Asia Resources Holdings Limited
亞洲資源控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 899)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "Board") of directors (the "Directors") of Asia Resources Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023 together with the comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**22,220**	21,200
Cost of sales		**(3,499)**	(4,136)
Gross profit		**18,721**	17,064
Other gains	*5*	**24,409**	125,683
Other losses	*6*	**(42,643)**	(49)
Selling and distribution expenses		**(862)**	(3,001)
Administrative expenses		**(31,083)**	(25,939)
Share of results of associates		**(13,710)**	(14,366)
Provision for impairment loss on intangible assets	*14*	**(58,073)**	(40,504)
Provision for impairment loss on deposits paid		**(22,857)**	(61,847)
Provision for impairment loss on properties under development	*16*	**–**	(242,539)
Provision for impairment loss on property, plant and equipment		**(5,830)**	–
Provision for impairment loss on completed properties held for sale	*17*	**(1,425)**	(10,604)
Provision for impairment loss on interests in associates	*15*	**(31,553)**	(29,395)
Reversal of /(provision for) impairment loss on other receivables		**1,840**	(1,952)
Loss from changes in fair value of investment properties	*13*	**(70,611)**	(37,074)
Gain on bargain purchase	*23*	**13,518**	–
Reversal of provision for land value added tax		**–**	20,188
Finance costs		**(1,065)**	(1,052)

* *For identification purpose only*

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Loss before taxation	*7*	**(221,224)**	(305,387)
Taxation	*8*	**18,646**	19,032
Loss for the year from continuing operations		**(202,578)**	(286,355)
Loss for the year from discontinued operations	*9*	**(63,480)**	(89,777)
Loss for the year		**(266,058)**	(376,132)
Other comprehensive income, net of tax			
Share of other comprehensive income of associates		**263**	(65)
Exchange differences on translating foreign operations		**(55,320)**	32,726
Other comprehensive income for the year, net of tax		**(55,057)**	32,661
Total comprehensive income for the year		**(321,115)**	(343,471)
Loss attributable to:			
Owners of the Company	*11*	**(246,172)**	(361,642)
Non-controlling interest		**(19,886)**	(14,490)
		(266,058)	(376,132)
Total comprehensive income attributable to:			
Owners of the Company		**(300,734)**	(329,215)
Non-controlling interest		**(20,381)**	(14,256)
		(321,115)	(343,471)
		HK$	*HK$* (Restated)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
– Basic and diluted	*11*	**0.297**	0.475
From continuing operations			
– Basic and diluted	*11*	**0.220**	0.357

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	*13*	**775,065**	105,301
Property, plant and equipment		**46,645**	40,119
Right-of-use assets		**3,512**	1,913
Intangible assets	*14*	**238,193**	297,560
Interests in associates	*15*	**102,000**	147,000
Deposits paid	*19*	**126,798**	401,504
		1,292,213	993,397
Current assets			
Properties under development	*16*	**–**	–
Completed properties held for sale	*17*	**67,100**	77,950
Trade receivables	*18*	**17,463**	6,434
Prepayments, deposits and other receivables	*19*	**147,796**	786,064
Amount due from an associate	*15*	**765**	3,236
Amount due from non-controlling interests		**11,983**	23,973
Financial assets at fair value through profit or loss		**1,840**	2,036
Restricted bank deposits		**783**	350
Bank balances and cash		**31,556**	18,232
		279,286	918,275
Assets classified as held for sale	*10*	**171,348**	–
		450,634	918,275
Current liabilities			
Trade payables	*20*	**56,044**	62,631
Other payables and accruals	*21*	**49,829**	53,527
Contract liabilities		**37,693**	44,766
Lease liabilities		**2,270**	1,543
Tax payable		**1,119**	534
		146,955	163,001
Liabilities directly associated with assets classified as held for sale	*10*	**–***	–
		146,955	163,001
Net current assets		**303,679**	755,274
Total assets less current liabilities		**1,595,892**	1,748,671

* less than one thousand Hong Kong dollars

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Capital and reserves			
Share capital	*22*	**93,840**	76,117
Reserves		**1,291,386**	1,569,246
Total equity attributable to owners of the Company		**1,385,226**	1,645,363
Non-controlling interest		**67,429**	87,810
		1,452,655	1,733,173
Non-current liabilities			
Deferred tax liabilities		**142,066**	15,146
Lease liabilities		**1,171**	352
		143,237	15,498
		1,595,892	1,748,671

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated. The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

2. APPLICATION OF THE NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended Hong Kong Financial Reporting Standards ("HKFRSs") adopted by the Group

The following new and amended standards that may be relevant to the Group's operations have been adopted by the Group for the first time for the financial period beginning on 1 April 2022.

Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 (amendments)
HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)
HKFRS 16	Covid-19-Related Rent Concessions beyond 2021 (amendments)
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The application of the above amended standards which are effective for the financial period beginning on 1 April 2022 did not have material financial effect to the Group for the current and prior periods.

(b) Issued but not yet effective HKFRSs

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective for the financial year ended 31 March 2023:

HKFRS 17	Insurance Contracts and related amendments[1]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
HKAS 1 (Amendments)	Non-current Liabilities with Covenants (Amendments)[2]
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies[1]
HKAS 8 (Amendments)	Definition of Accounting Estimates[1]
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a single Transaction[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause[4]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after a date to be determined
4 Applied when an entity applies "Classification of Liabilities as Current or Non-Current – Amendments to HKAS 1"

The directors do not anticipate that the application of the new and revised HKFRSs will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment.

The Group has the following reportable segments during the year. These segments are managed separately.

(1) For water business, the CODM regularly reviews the performance of the water business in the PRC. These operations have been aggregated into a single operating segment and named "Water business".

(2) For property development and property investment business, the CODM regularly reviews the performance of the property development and property investment business. These operations have been aggregated into a single operating segment and named "Property development and investment".

(3) In March 2023, the board of directors passed a resolution to dispose of the entire equity interests in Century Strong Limited (together with its subsidiaries referred to as the "Disposal Group") to a potential purchaser. On 27 April 2023, a sale and purchase agreement was entered into between the Group and the purchaser. Century Strong Limited is an investment holding company and the Disposal Group are principally engaged in property investment. The Disposal Group is presented as a discontinued reportable segment and named as "Investment in Yantian".

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March

	Continuing operations				Discontinued operations			
	Water business		Property development and investment		Investment in Yantian		Consolidation	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)		(Restated)		(Restated)
Sales to external customers	**–**	–	**22,220**	21,200	**–**	–	**22,220**	21,200
Total revenue	**–**	–	**22,220**	21,200	**–**	–	**22,220**	21,200
Segment results	**(62,687)**	(17,420)	**(109,944)**	(227,668)	**(63,480)**	(89,777)	**(236,111)**	(334,865)
Fair value loss on financial assets at fair value through profit or loss							**(197)**	(830)
Provision for impairment loss on interests in associates							**(31,553)**	(29,395)
Central administration costs							**(15,586)**	(14,656)
Gain on bargain purchase							**13,518**	–
Share of results of associates							**(13,710)**	(14,366)
Finance costs							**(1,065)**	(1,052)
Loss before taxation							**(284,704)**	(395,164)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Continuing operations				Discontinued operations			
	Water business		Property development and investment		Investment in Yantian		Consolidation	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)		(Restated)		(Restated)
ASSETS								
Segment assets	**303,260**	362,305	**1,133,556**	1,025,610	**171,348**	253,433	**1,608,164**	1,641,348
Unallocated corporate assets							**134,683**	270,324
							1,742,847	1,911,672
LIABILITIES								
Segment liabilities	**(28,208)**	(31,772)	**(254,178)**	(134,012)	**–***	–	**(282,386)**	(165,784)
Unallocated corporate liabilities							**(7,806)**	(12,715)
							(290,192)	(178,499)

* less than one thousand Hong Kong dollars

For the purposes of assessing segment performance and allocating resources between segments, the directors of the Company monitor the results, assets and liabilities attributable to each reportable segment on the following basis:

All assets are allocated to reportable segments other than unallocated corporate assets (mainly include property, plant and equipment, bank balances and cash that are held by the investment holding companies and other receivables that are receivable by the investment holding companies).

All liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly include lease liabilities and other payables and accruals borne by the investment holding companies).

