the year** | 14 | **(6,959)** | (67,287) |
| **Loss and total comprehensive expenses attributable to:** | | | |
| Owners of the Company | | **(6,421)** | (65,908) |
| Non-controlling interests | | **(538)** | (1,379) |
| | | **(6,959)** | (67,287) |
| **Loss per share attributable to owners of the Company** | | | |
| – Basic and diluted (expressed in RMB cents per share) | 16 | **(0.59)** | (7.17) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2025

| | Notes | 31 March 2025 RMB'000 | 31 March 2024 RMB'000 (restated) | 1 April 2023 RMB'000 (restated) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Right-of-use assets | 17 | **2,616** | 2,684 | 2,753 |
| Property, plant and equipment | 18 | **4,012** | 4,914 | 5,417 |
| Investment properties | 19 | **51,900** | 55,700 | 101,400 |
| Intangible assets | 20 | **4,542** | – | – |
| Financial assets at fair value through profit or loss | 21 | **–** | – | 1,557 |
| | | **63,070** | 63,298 | 111,127 |
| **Current assets** | | | | |
| Inventories | 22 | **–** | 354 | 1,932 |
| Trade and other receivables | 23 | **26,849** | 38,853 | 62,579 |
| Financial assets at fair value through profit or loss | 21 | **–** | 368 | – |
| Cash and cash equivalents | 24 | **9,489** | 979 | 6,939 |
| | | **36,338** | 40,554 | 71,450 |
| **Total assets** | | **99,408** | 103,852 | 182,577 |
| **EQUITY** | | | | |
| Share capital | 25 | **19,511** | 19,511 | 14,165 |
| Share premium | 25 | **252,927** | 252,927 | 233,241 |
| Other reserves | 26 | **46,534** | 46,534 | 52,942 |
| Convertible bonds equity reserves | 26 | **–** | 1,408 | 1,408 |
| Accumulated losses | | **(311,137)** | (306,124) | (240,216) |
| **Equity attributable to owners of the Company** | | **7,835** | 14,256 | 61,540 |
| **Non-controlling interests** | | **2,012** | (2,350) | (971) |
| **Total equity** | | **9,847** | 11,906 | 60,569 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2025

| | Notes | 31 March 2025 RMB'000 | 31 March 2024 RMB'000 (restated) | 1 April 2023 RMB'000 (restated) |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Deferred income | 29 | **185** | 210 | 235 |
| Convertible bond payables | 32 | **–** | – | 6,972 |
| | | **185** | 210 | 7,207 |
| **Current liabilities** | | | | |
| Trade and other payables | 28 | **47,579** | 52,464 | 58,849 |
| Deferred income | 29 | **25** | 25 | 25 |
| Receipt in advance | 30 | **768** | 2,908 | 3,311 |
| Tax payables | | **6,586** | 6,586 | 7,085 |
| Amount due to related parties | 31 | **–** | 46 | 7,795 |
| Convertible bond payables | 32 | **–** | 7,284 | – |
| Borrowings | 27 | **34,418** | 22,423 | 37,736 |
| | | **89,376** | 91,736 | 114,801 |
| **Total liabilities** | | **89,561** | 91,946 | 122,008 |
| **Total equity and liabilities** | | **99,408** | 103,852 | 182,577 |

The consolidated financial statements on pages 40 to 127 were approved and authorised for issue by the board of directors on 30 June 2025 and are signed on its behalf by:

**LEUNG Clara Ka-wah**
*Non-executive Director*

**WONG Ben**
*Executive Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2025

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital (Note 25) RMB'000 | Share premium (Note 25) RMB'000 | Convertible bond equity reserves (Note 26) RMB'000 | Other reserves (Note 26) RMB'000 | Accumulated losses RMB'000 | Sub-total RMB'000 | Non-controlling interest RMB'000 | **Total equity RMB'000** |
| **At 31 March 2023 (audited)** | 14,165 | 233,241 | 1,408 | 52,942 | (274,715) | 27,041 | (971) | 26,070 |
| Effect on change in accounting policy (Note 4) | – | – | – | – | 34,499 | 34,499 | – | 34,499 |
| **At 1 April 2023 (restated)** | 14,165 | 233,241 | 1,408 | 52,942 | (240,216) | 61,540 | (971) | 60,569 |
| Loss and total comprehensive expenses for the year (restated) | – | – | – | – | (65,908) | (65,908) | (1,379) | (67,287) |
| Issue of shares under debt capitalisation | 5,346 | 19,686 | – | – | – | 25,032 | – | 25,032 |
| Release of statutory reserves upon disposal of a subsidiary | – | – | – | (6,408) | – | (6,408) | – | (6,408) |
| **At 31 March 2024 (restated)** | 19,511 | 252,927 | 1,408 | 46,534 | (306,124) | 14,256 | (2,350) | 11,906 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2025

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital (Note 25) RMB'000 | Share premium (Note 25) RMB'000 | Convertible bond equity reserves (Note 26) RMB'000 | Other reserves (Note 26) RMB'000 | Accumulated losses RMB'000 | Sub-total RMB'000 | Non-controlling interest RMB'000 | Total equity RMB'000 |
| **At 31 March 2024 (audited)** | 19,511 | 252,927 | 1,408 | 46,534 | (327,693) | (7,313) | (2,350) | (9,663) |
| Effect on change in accounting policy (Note 4) | – | – | – | – | 21,569 | 21,569 | – | 21,569 |
| **At 1 April 2024 (restated)** | 19,511 | 252,927 | 1,408 | 46,534 | (306,124) | 14,256 | (2,350) | 11,906 |
| Loss and total comprehensive expenses for the year | – | – | – | – | (6,421) | (6,421) | (538) | (6,959) |
| Capital injection from non-controlling interest | – | – | – | – | – | – | 4,900 | 4,900 |
| Release upon maturity due | – | – | (1,408) | – | 1,408 | – | – | – |
| **At 31 March 2025** | 19,511 | 252,927 | – | 46,534 | (311,137) | 7,835 | 2,012 | 9,847 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

| | Notes | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|---|
| **Operating activities** | | | |
| Loss before tax | | (6,959) | (67,287) |
| Adjustments for: | | | |
| Depreciation of right-of-use assets | 17 | 68 | 69 |
| Depreciation of property, plant and equipment | 18 | 264 | 358 |
| Gain on disposal of property, plant and equipment | 10 | (762) | – |
| Gain on disposal of a subsidiary | 10 | – | (1,787) |
| Impairment loss on inventories, net of reversal | 10 | – | 1,469 |
| Amortisation of deferred income related to government grant | 10 | (25) | (25) |
| Amortisation of intangible assets | 20 | 358 | – |
| Allowance for expected credit losses on trade and other receivables, net | 7 | 12,200 | 31,747 |
| Exchange loss | | 99 | 1,440 |
| Fair value change on financial assets at fair value through profit or loss | 21 | – | 1,240 |
| Loss from derecognition of financial assets at fair value through profit or loss | 21 | 373 | – |
| Fair value loss on investment properties | 19 | 3,800 | 17,182 |
| Loss on extinguishment of financial liabilities by issue of ordinary shares | | – | 2,297 |
| Write-off of trade and other receivables | 10 | 1,334 | 665 |
| Write-off of other payables | 10 | – | (153) |
| (Reversal) provision for legal case | 10 | (4,252) | 4,252 |
| Interest income | 10 | (5) | (5) |
| Finance costs | 11 | 2,952 | 3,935 |
| Operating cash flow before movements in working capital | | 9,445 | (4,603) |
| Decrease in inventories | | 354 | 109 |
| Increase in trade and other receivables | | (1,530) | (8,686) |
| (Decrease) increase in trade and other payables | | (1,171) | 4,439 |
| Decrease in receipt in advance | | (2,140) | (403) |
| (Decrease) increase in amount due to related parties | | (46) | 2,740 |
| Cash from (used in) operation | | 4,912 | (6,404) |
| Interest received | | 5 | 5 |
| Interest paid | 34 | (2,507) | (8,822) |
| Net cash from (used in) operating activities | | 2,410 | (15,221) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 (restated) |
|---|---|---|---|
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 18 | – | (17) |
| Proceeds from disposal of property, plant and equipment | | 1,400 | – |
| Net cash inflow on disposal of a subsidiary | 33 | – | 21,010 |
| Net cash from investing activities | | 1,400 | 20,993 |
| **Financing activities** | | | |
| Proceeds from borrowings | 34 | 26,900 | 21,423 |
| Repayments of borrowings | 34 | (22,200) | (33,155) |
| Net cash from (used in) financing activities | | 4,700 | (11,732) |
| Net increase (decrease) in cash and cash equivalents | | 8,510 | (5,960) |
| Cash and cash equivalents at beginning of year | | 979 | 6,939 |
| Cash and cash equivalents at end of year | | 9,489 | 979 |

## 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 directors of the Company (the "Directors") consider Mr. Wong Tseng Hon as the ultimate controlling party of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are set out in Note 39 to the consolidated financial statements.

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 IFRS Accounting Standards and Hong Kong Companies Ordinance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IASs") and related Interpretations promulgated by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance ("HKCO").

### (b) Going concern basis

For the year ended 31 March 2025, the Group incurred a net loss of RMB6,959,000. As at 31 March 2025, the Group recorded net current liabilities of RMB53,038,000, where the Group's current borrowings amounted to RMB34,418,000, comprising bank borrowing of RMB17,600,000 and other loans payable of RMB16,818,000 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 RMB9,489,000 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.

## 2 BASIS OF PREPARATION – *continued*

### (b) Going concern basis – *continued*

For the assessment of the going concern, the Directors are of the opinion that the Group would be able to continue as going concern as the Group has sufficient financial resources to support the operation of the Group in the foreseeable future, after taking into consideration the following:

(a) A company controlled by the ultimate controlling party of the Company has granted a standby loan facility to the Group and undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of this report. Up to the date of this report, the loan facility has not been utilised under the arrangement;

(b) The Directors will strengthen and implement measures aimed at improving the working capital and cash flow of the Group, including closely monitoring the general administrative expenses and operating costs; and

(c) The Group will seek to obtain additional new financial support including but not limited to borrowing loans, issuing additional equity or debt securities.

In view of the above measures, the Directors are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the date of this report.

### (c) Historical cost convention

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

## 2 BASIS OF PREPARATION – *continued*

### (c) Historical cost convention – *continued*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 3 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

**Amendments to IFRS Accounting Standards that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by IASB for the first time, which are mandatorily effective for annual periods beginning on 1 April 2024 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

The application of these amendments to IFRS Accounting Standards 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.

## 3 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS – *continued*

**New and amendments to IFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRS Accounting Standards 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[1] |
| Amendment to IAS 21 | Lack of Exchangeability[2] |
| Amendments to IFRS 9 and IFRS 7 | Classification and Measurement of Financial Instruments[3] |
| Amendments to IFRS Accounting Standards | Annual Improvement to IFRS Accounting Standards – Volume 11[3] |
| IFRS 18 | Presentation and Disclosure in Financial Statements[4] |
| IFRS 19 | Disclosures for Subsidiaries without Public Accountability[4] |

1 Effective date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of these new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

## 4 CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF INVESTMENT PROPERTIES

The Group elected to change its accounting policy for the measurement of the investment properties, as the Group believes that the fair value model would align the accounting policy of the Group with those of its holding companies and industry practice, more reliable and more relevant to reflect the Group's operational performance. Under the fair value model, the investment properties are measured at their fair value. The Group applied the fair value model retrospectively and the comparative figures in the consolidated statements of financial position as at 1 April 2023 and 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2024 have been restated.

## 4 CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF INVESTMENT PROPERTIES – *continued*

**Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024**

| | As previously reported RMB'000 | Effect RMB'000 | As restated RMB'000 |
|---|---|---|---|
| Administrative expenses | (18,898) | 2,397 | (16,501) |
| Fair value loss on investment properties | – | (17,182) | (17,182) |
| Other income, gains or (losses) | (7,380) | 1,855 | (5,525) |
| Loss before tax | (54,357) | (12,930) | (67,287) |
| Loss and total comprehensive expenses for the year | (54,357) | (12,930) | (67,287) |
| Loss and total comprehensive expenses attributable to: | | | |
| – Owners of the Company | (52,978) | (12,930) | (65,908) |
| – Non-controlling interests | (1,379) | – | (1,379) |
| | (54,357) | (12,930) | (67,287) |
| Loss per share attributable to owners of the Company – Basic and diluted (expressed in RMB cents per share) | (5.76) | (1.41) | (7.17) |

## 4 CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF INVESTMENT PROPERTIES – *continued*

**Consolidated statement of financial position as at 31 March 2024**

| | As previously reported RMB'000 | Effect RMB'000 | As restated RMB'000 |
|---|---|---|---|
| Investment properties | 34,131 | 21,569 | 55,700 |
| Total non-current assets | 41,729 | 21,569 | 63,298 |
| Total assets | 82,283 | 21,569 | 103,852 |
| Net assets | (9,663) | 21,569 | 11,906 |
| Accumulated losses | (327,693) | 21,569 | (306,124) |
| Equity attributable to owners of the Company | (7,313) | 21,569 | 14,256 |
| Non-controlling interests | (2,350) | – | (2,350) |
| (Capital deficiency) total equity | (9,663) | 21,569 | 11,906 |

**Consolidated statement of financial position as at 1 April 2023**

| | As previously reported RMB'000 | Effect RMB'000 | As restated RMB'000 |
|---|---|---|---|
| Investment properties | 66,901 | 34,499 | 101,400 |
| Total non-current assets | 76,628 | 34,499 | 111,127 |
| Total assets | 148,078 | 34,499 | 182,577 |
| Net assets | 26,070 | 34,499 | 60,569 |
| Accumulated losses | (274,715) | 34,499 | (240,216) |
| Equity attributable to owners of the Company | 27,041 | 34,499 | 61,540 |
| Non-controlling interests | (971) | – | (971) |
| Total equity | 26,070 | 34,499 | 60,569 |

## 5 MATERIAL ACCOUNTING POLICY INFORMATION

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Basis of consolidation – *continued***

*Changes in the Group's interests in existing subsidiaries*

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors that makes strategic decisions.

**Revenue recognition**

*Revenue from contracts with customers*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Revenue recognition – *continued***

*Revenue from contracts with customers – continued*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 Financial Instrument ("IFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under the “other income, gains or (losses)”.

**Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at costs less accumulated depreciation and impairment, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Property, plant and equipment – *continued***

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| – Plant | 30 years |
| – Machinery | 10-15 years |
| – Vehicles | 10 years |
| – Furniture, fixtures and equipment | 5 years |

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Intangible assets (other than goodwill)**

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Intangible assets (other than goodwill) – *continued***

The intangible assets are amortised on a straight-line basis at the following rates per annum:

| | |
|---|---|
| – Software | 10 years |
| – Intellectual property | 10 years |

**Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

**Impairment on property, plant and equipment, intangible assets and right-of-use assets**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets, are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Impairment on property, plant and equipment, intangible assets and right-of-use assets – *continued***

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying value of a group of cash-generating units, including the carrying value of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Lease**

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*The Group as lessor*

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

*The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Lease – *continued***

*The Group as a lessee – continued*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Lease – *continued***

*The Group as a lessee – continued*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

**Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Employee benefits**

*Retirement benefit costs*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity managed by local governments. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

**Taxation**

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Taxation – *continued***

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Financial assets – continued*

Classification and subsequent measurement of financial assets – *continued*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other income, gains or (losses)” line item.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Financial assets – continued*

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables, cash and cash equivalents) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Financial assets – continued*

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(i) Significant increase in credit risk – *continued*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Financial assets – continued*

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Financial assets – continued*

Impairment of financial assets subject to impairment assessment under IFRS 9 – *continued*

(v) Measurement and recognition of ECL – *continued*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Financial liabilities and equity instruments*

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to related parties and borrowings) are subsequently measured at amortised cost using the effective interest method.

*Convertible bonds*

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Financial instruments – *continued***

*Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

*Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**Related parities**

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

## 5 MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

**Related parties – *continued***

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group (which mean that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

## 6 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 5, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

*(a) Going concern consideration*

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt on the going concern assumption are set out in Note 2(b) to the consolidated financial statements.

*(b) Principal versus agent consideration*

The Group engages in trading of agricultural products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the obligation to provide the agricultural products and the Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 March 2025, the Group recognised revenue relating to trading of agricultural products amounted to RMB7,117,000 (2024: Nil).

## 6 KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

*(a) Estimated useful lives and residual values of property, plant and equipment, intangible assets and right-of-use assets*

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, intangible assets and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of the assets of similar nature and functions. It could change significantly as a result of technical innovations and competitors action in response to several industry cycles. Management will increase the depreciation charge when useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives and actual residual values may differ from estimated useful lives and residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

*(b) Estimated impairment of property, plant and equipment, intangible assets and right-of-use assets*

Property, plant and equipment, intangible assets and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the financial market may progress and evolve.

## 6 KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

**Key sources of estimation uncertainty – *continued***

(b) *Estimated impairment of property, plant and equipment, intangible assets and right-of-use assets – continued*

As at 31 March 2025, the carrying value of property, plant and equipment, intangible assets and right-of-use assets were RMB4,012,000, RMB4,542,000 and RMB2,616,000 (2024: RMB4,914,000, RMBNil and RMB2,684,000) respectively. Details of the impairment of property, plant and equipment, intangible assets and right-of-use assets are disclosed in Notes 18, 20 and 17 respectively.

(c) *Allowance for expected credit losses of trade and other receivables*

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 7.

(d) *Fair value of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 19.

The Group appointed an independent qualified professional valuer to assess the fair values of the investment properties. In determining the fair values, the independent qualified professional valuer has utilised valuation approaches which involve certain estimates. The Directors have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 March 2025, the carrying amount of the Group's investment properties is RMB51,900,000 (2024: RMB55,700,000).