Other segment information

	Continuing operations				Discontinued operations					
	Water business		Property development and investment		Investment in Yantian		Unallocated		Consolidation	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)		(Restated)				
Additions to property, plant and equipment	**14,310**	9,963	**–**	711	**–**	–	**51**	4	**14,361**	10,678
Additions to property, plant and equipment through acquisition of subsidiaries	**–**	–	**5,008**	–	**–**	–	**–**	–	**5,008**	–
Additions to investment properties	**–**	–	**5,584**	2,487	**–**	–	**–**	–	**5,584**	2,487
Additions to investment properties through acquisition of subsidiaries	**–**	–	**757,161**	–	**–**	–	**–**	–	**757,161**	–
Amortisation	**(207)**	(220)	**–**	–	**–**	–	**–**	–	**(207)**	(220)
Depreciation	**(41)**	(44)	**(2,033)**	(1,857)	**(758)**	(825)	**(2,637)**	(2,120)	**(5,469)**	(4,826)
Other gains	**303**	26,544	**23,829**	98,879	**7**	9	**277**	260	**24,416**	125,692
Other losses	**(957)**	–	**(41,784)**	(49)	**–**	–	**98**	–	**(42,643)**	(49)
Provision for impairment loss on intangible assets	**(58,073)**	(40,504)	**–**	–	**–**	–	**–**	–	**(58,073)**	(40,504)
Provision for impairment loss on deposits paid	**–**	–	**(22,857)**	(61,847)	**(56,469)**	(88,948)	**–**	–	**(79,326)**	(150,795)
Provision for impairment loss on properties under development	**–**	–	**–**	(242,539)	**–**	–	**–**	–	**–**	(242,539)
Provision for impairment loss on completed properties held for sale	**–**	–	**(1,425)**	(10,604)	**–**	–	**–**	–	**(1,425)**	(10,604)
Reversal of/(provision for) impairment loss on other receivables	**–**	–	**1,840**	(1,952)	**(5,424)**	–	**–**	–	**(3,584)**	(1,952)
Reversal of provision for land value added tax	**–**	–	**–**	20,188	**–**	–	**–**	–	**–**	20,188
Loss from changes in fair value of investment properties	**–**	–	**(70,611)**	(37,074)	**–**	–	**–**	–	**(70,611)**	(37,074)
Provision for impairment loss on properties, plant and equipment	**–**	–	**(5,830)**	–	**(823)**	–	**–**	–	**(6,653)**	–

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**22,220**	21,200	**1,288,657**	991,610
Hong Kong	**–**	–	**3,556**	1,787
	22,220	21,200	**1,292,213**	993,397

Information about major customers

Other than two tenants from whom the lease income represents 37% and 32% of the total revenue of the Group respectively, there is no other single customer who contributes over 10% of the total revenue of the Group for the year ended 31 March 2023.

Other than two tenants from whom the lease income represents 47% and 20% of the total revenue of the Group respectively, and one customer from sales of properties represents 10% of the total revenue of the Group, there is no other single customer who contributes over 10% of the total revenue of the Group for the year ended 31 March 2022.

4. REVENUE

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

		2023	2022
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue from contracts with customers			
Sales of properties	*(i)*	**3,975**	4,709
Revenue from leases	*(ii)*	**18,245**	16,491
Total revenue		**22,220**	21,200

Notes:

(i) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties

The performance obligation is satisfied upon handover of the properties. There were no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2023 and 2022.

(ii) Leases

	2023	2022
	HK$'000	*HK$'000*
For operating leases:		
Lease payments that are fixed	**18,245**	16,491

5. OTHER GAINS

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Bad debts recovered	**111**	–
Interest income on bank deposits	**71**	53
Interest income from an associate	**52**	245
Exchange gain, net	**–**	27,971
Government grant	**5**	132
Dividend income from financial assets at fair value through profit or loss	**90**	27
Sundry	**458**	14
Compensation relating to failure to fulfil production volume guarantee by the minority shareholder	**–**	26,338
Interest income relating to termination of acquisition of Shenyang Properties	**23,622**	70,903
	24,409	125,683

6. OTHER LOSSES

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Compensation relating to delay in handover of properties	**–**	49
Exchange loss, net	**42,639**	–
Loss on written off of property, plant and equipment, net	**4**	–
	42,643	49

7. LOSS BEFORE TAXATION

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
The Group's loss before taxation from continuing operations is arrived at after charging:		
Other staff costs	**7,349**	5,176
Other staff's retirement benefits scheme contributions	**80**	124
Total staff costs	**7,429**	5,300
Auditors' remuneration		
– audit services	**1,100**	960
– non-audit services	**203**	955
	1,303	1,915
Depreciation of property, plant and equipment	**2,199**	2,123
Depreciation of right-of-use assets	**2,512**	1,878
Amortisation of land use right	**207**	220
Lease payment not included in the measurement of lease liabilities	**362**	185
Fair value loss on financial assets at fair value through profit or loss	**197**	830