## 6 KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

**Key sources of estimation uncertainty – *continued***

*(e) Deferred taxes*

As at 31 March 2025 and 2024, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB117,852,000 (2024: RMB124,405,000) and other deductible temporary differences of approximately RMB29,032,000 (2024: RMB25,232,000) as it is not probable that future taxable profits against which the temporary differences can be utilised will be available in the relevant tax jurisdiction of the entities.

## 7 FINANCIAL INSTRUMENTS

**(a) Categories of financial instruments**

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Financial assets** | | |
| *Amortised cost* | | |
| Trade and other receivables | 26,529 | 38,635 |
| Cash and cash equivalents | 9,489 | 979 |
| | 36,018 | 39,614 |
| **Financial assets at fair value through profit or loss** | – | 368 |
| **Financial liabilities** | | |
| *Amortised cost* | | |
| Trade and other payables | 19,335 | 24,362 |
| Borrowings | 34,418 | 22,423 |
| Amount due to related parties | – | 46 |
| Convertible bond payables | – | 7,284 |
| | 53,753 | 54,115 |

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, amount due to related parties and convertible bond payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

*(a) Market risk*

(i) Foreign exchange risk

The Directors do not consider the exposure to foreign exchange risk is significant to the Group's operation as the Group mainly operates in Mainland China with most of the transactions denominated and settled in RMB. Therefore, the Group did not use any derivatives to hedge its exposure to foreign exchange risk for the year ended 31 March 2025.

The Group's exposure to foreign exchange risks mainly arises from the Company's cash and cash equivalents, trade and other receivables, financial assets at fair value through profit or loss, other payables, convertible bond payables, borrowings and amount due to related parties in Hong Kong which are denominated in Hong Kong dollars ("HK$") (Notes 24, 23, 21, 28, 32, 27 and 31 respectively).

At 31 March 2025, if RMB had strengthened/weakened by 10% against HK$ (pegged with US$), with all other variables held constant, the Group's net loss for the year would have been approximately RMB319,000 lower/higher (2024: RMB1,283,000 lower/higher).

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors – *continued*

*(a) Market risk – continued*

(ii) Cash flow and fair value interest rate risk

Except for cash and cash equivalents (Note 24), the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group does not hedge its cash flow and fair value interest rate risk.

The Group's exposure to cash flow interest rate risk relates to its bank deposits and certain of its borrowings which bear interests at variable rates that varied with the then prevailing market conditions. As at 31 March 2025, if interest rate had been higher/ lower by 100 basis point, with other variables held constant, the Group's net loss for the years would have been increased/decreased by approximately RMB5,000 (2024: decreased/increased by RMB10,000).

*(b) Credit risk*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(i) Risk management

Credit risk is managed on a group basis. Bank deposits and cash at bank are deposited in reputable financial institutions which are considered with low credit risk.

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors – *continued*

#### *(b) Credit risk – continued*

(ii) Impairment of financial assets

The Group performed impairment assessment for financial assets under expected credit loss ("ECL") model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Cash and cash equivalents

Credit risk on bank balances is limited because the counterparties are reputable bank and the ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Trade receivables

The Group applies the IFRS 9 modified retrospective approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables on initial recognition.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the length of past due period.

Individually impaired trade receivable is related to customer who is experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses. As at 31 March 2025, accumulated trade receivables of approximately RMB165,728,000 (2024: RMB136,520,000) has been fully provided for loss allowance for these individually assessed receivables.

The Group's concentration of credit risk by geographical locations is mainly in the Thailand, which accounted for 54% (2024: PRC: 66%) of the total receivables as at 31 March 2025. The Group has concentration of credit risk as 54% (2024: 34%) and 100% (2024: 80%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors – *continued*

*(b) Credit risk – continued*

(ii) Impairment of financial assets – *continued*

Trade receivables – *continued*

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the business, financial or economic conditions and performance and behaviour of customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considered various indicators, including, but not limited to, the prevailing market conditions in assessing how the expected loss rate should be adjusted. The Group had also considered the probability of default ("PD") and potential loss given default ("LGD") for its financial assets in its analysis. Given the difficult economic conditions and its analysis based on the above factors, the Group incorporated both current and forward-looking information by increasing its expected loss rates based with reference to its historical loss rate. In assessing the expected loss rate, the Group calculated the PD and LGD for each class of accounts receivables by incorporating forward-looking adjustments.

On that basis, the loss allowance as at 31 March 2025 and 2024 were determined as follows for trade receivables:

| 31 March 2025 | Current RMB'000 | Past due for within 6 months RMB'000 | Past due for more than 6 months and less than 1 year RMB'000 | Past due for more than 1 year RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Expected loss rate | 0.99% | 0.90% | n/a | 3.59% | 1.60% |
| Gross carrying amount | 3,523 | 9,103 | – | 4,258 | 16,884 |
| Loss allowance | 35 | 82 | – | 153 | 270 |
| Individually impaired receivables | – | – | – | 165,728 | 165,728 |
| **Total loss allowance** | 35 | 82 | – | 165,881 | 165,998 |

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors – *continued*

#### *(b) Credit risk – continued*

(ii) Impairment of financial assets – *continued*

Trade receivables – *continued*

| 31 March 2024 | Current RMB'000 | Past due for within 6 months RMB'000 | Past due for more than 6 months and less than 1 year RMB'000 | Past due for more than 1 year RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Expected loss rate | n/a | 0.92% | n/a | 53.10% | 42.83% |
| Gross carrying amount | – | 8,422 | – | 34,383 | 42,805 |
| Loss allowance | – | 78 | – | 18,257 | 18,335 |
| Individually impaired receivables | – | – | – | 136,520 | 136,520 |
| **Total loss allowance** | – | 78 | – | 154,777 | 154,855 |

The expected credit loss allowances for trade receivables as at 31 March 2025 reconcile to the opening expected credit loss allowances as follows:

| | RMB'000 |
|---|---|
| At 1 April 2023 | 124,516 |
| Provision for allowance for expected credit losses, net | 31,622 |
| Write-off | (1,283) |
| At 31 March 2024 and 1 April 2024 | 154,855 |
| Provision for allowance for expected credit losses, net | 12,071 |
| Write-off | (928) |
| At 31 March 2025 | 165,998 |

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors – *continued*

#### *(b) Credit risk – continued*

(ii) Impairment of financial assets – *continued*

Trade receivables – *continued*

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and dissolution of debtor.

Impairment losses on trade receivables are presented within operating result. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables at amortised cost

Other financial assets at amortised cost include other receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The expected credit loss allowances for other receivables as at 31 March 2025 reconcile to the opening expected credit loss allowances as follows:

| | RMB'000 |
|---|---|
| At 1 April 2023 | – |
| Provision for allowance for expected credit losses | 125 |
| At 31 March 2024 | 125 |
| Provision for allowance for expected credit losses | 129 |
| At 31 March 2025 | 254 |

## 7 FINANCIAL INSTRUMENTS – *continued*

### (b) Financial risk factors – *continued*

#### *(c) Liquidity risk*

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings, standby loan facility and other borrowings, and ensures compliance with loan covenants.

The Group relies on bank borrowings, standby loan facility and other borrowings as a significant source of liquidity. As at the date of reporting, the Group has available unutilised standby loan facility of HK$60,000,000 (2024: Nil).

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Weighted average effective interest rate % | Within 1 month or on demand RMB'000 | 1-3 months RMB'000 | 3 months-1 year RMB'000 | More than 1 year RMB'000 | Total contractual undiscounted cash flow RMB'000 | Carrying amount RMB'000 |
|---|---|---|---|---|---|---|---|
| **At 31 March 2025** | | | | | | | |
| Borrowings | 11.17 | 5,408 | 492 | 30,778 | – | 36,678 | 34,418 |
| Trade and other payables | n/a | 19,335 | – | – | – | 19,335 | 19,335 |
| | | 24,743 | 492 | 30,778 | – | 56,013 | 53,753 |
| At 31 March 2024 | | | | | | | |
| Borrowings | 9.26 | 9,514 | 204 | 13,313 | – | 23,031 | 22,423 |
| Trade and other payables | n/a | 24,362 | – | – | – | 24,362 | 24,362 |
| Convertible bonds payable | 9.06 | – | – | 7,822 | – | 7,822 | 7,284 |
| Amount due to related parties | n/a | 46 | – | – | – | 46 | 46 |
| | | 33,922 | 204 | 21,135 | – | 55,261 | 54,115 |

## 7 FINANCIAL INSTRUMENTS – *continued*

### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of the bank borrowings and dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings and convertible bond payables divided by total equity.

The gearing ratios as at 31 March 2025 and 2024 were as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|
| Borrowings (Note 27) | 34,418 | 22,423 |
| Convertible bond payables (Note 32) | – | 7,284 |
| | 34,418 | 29,707 |
| Total equity | 9,847 | 11,906 |
| **Gearing ratio** | 350% | 250% |

### Fair value measurement

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuer to perform the valuation.

The following gives information about how the fair values of these financial assets are determined.

| | 2025<br>Level 3<br>RMB'000 | 2024<br>Level 3<br>RMB'000 |
|---|---|---|
| Financial assets at fair value through profit or loss | | |
| Issuer's early redemption rights on convertible bonds (Note 21) | – | 368 |

During the year ended 31 March 2025 and 2024, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

## 7 FINANCIAL INSTRUMENTS – *continued*

**Fair value measurement – *continued***

The key assumptions adopted in the valuation that support the determination of fair value were in the following ranges for the Group's portfolio of financial assets at fair value through profit or loss:

| Fair value at 31 March 2024 (RMB'000) | Valuation technique | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| 368 | Crank – Nicolson finite – difference method | (i) Discount rate | 8.27% | Higher the discount rate, lower of the fair value |
| | | (ii) Volatility | 62.15% | Higher the volatility, higher of the fair value |

The carrying amounts of the Group's financial assets, including trade and other receivables, cash and cash equivalents and financial liabilities, including trade and other payables and borrowings are assumed to approximate their fair values due to their short-term maturities.

## 8 SEGMENT INFORMATION

The Directors are the Group's chief operating decision maker. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segments based on these reports. The Directors consider the business from products and services perspective, and determine that the Group has the following operating segments:

– Manufacturing and selling of plywood and related services;

– Leasing activities; and

– Trading of agricultural products.

Revenue of RMB3,034,000 and 8,830,234 is generated from external customers from Hong Kong and Thailand respectively and the remaining revenue of the Group is derived within the PRC. All the operating assets of the Group are located in the PRC.

The Directors assess the performance of the business segments based on loss before tax without allocation of certain finance costs and administrative expenses, which is consistent with that in the consolidated financial statements.

## 8 SEGMENT INFORMATION – *continued*

Segment assets consist of right-of-use assets, property, plant and equipment, investment properties, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets mainly comprise cash and cash equivalents, property, plant and equipment, intangible assets, other receivables and financial assets at fair value through profit or loss held by certain non-PRC incorporated companies.

Segment liabilities consist of borrowings, deferred income, receipt in advance, trade and other payables and other current tax liabilities. Unallocated liabilities mainly comprise amount due to related parties, other payables and convertible bond payables held by non-PRC incorporated companies.

The segment information for the year ended 31 March 2025 is as follows:

| | Plywood and related services RMB'000 | Lease activities RMB'000 | Trading of agricultural products RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Segment result** | | | | |
| Revenue | 12,218 | 2,389 | 7,117 | 21,724 |
| Segment results | 3,239 | (3,565) | 142 | (184) |
| Unallocated costs | | | | (6,155) |
| Finance costs | | | | (620) |
| Loss before tax | | | | (6,959) |
| Income tax expense | | | | – |
| Loss for the year | | | | (6,959) |

## 8 SEGMENT INFORMATION – *continued*

| | Plywood and related services RMB'000 | Lease activities RMB'000 | Trading of agricultural products RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **Other segment items** | | | | | |
| *Profit or loss items:* | | | | | |
| Allowance for expected credit losses, net | 12,200 | – | – | – | 12,200 |
| Depreciation on right-of-use assets | 68 | – | – | – | 68 |
| Depreciation on property, plant and equipment | 259 | – | – | 5 | 264 |
| Fair value loss on investment properties | – | 3,800 | – | – | 3,800 |
| Amortisation of intangible assets | – | – | – | 358 | 358 |
| Reversal for legal case | (4,252) | – | – | – | (4,252) |
| Write-off of trade and other receivables | 1,334 | – | – | – | 1,334 |
| Loss from derecognition of financial assets at fair value through profit or loss | – | – | – | 373 | 373 |
| Gain on disposal of property, plant and equipment | (762) | – | – | – | (762) |
| *Other items:* | | | | | |
| Addition to intangible assets | – | – | – | 4,900 | 4,900 |

## 8 SEGMENT INFORMATION – *continued*

The segment assets and liabilities at 31 March 2025 are as follows:

| | Plywood and related services RMB'000 | Lease activities RMB'000 | Trading of agricultural products RMB'000 | Unallocated RMB'000 | Group RMB'000 |
|---|---|---|---|---|---|
| Total assets | 30,623 | 52,379 | 6,267 | 10,139 | 99,408 |
| Total liabilities | (39,421) | (15,989) | (10,041) | (24,110) | (89,561) |

The restated segment information for the year ended 31 March 2024 is as follows:

| | Plywood and related services RMB'000 | Lease activities RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Segment result** | | | |
| Revenue | 8,511 | 3,100 | 11,611 |
| Segment results | (32,467) | (16,879) | (49,346) |
| Unallocated costs | | | (17,255) |
| Finance costs | | | (686) |
| Loss before tax | | | (67,287) |
| Income tax expense | | | – |
| Loss for the year | | | (67,287) |

## 8 SEGMENT INFORMATION – *continued*

The restated segment information for the year ended 31 March 2024 is as follows: – *continued*

| | Plywood and related services RMB'000 | Lease activities RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Other segment items** | | | | |
| *Profit or loss items:* | | | | |
| Allowance for expected credit losses, net | 31,747 | – | – | 31,747 |
| Depreciation on right-of-use assets | 69 | – | – | 69 |
| Depreciation on property, plant and equipment | 335 | 21 | 2 | 358 |
| Fair value loss on investment properties | – | 17,182 | – | 17,182 |
| Impairment loss on inventories, net of reversal | 1,469 | – | – | 1,469 |
| Provision for legal case | 4,252 | – | – | 4,252 |
| Gain on disposal of a subsidiary | – | (1,787) | – | (1,787) |
| Write-off of other payables | – | (153) | – | (153) |
| Write-off of trade and other receivables | 665 | – | – | 665 |
| Fair value change on financial assets at fair value through profit or loss | – | – | 1,240 | 1,240 |
| Loss on extinguishment of financial liabilities by issue of ordinary shares | – | – | 2,297 | 2,297 |
| *Other items:* | | | | |
| Additions to non-current assets | – | – | 17 | 17 |

The restated segment assets and liabilities at 31 March 2024 are as follows:

| | Plywood and related services RMB'000 | Lease activities RMB'000 | Unallocated RMB'000 | Group RMB'000 |
|---|---|---|---|---|
| Total assets | 45,983 | 55,700 | 2,169 | 103,852 |
| Total liabilities | (67,968) | (2,908) | (21,070) | (91,946) |

## 8 SEGMENT INFORMATION – *continued*

**Information about major customers**

Revenue from an individual customer which accounted for 10% or more of the Group's total revenue during the year is set out as below:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Customer A# | 8,830 | – |
| Customer B# | 3,034 | – |
| Customer C* | 6,689 | – |
| Customer D# | – | 8,511 |

# Revenue generated from sales of plywood and related services.

* Revenue generated from trading of agricultural products.

## 9 REVENUE

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Revenue from contract with customers** | | |
| Sales of plywood | 354 | – |
| Provision of plywood related referral service | 11,864 | 8,511 |
| Trading of agricultural products | 7,117 | – |
| | 19,335 | 8,511 |
| **Revenue from leasing** | | |
| Gross rental income | 2,389 | 3,100 |
| | 21,724 | 11,611 |

The Group's revenue from contracts with customers are derived from the transfer of goods and providing plywood 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.

## 10 OTHER INCOME, GAINS OR (LOSSES)

| | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|
| Interest income | 5 | 5 |
| Amortisation of deferred income related to government grants | 25 | 25 |
| Write-off of trade and other receivables | (1,334) | (665) |
| Write-off of other payables | – | 153 |
| Gain on disposal of property, plant and equipment | 762 | – |
| Other gains or (losses) | 2,130 | 131 |
| Impairment loss on inventories, net of reversal | – | (1,469) |
| Fair value change on financial assets at fair value through profit or loss | – | (1,240) |
| Loss from derecognition of financial assets at fair value through profit or loss | (373) | – |
| Gain on disposal of a subsidiary | – | 1,787 |
| Reversal (provision) for legal case | 4,252 | (4,252) |
| | 5,467 | (5,525) |

## 11 FINANCE COSTS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Interest expense on bank borrowings | 756 | 757 |
| Interest expense on other loans | 1,575 | 2,529 |
| Effective interest charged on convertible bond payables | 621 | 649 |
| | 2,952 | 3,935 |

## 12 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' emoluments and retirement benefits

*For the year ended 31 March 2025*

| | Fees RMB'000 | Salaries and allowances RMB'000 | Retirement benefits scheme contributions RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Executive directors: | | | | |
| Mr. Wong Ben | 111 | – | – | 111 |
| Mr. Chai Kaw Sing (Note iii) | 9 | – | – | 9 |
| Mr. Zhang Ayang (Note i) | 111 | – | – | 111 |
| Non-executive director: | | | | |
| Mr. Sun Yongtao (Note iv) | 65 | – | – | 65 |
| Dr. Leung Clara Ka-wah (Note v) | 43 | – | – | 43 |
| Independent non-executive directors: | | | | |
| Ms Lo Yuk Yee | 167 | – | – | 167 |
| Mr. Kwok Yiu Tong | 111 | – | – | 111 |
| Mr. Chan Shiu Yuen Sammy (Note ii) | 74 | – | – | 74 |
| Mr. Sun Yongtao (Note iv) | 46 | – | – | 46 |
| | 737 | – | – | 737 |