8. TAXATION

Continuing operations

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**858**	399
Total current tax expenses	**858**	399
Deferred income tax:		
– Increase in deferred tax assets	**(1,210)**	–
– Decrease in deferred tax liabilities	**(18,294)**	(19,431)
	(19,504)	(19,431)
Income tax credit for the year	**(18,646)**	(19,032)

Hong Kong Profits Tax should be provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong. For the years ended 31 March 2023 and 2022, no provision for Hong Kong profits tax was made as the Group has no assessable profits arising in or derived from Hong Kong.

Subsidiaries in the PRC are subject to the PRC Enterprise Income Tax at 25% (2022: 25%) for the year ended 31 March 2023.

Deferred tax assets have not been recognised in respect of tax losses amounting to approximately RMB9,739,000 as at 31 March 2023 (2022: RMB34,909,000) that will expire within 5 years for offsetting against future taxable profits. The tax losses of approximately HK$118,176,000 as at 31 March 2023 (2022: HK$115,101,000) are available indefinitely for offsetting against future taxable profits in Hong Kong. Deferred tax assets have not been recognised as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised.

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Loss before taxation (from continuing operations)	**(221,224)**	(305,387)
Tax at the Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	**(36,502)**	(50,389)
Tax effect of share of result of associates	**2,262**	2,370
Tax effect of expenses not deductible for tax purposes	**33,403**	65,153
Tax effect of income not taxable for tax purposes	**(5,282)**	(3,861)
Tax effect of tax losses not recognised	**2,412**	1,961
Unrecognised deferred tax arising from temporary difference	**(2,991)**	(332)
Utilisation of tax losses previously not recognised	**(15)**	–
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(11,933)**	(33,934)
Income tax credit for the year	**(18,646)**	(19,032)

9. DISCONTINUED OPERATIONS

In March 2023, the board of directors passed a resolution to dispose of the entire equity interests in Century Strong Limited to a potential purchaser. On 27 April 2023, the Company and Ms. Mao Yuzhen ("the Purchaser", an independent third party) entered into a sale and purchase agreement, pursuant to which, the Company has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Century Strong Limited and the shareholder's loan advanced to the Disposal Group, at a consideration of RMB150,000,000 (equivalent to approximately HK$171,348,000).

For the year ended 31 March 2023, the results and cash flows of the Disposal Group are treated as discontinued operations. The comparative consolidated statement of profit or loss and related notes have been represented as if the operations discontinued during the year have been discontinued at the beginning of the comparative period.

For the year ended 31 March 2023, the results and cash flows of the discontinued operations are analysed as follows:

Analysis of discontinued operations

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Revenue	**–**	–
Other revenue	**7**	9
Administrative expenses	**(771)**	(838)
Provision for impairment loss on property, plant and equipment	**(823)**	–
Provision for impairment loss on other receivable	**(5,424)**	–
Provision for impairment loss on deposit paid for investment properties in Yantian	**(56,469)**	(88,948)
Loss before taxation	**(63,480)**	(89,777)
Taxation	**–***	–
Loss for the year from discontinued operations	**(63,480)**	(89,777)
The Group's loss for the year from discontinued operations is carried at after charging:		
Depreciation of property, plant and equipment	**758**	825
Cash flows from discontinued operations:		
Net cash used in operating activities	**(2)**	(4)
Net cash generated from investing activities	**7**	9
Net cash generated from financing activities	**–**	–
Net increase in cash and cash equivalents	**5**	5
Effect of foreign exchange rate changes	**(212)**	116
Net cash (outflow)/inflow	**(207)**	121

* less than one thousand Hong Kong dollars

10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As the carrying amount of the Disposal Group will be recovered principally through a sale transaction rather than through continuing use (details of which are set out in note 9), the Group classified the assets as held for sale.