## 12 DIRECTORS' AND EMPLOYEES' EMOLUMENTS – *continued*

### (a) Directors' emoluments and retirement benefits – *continued*

*For the year ended 31 March 2024*

| | Fees RMB'000 | Salaries and allowances RMB'000 | Retirement benefits scheme contributions RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Executive directors: | | | | |
| Mr. Wong Ben | 324 | – | – | 324 |
| Mr. Chai Kaw Sing (Note iii) | 324 | – | – | 324 |
| Mr. Zhang Ayang (Note i) | 356 | – | – | 356 |
| Non-executive director: | | | | |
| Mr. Sun Yongtao (Note iv) | 324 | – | – | 324 |
| Independent non-executive directors: | | | | |
| Ms Lo Yuk Yee | 162 | – | – | 162 |
| Mr. Kwok Yiu Tong | 130 | – | – | 130 |
| Mr. Chan Shiu Yuen Sammy (Note ii) | 162 | – | – | 162 |
| | 1,782 | – | – | 1,782 |

The executive, non-executive and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

## 12 DIRECTORS' AND EMPLOYEES' EMOLUMENTS – *continued*

### (a) Directors' emoluments and retirement benefits – *continued*

Notes:

(i) The duties and powers of Mr. Zhang Ayang as an executive director has been suspended since 15 December 2021.

(ii) Mr. Chan Shiu Yuen Sammy was resigned as an independent non-executive director on 11 September 2024.

(iii) Mr. Chai Kaw Sing resigned as an executive director on 18 April 2024.

(iv) Mr. Sun Yongtao was redesignated as an independent non-executive director on 11 November 2024.

(v) Dr. Leung Clara Ka-wah was appointed as a non-executive director on 11 November 2024.

### (b) Directors' termination benefits

For the year ended 31 March 2025, no termination benefits were paid to the Directors (2024: Nil).

### (c) Consideration provided to third parties for making available directors' services

For the year ended 31 March 2025, no consideration was paid for making available the services of the directors of the Company (2024: Nil).

### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

For the year ended 31 March 2025, there was no loans, quasi loans or other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors (2024: Nil).

### (e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: Nil).

## 12 DIRECTORS' AND EMPLOYEES' EMOLUMENTS – *continued*

**Five highest paid individuals**

The five individuals whose emoluments are the highest in the Group included three (2024: four) directors during the year ended 31 March 2025, whose emoluments are reflected in the analysis shown below. The emoluments paid and payable to the remaining individual during the year are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Salaries and bonus | 386 | 302 |
| Pension, housing fund and other social benefits | 24 | 16 |
| | 410 | 318 |

The number of highest paid non-director individuals, whose remuneration for the year fell within the following band:

| | 2025 | 2024 |
|---|---|---|
| Emolument band (in RMB) | | |
| Nil to RMB1,000,000 | 2 | 1 |

## 13 INCOME TAX EXPENSE

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Income tax expense | | |
| – Current tax | – | – |
| – Deferred income tax | – | – |

### (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 profits tax rate is 16.5% for the year ended 31 March 2025 (2024: 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 2025 (2024: 25%).

### (iii) PRC withholding income tax

According to the new EIT Law, a 10% withholding tax will be levied on the immediate holding companies established outside 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 2025 and 2024 in the foreseeable future.

## 13 INCOME TAX EXPENSE – *continued*

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

| | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|
| Loss before tax | (6,959) | (67,287) |
| Tax calculated at PRC EIT 25% (2024: 25%) | (1,740) | (16,822) |
| Tax effects of: | | |
| – Expenses not deductible for tax purpose | 4,557 | 10,723 |
| – Income not taxable for tax purpose | (6,485) | (1,768) |
| – Deductible temporary differences not recognised | 1,124 | 2,857 |
| – Different tax rates of subsidiaries operating in other jurisdiction | (526) | 582 |
| – Tax losses not recognised (Notes (i) & (ii)) | 3,075 | 4,428 |
| – Utilisation of tax losses previously not recognised | (5) | – |
| Income tax expense | – | – |

Notes:

(i) As at 31 March 2025, the Group's entities in the PRC had estimated tax losses of RMB115,119,000 (2024: RMB123,813,000). The expiration dates of those tax losses for which no deferred tax assets have been recognised are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Year of expiration | | |
| 2025 | – | 21,420 |
| 2026 | 71,620 | 71,690 |
| 2027 | 12,316 | 12,330 |
| 2028 | 14,972 | 14,925 |
| 2029 | 8,933 | 3,448 |
| 2030 | 7,278 | – |
| Total | 115,119 | 123,813 |

## 13 INCOME TAX EXPENSE – *continued*

Notes: – continued

(ii) The remaining tax losses were incurred by the Company and subsidiaries in Hong Kong that are not likely to generate assessable profits 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.

(iii) As at 31 March 2025, the Group's entities in the PRC had deductible temporary difference in investment properties between its taxable value and accounting value of RMB7,258,000 (2024: RMB6,308,000). The Group has not recognised deferred tax assets in respect of the deductible temporary difference as it is not probable that future taxable profits against which the temporary differences can be utilised will be available in the relevant tax jurisdiction of the entities. The deductible temporary difference for which no deferred tax assets have been recognised as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Taxable value | 80,932 | 80,932 |
| Fair value in accounting value | (51,900) | (55,700) |
| | 29,032 | 25,232 |
| Deductible temporary difference EIT 25% (2024: 25%) | 7,258 | 6,308 |

## 14 LOSS FOR THE YEAR

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

| | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|
| Staff costs, including directors' emoluments | 1,904 | 4,230 |
| Retirement benefits scheme contributions, including contributions for directors | 82 | 89 |
| | 1,986 | 4,319 |
| External auditor's remuneration | | |
| – audit services | 1,100 | 1,200 |
| – other services | 150 | 150 |
| Cost of inventories recognised as cost of sales | 7,267 | – |
| Cost of inventories recognised as administrative expenses | – | 109 |
| Depreciation of property, plant and equipment | 264 | 358 |
| Fair value loss on investment properties | 3,800 | 17,182 |
| Depreciation of right-of-use assets | 68 | 69 |
| Amortisation of intangible assets | 358 | – |
| Impairment loss on inventories, net of reversal | – | 1,469 |
| Write-off of trade and other receivables | 1,334 | 665 |
| Write-off of other payables | – | (153) |
| Loss on extinguishment of financial liabilities by issue of ordinary shares (Note) | – | 2,297 |
| Gross rental income from investment properties | (2,389) | (3,100) |
| Less: direct operating expenses from investment properties that generated rental income during the year | 305 | 279 |
| | (2,084) | (2,821) |

Note:

For the year ended 31 March 2024, as disclosed in Note 25(i) to the consolidated financial statements, the other loan principal and related interest have been discharged by issuance of ordinary shares.

## 15 DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2025 and 2024.

## 16 LOSS PER SHARE

### (a) Basic

Basic loss per share for the year ended 31 March 2025 and 2024 are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares for the respective year.

| | 2025<br>RMB'000 | 2024<br>RMB'000<br>(restated) |
|---|---|---|
| Loss attributable to owners of the Company | (6,421) | (65,908) |
| Weighted average number of ordinary shares (thousands) | 1,095,680 | 919,450 |
| Basic loss per share (RMB cents per share) | (0.59) | (7.17) |

### (b) Diluted

For the year ended 31 March 2024, 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.

For the year ended 31 March 2025, diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the year.

## 17 RIGHT-OF-USE ASSETS

| | Land use rights<br>RMB'000 |
|---|---|
| **Cost** | |
| At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 | 4,806 |
| **Depreciation** | |
| At 1 April 2023 | 906 |
| Charge for the year | 69 |
| At 31 March 2024 and 1 April 2024 | 975 |
| Charge for the year | 68 |
| **At 31 March 2025** | **1,043** |
| **Impairment loss** | |
| At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025 | 1,147 |
| **Carrying value** | |
| **At 31 March 2025** | **2,616** |
| At 31 March 2024 | 2,684 |

The land use rights are held with lease term of 50 years and the land is situated in Heze City, Shandong Province, the PRC.

As at 31 March 2025, land use rights of the Group with a carrying value of RMB2,616,000 (2024: RMB2,684,000) were pledged as security for short-term bank borrowings of the Group (Note 27).

For the year ended 31 March 2025, the expense relating to short-term lease amounted to RMB258,000 (2024: RMB403,000).

The total cash outflow for leases for the year ended 31 March 2025 amounted to RMB60,000 (2024: RMB146,000).

## 18 PROPERTY, PLANT AND EQUIPMENT

| | Plant RMB'000 | Machinery RMB'000 | Furniture, fixtures and equipment RMB'000 | Vehicles RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2023 | 8,789 | 18,937 | 1,315 | 38 | 29,079 |
| Additions | – | – | 17 | – | 17 |
| Write-off | – | – | – | (38) | (38) |
| Disposal of a subsidiary | – | (1,176) | (616) | – | (1,792) |
| At 31 March 2024 and 1 April 2024 | 8,789 | 17,761 | 716 | – | 27,266 |
| Disposal | – | (17,465) | – | – | (17,465) |
| At 31 March 2025 | 8,789 | 296 | 716 | – | 9,801 |
| **Depreciation** | | | | | |
| At 1 April 2023 | 2,527 | 8,198 | 1,164 | 37 | 11,926 |
| Charge for the year | 204 | 136 | 18 | – | 358 |
| Write-off | – | – | – | (37) | (37) |
| Eliminated upon disposal of a subsidiary | – | (494) | (550) | – | (1,044) |
| At 31 March 2024 and 1 April 2024 | 2,731 | 7,840 | 632 | – | 11,203 |
| Charge for the year | 204 | 55 | 5 | – | 264 |
| Eliminated upon disposal | – | (7,785) | – | – | (7,785) |
| At 31 March 2025 | 2,935 | 110 | 637 | – | 3,682 |

## 18 PROPERTY, PLANT AND EQUIPMENT – *continued*

| | Plant RMB'000 | Machinery RMB'000 | Furniture, fixtures and equipment RMB'000 | Vehicles RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **Impairment loss** | | | | | |
| At 1 April 2023 | 1,876 | 9,799 | 60 | 1 | 11,736 |
| Write-off | – | – | – | (1) | (1) |
| Eliminated upon disposal of a subsidiary | – | (586) | – | – | (586) |
| At 31 March 2024 and 1 April 2024 | 1,876 | 9,213 | 60 | – | 11,149 |
| Eliminated upon disposal | – | (9,042) | – | – | (9,042) |
| At 31 March 2025 | 1,876 | 171 | 60 | – | 2,107 |
| **Carrying value** | | | | | |
| At 31 March 2025 | 3,978 | 15 | 19 | – | 4,012 |
| At 31 March 2024 | 4,182 | 708 | 24 | – | 4,914 |

Notes:

(a) As at 31 March 2025, plants of the Group with a carrying value of RMB3,978,000 (2024: RMB4,182,000), were pledged as security for short-term bank borrowings of the Group as disclosed in Note 27.

(b) As at 31 March 2025, plants of the Group with a carrying value of RMB3,960,000 (2024: RMB4,163,000) were without real estate titles and they are in the process of applying for the real estate certificates.

## 19 INVESTMENT PROPERTIES

| | RMB'000 |
|---|---|
| **Fair value** | |
| At 1 April 2023 (restated) | 101,400 |
| Decrease in fair value recognised in profit or loss | (17,182) |
| Disposal of a subsidiary | (28,518) |
| At 31 March 2024 (restated) and 1 April 2024 | 55,700 |
| Decrease in fair value recognised in profit or loss | (3,800) |
| **At 31 March 2025** | **51,900** |

As the Group has slowed down the business scale of the plywood segment, the Group decided to rent out most of the plant to independent third parties for earning leasing income. The Group leases out various plants under operating leases with rentals payable annually. The lease typically run for an initial period of 1 to 9 years (2024: 2 to 10 years).

These factory sites are located at Dasen Industrial Park, Chengwu County Development Zone, Heze City, Shandong Province, PRC ("Dasen Site") and Meisen Industrial Park, Sunsi Town Chengwu County, Heze City, Shandong Province, PRC. For the year ended 31 March 2024, the Dasen Site is disposed upon disposal of a subsidiary (Note 33).

The Group's investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

The fair value of the Group's investment properties as at 31 March 2025 were determined to be approximately RMB51,900,000 (2024: RMB55,700,000) by the Directors with reference to valuations performed by Peak Vision Appraisals Limited, an independent valuer on the investment properties as at 31 March 2025 and 2024. The valuer has appropriate qualifications and experience in the valuation of properties in the relevant locations.

## 19 INVESTMENT PROPERTIES – *continued*

The valuations were based on market approach. The fair value estimation of the investment properties is categorised in level 3 hierarchy. As at 31 March 2025, the key assumptions adopted in the valuation that support the determination of fair value were in the following ranges for the Group's portfolio of investment properties:

| Description | Fair value at 31 Mar 2025 (RMB'000) | Valuation technique | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Investment properties | 51,900 | Investment method | (i) Reversionary yield; | 6.3% | Higher of the yield, lower of the fair value; |
| | | | (ii) Average market rent (RMB/sq.m.) | 5.76 | The higher the market rent, the higher the fair value |

| Description | Fair value at 31 Mar 2024 (RMB'000) | Valuation technique | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Investment properties | 55,700 | Investment method | (i) Reversionary yield; | 6% | Higher of the yield, lower of the fair value; |
| | | | (ii) Average market rent (RMB/sq.m.) | 6.01 | The higher the market rent, the higher the fair value |

## 20 INTANGIBLE ASEETS

| | Software RMB'000 | Intellectual property RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2024 | – | – | – |
| Additions | 1,200 | 3,700 | 4,900 |
| At 31 March 2025 | 1,200 | 3,700 | 4,900 |
| **Amortisation** | | | |
| At 1 April 2024 | – | – | – |
| Charge for the year | 50 | 308 | 358 |
| At 31 March 2025 | 50 | 308 | 358 |
| **Carrying value** | | | |
| **At 31 March 2025** | **1,150** | **3,392** | **4,542** |

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Issuer's early redemption right on convertible bond | **–** | 368 |
| Analysed as: | | |
| Current | **–** | 368 |
| Non-current | **–** | – |
| | **–** | 368 |

Details of fair value measurement are disclosed in Note 7 to the consolidated financial statements.

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – *continued*

Details of movement for financial assets at fair value through profit or loss are as follow:

| | Early redemption right RMB'000 |
|---|---|
| At 1 April 2023 | 1,557 |
| Fair value change | (1,240) |
| Exchange gain | 51 |
| At 31 March 2024 and 1 April 2024 | 368 |
| Loss from derecognition | (373) |
| Exchange gain | 5 |
| At 31 March 2025 | – |

## 22 INVENTORIES

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Work-in-progress | – | 929 |
| Finished goods | – | 1,708 |
| | – | 2,637 |
| Less: accumulated impairment loss | – | (2,283) |
| | – | 354 |

No inventory was stated at net realisable value for the year (2024: RMB354,000).

## 23 TRADE AND OTHER RECEIVABLES

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Trade receivables | | |
| – contract with customers | 182,293 | 179,325 |
| – under IFRS 16 Leases | 319 | – |
| | 182,612 | 179,325 |
| Less: accumulated allowance for expected credit losses | (165,998) | (154,855) |
| | 16,614 | 24,470 |
| Prepayments | 244 | 218 |
| Other receivables | 10,245 | 14,290 |
| Less: accumulated allowance for expected credit losses | (254) | (125) |
| | 26,849 | 38,853 |

As at 1April 2023, trade receivables from contracts with customers amounted to RMB48,210,000.

## 23 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:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Up to 3 months | 3,488 | – |
| 4 to 6 months | – | – |
| 7 to 12 months | 9,021 | 8,344 |
| Over 1 year | 4,105 | 16,126 |
| | 16,614 | 24,470 |

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:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Up to 3 months | – | – |
| 4 to 6 months | 9,021 | 8,344 |
| 7 to 12 months | – | – |
| Over 1 year | 4,105 | 16,126 |
| | 13,126 | 24,470 |

Details of impairment assessment of trade and other receivables for the year ended 31 March 2025 and 2024 are set out in Note 7. As at the date of this annual report, trade receivables amounting to RMB9,416,000 had been received.

## 24 CASH AND CASH EQUIVALENTS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Cash on hand | 5 | 11 |
| Cash at banks | 9,484 | 968 |
| | 9,489 | 979 |

Cash at banks and on hand are denominated in the following currencies:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| RMB | 6,214 | 820 |
| HK$ | 3,275 | 159 |
| | 9,489 | 979 |

As at 31 March 2025, bank balances carry interest at market rates ranging from 0.01% to 0.405% (2024: 0.2% to 0.875%).

## 25 SHARE CAPITAL AND SHARE PREMIUM

| | Number of ordinary shares '000 | Share capital RMB'000 | Share premium RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 1 April 2023 | 1,618,255 | 14,165 | 233,241 | 247,406 |
| Issue of shares under debt capitalisation before share consolidation (Note i) | 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 ii) | (845,679) | n/a | n/a | n/a |
| Issue of shares under debt capitalisation (Note iii) | 250,000 | 4,671 | 14,012 | 18,683 |
| At 31 March 2024, 1 April 2024 and 31 March 2025 | 1,095,680 | 19,511 | 252,927 | 272,438 |

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 2025 (2024: HK$0.02 each of 1,500,000,000 ordinary shares).