The major classes of assets and liabilities comprising the Disposal Group classified as held for sale are as follows:

	HK$'000
Assets	
Properties, plant and equipment	**185**
Deposit paid for acquisition of investment properties in Yantian	**157,214**
Deposit paid for naming right and advertising right	**8,664**
Cash and cash equivalents	**2,680**
Prepayments, deposits and other receivables	**2,605**
Assets of Disposal Group classified as held for sale	**171,348**
Liabilities	
Tax payable	**–***
Liabilities of Disposal Group directly associated with assets classified as held for sale	**–**
Net assets directly associated with Disposal Group after fair value adjustment	**171,348**

* less than one thousand Hong Kong dollars

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities of Disposal Group) is brought up-to-date in accordance with the accounting policies before the classification, resulting in the recognition of impairment loss of approximately HK$53,560,000 in the statement of profit or loss.

	Carrying amount as at 31 March 2023 before classification as held for sale	**Impairment loss**	**Exchange realignment**	**Carrying amount as remeasured immediately before classification as held for sale**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Properties, plant and equipment	1,008	(823)	–	185
Deposit paid for acquisition of investment properties in Yantian	205,870	(39,999)	17	165,888
Deposit paid for naming right and advertising right	16,453	(7,314)	3	9,142
Cash and cash equivalents	2,680	–	–	2,680
Prepayments, deposits and other receivables	8,026	(5,424)	3	2,605
	234,037	(53,560)	23	180,500

The fair values of the deposits paid for acquisition of investment properties in Yantian, naming right and advertising right, and other receivables were determined, by reference to the valuations carried out by AP Appraisal Limited, an independent qualified professional valuer.

(i) Properties in Yantian

The valuation of the deposit paid for acquisition of investment properties in Yantian ("Yantian Properties") used direct comparison method under market approach. Market approach is common for property valuation. As there are publicly available data on comparable transactions in the market, the direct comparison method is adopted which is based on the recent transaction prices and/or asking prices for similar properties adjusted for nature, location and conditions of Yantian Properties. The key inputs to the valuation are PRC comparables ranging from RMB1,620 to RMB4,950 per sq.m for industrial portion (2022: ranging from RMB1,458 to RMB6,075 per sq.m) and RMB5,400 to RMB13,410 per sq.m for office portion (2022: ranging from RMB10,800 to RMB19,250 per sq.m).

There is no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly due to the change in market values of properties in the PRC resulting from the continuation of the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC. If there is significant increase in the key inputs, it would result in a significant increase in fair value, and vice versa.

The fair value measurement of the deposit paid for acquisition of Yantian Properties was categorised at level 3 hierarchy.

(ii) Naming right of Yantian Properties

For the valuation of the naming right, market approach is the most preferable and generally accepted approach when adequate comparables are available. As there are publicly available data on comparable transactions in the market, the direct comparison method is adopted. The key input to the valuation was the premium paid over naming right of 1% (2022: 3%), taking into account the recent transaction prices and/or asking prices for similar properties.

There is no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly due to the change in market values of properties in the PRC resulting from the continuation of the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC.

The fair value measurement of the deposit paid for the naming right was categorised at level 3 hierarchy.

(iii) Advertising right of Yantian Properties

The valuation of the deposits paid for the advertising right of Yantian Properties used discounted cash-flow method under income approach. As there are insufficient comparable transactions in the market, the market approach is not feasible for the valuation. As the advertising right is to be leased for generating rental income, income approach is generally applied to assess the present value of the future economic benefits of its ownership. As the result, discounted cash flow method is adopted to derive the fair value for the present value of the cash flows generated from the advertising right. The key inputs to the valuation included discount rate of 17% (2022: 15%), occupancy rate of 70% (2022: 80%) and growth rate on rental income of 3% (2022: 3%).

There is no significant changes in the assumptions from those previously adopted. The change in the discount rate reflects the specific risks faced by the Group.

The fair value measurement of the deposit paid for the advertising right was categorised at level 3 hierarchy.

(iv) Other receivables

The fair value of other receivables was determined, based on the Expected Credit Loss Model on the Disposal Group's existing receivables, given certain credit risks displayed in them. The key inputs to the valuation included the recovery rate ranged from 38.40% to 38.43%, credit rating of Caa-C under the Moody's rating scale and the discount rate of 4.3%.