Notes:

(i) 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 (equivalents to approximately RMB3,012,400 and RMB810,000) respectively.

(ii) On 24 October 2023, the Company completed a share consolidation on the basis of every two existing shares consolidated into one consolidated share.

(iii) 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).

## 26 OTHER RESERVES AND CONVERTIBLE BONDS EQUITY RESERVES

The following is the analysis of the other reserves:

| | Capital reserves RMB'000 | Statutory reserves RMB'000 | Total RMB'000 |
|---|---|---|---|
| At 1 April 2023 | 26,889 | 26,053 | 52,942 |
| Release upon disposal of a subsidiary | – | (6,408) | (6,408) |
| At 31 March 2024, 1 April 2024 and 31 March 2025 | 26,889 | 19,645 | 46,534 |

### (a) Capital reserves

The capital reserves represent the capital injection to Heroic Group Limited and its subsidiaries by the founding shareholders in prior years.

### (b) Statutory reserves

Statutory reserves represent statutory surplus reserve of the subsidiary companies in the PRC. The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to shareholders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations in the PRC at rate of 10% or at the discretion of the board of Directors of the PRC subsidiaries, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares, provided that the balance of such reserve is not less than 25% of the entity's registered capital after the bonus issue.

For the years ended 31 March 2025 and 2024, PRC subsidiaries did not make contribution to statutory reserves due to the operating losses for the year.

### (c) Convertible bonds equity reserves

The convertible bonds equity reserves represent the equity component (conversion rights) of convertible bonds issued by the Company. Upon derecognition, items included in convertible bond equity reserve will not be reclassified subsequently to profit or loss.

## 27 BORROWINGS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Current** | | |
| Short-term bank borrowings – secured (Note a) | **17,600** | 8,100 |
| Other loan – secured (Note a) | **2,300** | 2,000 |
| Other loans – unsecured (Note b) | **14,518** | 12,323 |
| Total borrowings | **34,418** | 22,423 |

Notes:

(a) **Short-term bank borrowings and other loan – secured**

The Group's short-term bank borrowings were borrowed by the PRC subsidiaries of the Group from two banks in the PRC. One of the bank borrowing was guaranteed by Mr. Zhang Ayang, a director of the Company and an employee of the Group's PRC subsidiary (Note 37). The interest rate of the bank borrowings ranged from 3% to 8.2% (2024: 8.2%) per annum.

In regards to secured other loan of RMB2,300,000 (2024: RMB2,000,000) is loan from an independent third party with interest carried at 14.4% (2024: 14.4%) per annum.

They were secured by the Group's right-of-use assets with carrying value of RMB2,616,000 (2024: RMB2,684,000), plants with carrying value of RMB3,978,000 (2024: RMB4,182,000) and investment properties with carrying value of RMB51,900,000 (2024: RMB55,700,000).

(b) **Other loans – unsecured**

There were four loans raised from four separate independent third parties in the PRC, with the loans amounted to RMB6,300,000 in aggregate with interest rate ranging from 0.05% to 14.4% per annum.

There was one other loan of RMB934,000 was the loan from independent third party raised in Hong Kong with interest rate at 12% per annum.

The remaining other loans of RMB7,284,000 were reclassified from convertible bond payables (Note 32).

(c) The Group's short-term bank borrowings and other loans are denominated in HK$ and RMB, and their carrying value approximated their fair value as at 31 March 2025 and 2024.

## 28 TRADE AND OTHER PAYABLES

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Trade payables | 21 | 2 |
| Other taxes payable | 28,244 | 28,102 |
| Accrued expenses | 14,779 | 14,580 |
| Interest payable | 1,221 | 683 |
| Provision for legal case (Note 10) | – | 4,252 |
| Amount due to non-controlling interests | 592 | 719 |
| Others | 2,722 | 4,126 |
| | 47,579 | 52,464 |

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Within 3 months | 21 | 2 |

The carrying amounts of the Group's trade and other payables approximated their fair values as at 31 March 2025 and 31 March 2024. These amounts were mainly denominated in RMB.

**Other taxes payable**

This represented value added tax ("VAT") and other taxes and levies in the PRC. The Group's sales and purchases are subject to output VAT payable on sales which is deductible by input VAT deductible on purchases, majority of which are purchases of raw wood materials for the production of plywood.

**Accrued expenses**

The accrued expenses included staff costs of RMB7,919,000 (2024: RMB7,891,000) as at 31 March 2025.

## 29 DEFERRED INCOME

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Government grants relating to property, plant and equipment | | |
| – Current portion | 25 | 25 |
| – Non-current portion | 185 | 210 |
| | 210 | 235 |

The government grants were received from the local government as a subsidy to the Group's purchase of property, plant and equipment. They are amortised to the consolidated statements of profit or loss and other comprehensive income on a straight-line basis over the expected useful lives of the related assets.

The movements of the above government grants during the year were as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| At beginning of the year | 235 | 260 |
| Amortised as income (Note 10) | (25) | (25) |
| At the end of the year | 210 | 235 |

## 30 RECEIPT IN ADVANCE

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Receipt in advance from operating leases | 768 | 2,908 |

## 31 AMOUNT DUE TO RELATED PARTIES

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| WONG Tseng Hon – a substantial shareholder (Note) | – | 46 |

Note:

The amount due to Mr. Wong Tseng Hon is interest-free, unsecured and repayable on demand. The Directors considered that the carrying amounts are approximate their fair value.

## 32 CONVERTIBLE BOND PAYABLES

The Company issued 10% convertible bonds at a par value of HK$7,800,000 in total on 24 March 2023 which will mature on 23 March 2025. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company on maturity date. The convertible bond is convertible into fully paid ordinary shares with par value of HK$0.02 (after share consolidation) each of the Company at an initial conversion price of HK$0.15, the conversion price has been adjusted to HK$0.3 after share consolidation on 24 October 2023. The Company may at any time before maturity date redeem all or part of the convertible bond, and the early redemption right has been recognised as financial assets at fair value through profit or loss in Note 21. If the convertible bonds have not been converted, they will be redeemed on 23 March 2025 at par. Interest of 10% per annum will be payable semi-annually until the settlement date.

At initial recognition, the equity component of the convertible bonds was separated from the liability component and derivative component. The equity component is presented in equity heading "convertible bonds equity reserves" to the consolidated statement of changes in equity. The effective interest rate of the liability component is 9.06%.

The holders of convertible bonds with principal amount of HK$7,800,000 (equivalent to approximately RMB7,284,000) did not extend their bonds upon maturity in March 2025 and such convertible bonds were reclassified to borrowings accordingly.

There were no outstanding convertible bonds as at 31 March 2025.

## 32 CONVERTIBLE BOND PAYABLES – *continued*

The movement of the liability component of the convertible bonds for the year is set out below:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| At the beginning of the year | 7,284 | 6,972 |
| Effective interest charged | 621 | 649 |
| Interest payable and paid | (714) | (702) |
| Exchange loss | 93 | 365 |
| Reclassified to borrowings | (7,284) | – |
| At the end of the year | – | 7,284 |

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

## 34 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Borrowings and interest payable | Convertible bond and interest payable | Total |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| **At 1 April 2023** | 43,600 | 6,985 | 50,585 |
| Proceeds from borrowings | 21,423 | – | 21,423 |
| Repayments of borrowings | (33,155) | – | (33,155) |
| Exchange loss | 589 | 362 | 951 |
| Interest expense | 3,286 | 649 | 3,935 |
| Interest paid | (8,741) | (81) | (8,822) |
| Debt capitalisation | (4,527) | – | (4,527) |
| As at 31 March 2024 and 1 April 2024 | 22,475 | 7,915 | 30,390 |
| Proceeds from borrowings | **26,900** | **–** | **26,900** |
| Repayments of borrowings | **(22,200)** | **–** | **(22,200)** |
| Exchange loss | **11** | **93** | **104** |
| Interest expense | **2,331** | **621** | **2,952** |
| Interest paid | **(2,331)** | **(176)** | **(2,507)** |
| Reclassification | **7,284** | **(7,284)** | **–** |
| As at 31 March 2025 | **34,470** | **1,169** | **35,639** |

## 35 OPERATING LEASES COMMITMENTS

### The Group as lessee

The Group leases office in Hong Kong under non-cancellable operating lease agreement. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Within one year | 43 | 158 |

### The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for the next 1 to 9 years (2024: 2 to 10 years) respectively.

Undiscounted lease payments receivable on leases are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Within one year | 2,104 | 2,294 |
| In the second year | 1,368 | 1,908 |
| In the third year | 674 | 1,768 |
| In the fourth year | 515 | 529 |
| In the fifth year | 307 | 528 |
| After five years | 1,070 | 1,271 |
| | 6,038 | 8,298 |

## 36 PLEDGED OF ASSETS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Investment properties situated in the PRC | 51,900 | 55,700 |
| Property, plant and equipment situated in the PRC | 3,978 | 4,182 |
| Right-of-use assets situated in the PRC | 2,616 | 2,684 |
| | 58,494 | 62,566 |

## 37 RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year ended 31 March 2025 and 2024, and balances arising from related party transactions as at 31 March 2025 and 2024:

### (a) Guarantees provided by related parties in respect of the Group's borrowings from banks

Short-term bank borrowings of RMB7,600,000 (2024: RMB8,100,000) were guaranteed by Mr. Zhang Ayang (Note 27(a)).

### (b) Key management personnel compensation

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Salaries and bonus | 339 | 1,328 |
| Retirement benefits scheme contributions | – | – |
| | 339 | 1,328 |

## 38 RETIREMENT BENEFITS SCHEMES

The employees of the Company's subsidiaries in PRC are members of the pension scheme operated by the government of PRC. The Company's subsidiaries in PRC are required to contribute a certain percentage of the relevant portion of these employees' basic salaries to the pension to fund the benefits. The only obligation of the Company's subsidiary in PRC with respect to the pension scheme is the required contributions under the pension scheme.

The retirement benefits scheme contributions charged to profit or loss amounting to RMB82,000 for the year ended 31 March 2025 (2024: RMB89,000) that represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

## 39 PARTICULAR OF SUBSIDIARIES

The Group's subsidiaries at 31 March 2025 and 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation or registration is also their principal place of business.

| Company name | Place of incorporation/ operation and type of legal entity | Registered/ paid-up capital | Ownership interest held by the Group | | Principal activities |
|---|---|---|---|---|---|
| | | | 31 March 2025 | 31 March 2024 | |
| **Directly held:** | | | | | |
| Heroic Group Limited 雄英集團有限公司 | BVI, limited liability company | USD50,000 | 100% | 100% | Investment holding |
| **Indirectly held:** | | | | | |
| Mei Sem (Hong Kong) Holding Co., Limited 美森(香港)控股有限公司 | Hong Kong, limited liability company | HKD10,000 | 100% | 100% | Investment holding |
| Dasen (Hong Kong) Holdings Company Limited 大森(香港)控股有限公司 | Hong Kong, limited liability company | HKD10,000 | 100% | 100% | Investment holding |
| Da Sen Investment (Hong Kong) Company Limited 大森投資(香港)有限公司 | Hong Kong, limited liability company | HKD1 | 100% | 100% | Inactive |
| Meisen (Shandong) Wood Limited* 美森(山東)木業有限公司* | Shandong Province, limited liability company | RMB199,946,734 | 100% | 100% | Manufacturing and sales of plywood and leasing business |

## 39 PARTICULAR OF SUBSIDIARIES – *continued*

| Company name | Place of incorporation/ operation and type of legal entity | Registered/ paid-up capital | Ownership interest held by the Group | | Principal activities |
|---|---|---|---|---|---|
| | | | 31 March 2025 | 31 March 2024 | |
| Heze Dashengyuan Agricultural Company Limited (Formerly known as Da Sen Heze Advanced Materials Technology Company Limited)# 菏澤市大生園農業有限公司 (前稱:菏澤大森新型材料有限公司)# | Shandong Province, limited liability company | RMB10,000,000 | 100% | 100% | Trading of agricultural product |
| Shenzhen Vfuchong Qucheng Technology Company Limited ^ 深圳市微付充趣程科技有限公司 ^ | Guangdong Province, limited liability company | RMB10,000,000 | 51% | 51% | Technology development |
| Da Sen (Hong Kong) Technology Company Limited (Formerly known as Mei Sum (Hong Kong) Trading Company Limited) 大森(香港)科技有限公司 (前稱:美森(香港)貿易有限公司) | Hong Kong, limited liability company | HKD1 | 100% | 100% | Inactive |
| Shenzhen Dashengyuan Agricultural and Sideline Product Company Limited# 深圳大生園農副產品有限公司# | Guangdong Province, limited liability company | RMB1,000,000 | 100% | 100% | Inactive |

* The subsidiary is wholly foreign owned enterprise established in the PRC
\# The subsidiary is wholly domestic owned enterprise established in the PRC
^ The subsidiary is partially domestic and foreign partnership owned enterprise established in the PRC

## 40 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

### (a) Statement of financial position of the Company

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Investment in subsidiaries | – | – |
| **Current assets** | | |
| Trade and other receivables | 9,230 | 9,268 |
| Financial assets at fair value through profit or loss | – | 368 |
| Cash and cash equivalents | 3,275 | 158 |
| | 12,505 | 9,794 |
| **Total assets** | 12,505 | 9,794 |
| **EQUITY** | | |
| Share capital | 19,511 | 19,511 |
| Share premium | 252,927 | 252,927 |
| Other reserves | 136,448 | 136,448 |
| Convertible bonds equity reserves | – | 1,408 |
| Accumulated losses | (421,264) | (420,076) |
| **Capital deficiency** | (12,378) | (9,782) |

## 40 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY – *continued*

### (a) Statement of financial position of the Company – *continued*

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Current liabilities** | | |
| Other payables and accrued expenses | 13,341 | 10,831 |
| Amount due to subsidiaries | 3,324 | 538 |
| Convertible bond payables | – | 7,284 |
| Borrowings | 8,218 | 923 |
| | 24,883 | 19,576 |
| **Total liabilities** | 24,883 | 19,576 |
| **Total equity and liabilities** | 12,505 | 9,794 |

The statement of financial position of the Company was approved by the board of directors on 30 June 2025 and are signed on its behalf by:

**LEUNG Clara Ka-wah**
*Non-executive Director*

**WONG Ben**
*Executive Director*

## 40 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY – *continued*

### (b) Reserves movement of the Company

| | Other reserves RMB'000 | Accumulated losses RMB'000 |
|---|---|---|
| At 1 April 2023 | 136,448 | (359,192) |
| Loss for the year | – | (60,884) |
| At 31 March 2024 and 1 April 2024 | 136,448 | (420,076) |
| Loss for the year | – | (2,596) |
| Release upon maturity due on convertible bond | – | 1,408 |
| At 31 March 2025 | 136,448 | (421,264) |

## 41 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 19 December 2016 for the primary purpose of providing incentives to eligible participants who contribute to the success of the Group's operations, and will expire on 18 December 2026. Under the Scheme, the directors of the Company may grant options to eligible employees of the Group, suppliers of goods or services to the Group, customers of the Group, the shareholders, and any non-controlling shareholder in the Company's subsidiaries.

The maximum number of unexercised share options permitted to be granted under the Scheme as at the date of this report is an amount equivalent, upon their exercise, to 36,000,000 shares. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares in issue as of the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Since adoption of the Scheme, no options have been granted.

# SUMMARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2025

The results and the assets and liabilities of the Group for the past five financial years, as extracted from the Group's published audited consolidated financial statements and reclassified as appropriate, are set out below:

| | Year ended 31 March | | Fifteen months ended 31 March | Year ended 31 December | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2021 | 2020 |
| | **RMB'000** | RMB'000 (restated) | RMB'000 | RMB'000 | RMB'000 |
| Revenue | **21,724** | 11,611 | 59,487 | 172,748 | 175,281 |
| Gross profit (loss) | **14,150** | 10,509 | (5,122) | (57,051) | (113,802) |
| Operating loss | **(4,007)** | (63,352) | (44,718) | (115,365) | (202,828) |
| Loss before tax | **(6,959)** | (67,287) | (51,770) | (119,110) | (205,028) |
| Income tax expense | **–** | – | – | (41) | (6,246) |
| Total comprehensive expense for the year/period, attributable to | | | | | |
| – Owners of the Company | **(6,421)** | (65,908) | (50,799) | (119,151) | (235,302) |
| – Non-controlling interests | **(538)** | (1,379) | (971) | – | – |
| | **(6,959)** | (67,287) | (51,770) | (119,151) | (235,302) |
| | | (restated) | | | |
| Loss per share for losses attributable to owners of the Company | | | | | |
| – Basic and diluted | **(0.59 cents)** | (7.17 cents) | (6.93 cents) | (9.17 cents) | (24.15 cents) |

| | As at 31 March | | | As at 31 December | |
|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | 2021 | 2020 |
| | **RMB'000** | RMB'000 (restated) | RMB'000 (restated) | RMB'000 | RMB'000 |
| Non-current assets | **63,070** | 63,298 | 111,127 | 89,937 | 111,270 |
| Current assets | **36,338** | 40,554 | 71,450 | 90,748 | 164,345 |
| Total assets | **99,408** | 103,852 | 182,577 | 180,685 | 275,615 |
| Non-current liabilities | **185** | 210 | 7,207 | 267 | 317 |
| Current liabilities | **89,376** | 91,736 | 114,801 | 130,298 | 106,027 |
| Total liabilities | **89,561** | 91,946 | 122,008 | 130,565 | 106,344 |
| Total equity attributable to | | | | | |
| – Owners of the Company | **7,835** | 14,256 | 61,540 | 50,120 | 169,271 |
| – Non-controlling interests | **2,012** | (2,350) | (971) | – | – |
| Total equity | **9,847** | 11,906 | 60,569 | 50,120 | 169,271 |