However, as the consideration of the disposal was less than the carrying amounts of the relevant assets and liabilities attributable to the Disposal Group, the Group further recognised an impairment loss of HK$9,156,000 when the Disposal Group is initially classified as held for sale. Such impairment loss is allocated to the deposits paid pro rata based on the carrying amounts of those assets to which the measurement requirements of HKFRS are applicable as follows:

	Carrying amount as remeasured immediately before classification as held for sale	**Allocated impairment loss**	**Exchange realignment**	**Carrying amount after allocation of impairment loss**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Properties, plant and equipment	185	–	–	185
Deposit paid for acquisition of investment properties in Yantian	165,888	(8,678)	4	157,214
Deposit paid for naming right and advertising right	9,142	(478)	–	8,664
Cash and cash equivalents	2,680	–	–	2,680
Prepayments, deposits and other receivables	2,605	–	–	2,605
	180,500	(9,156)	4	171,348

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

From continuing and discontinued operations

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year from continuing operations attributable to the owners of the Company	**(182,692)**	(271,865)
Loss for the year from discontinued operations attributable to the owners of the Company	**(63,480)**	(89,777)
	(246,172)	(361,642)

	2023	2022
	'000 Shares	*'000 Shares*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *(Note)*	**828,778**	761,169

Note:

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the share consolidation (Note 22(ii)) during the year ended 31 March 2023. Accordingly, the basic and diluted loss per share for the year ended 31 March 2022 are restated.

The basic and diluted loss per share from continuing and discontinued operations are the same for the years ended 31 March 2023 and 2022, as there are no dilutive potential ordinary shares in existence.

From continuing operations

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Loss for the year from continuing operations attributable to the owners of the Company	**(182,692)**	(271,865)

From discontinued operations

Basic loss per share from discontinued operations is HK$0.0766 per share (2022 (Restated): HK$0.1179), based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$63,480,000 (2022 (Restated): HK$89,777,000). The denominators used are the same as those detailed above for both basic and diluted loss per share.

The basic and diluted loss per share from discontinued operations are the same for the years ended 31 March 2023 and 2022, as there are no dilutive potential ordinary shares in existence.

12. DIVIDENDS

The directors did not recommend the payment of any dividend for the year ended 31 March 2023 (2022: Nil).

13. INVESTMENT PROPERTIES

As at 31 March 2022, investment properties comprised certain leasehold lands and factory situation in Zhejiang, the PRC. On 27 May 2022, the Group completed the acquisition of investment properties situated in Suzhou, the PRC through acquisition of subsidiaries at a consideration of RMB376,000,000. Details of the acquisition are set out in note 23. As at 31 March 2023, investment properties are situated in Zhejiang and Suzhou, the PRC and are held under medium-term leases.

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the year	**105,301**	132,516
Additions through acquisition of subsidiaries *(note 23)*	**757,161**	–
Additions	**5,584**	2,487
Transfer from construction in progress	**–**	2,330
Fair value changes	**(70,611)**	(37,074)
Exchange realignment	**(22,370)**	5,042
At the end of the year	**775,065**	105,301

Amount recognised in profit or loss for investment properties

	2023	2022
	HK$'000	*HK$'000*
Lease income from operating leases	**14,201**	9,531
Direct operating expenses on investment properties that generated lease income	**2,372**	2,535
Unrealised loss on property revaluation included in loss from changes in fair value of investment properties	**(70,611)**	(37,074)

Contractual obligation

As at 31 March 2023 and 2022, there is no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Leasing arrangements

The investment properties are leased to tenants under operating leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**11,504**	6,165
In the second to fifth years inclusive	**32,281**	9,248
Over five years	**40,199**	–
	83,984	15,413

Valuation processes of the Group

The fair values of the Group's investment properties as at 31 March 2023 and 2022 were arrived at on the basis of valuations carried out by the independent qualified professional valuer, AP Appraisal Limited.

Discussions of valuation processes and results are held between the management, audit committee and the independent valuer annually, in line with the Group's annual reporting date.

The management:

- verifies major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior valuation report; and
- holds discussions with the independent valuer.

Valuation methodology

The Group completed its annual valuation on investment properties and the valuation used direct comparison method under market approach. Market approach is common for property valuation. As there are publicly available data on comparable transactions in the market, the fair values of investment properties are generally arrived by adopting the direct comparison method by making reference to the recent transaction prices and/or asking prices of comparable properties.

Details of the key inputs used in the valuation are as follows:

Non-financial assets	Fair value as at 31 March **2023** *HK$'000*	2022 *HK$'000*	Key inputs to the valuation	Relationship of key inputs to fair value
Investment properties in Zhejiang				
Leasehold land and factory	**82,818**	96,670	PRC comparables ranging from RMB1,365 to RMB1,944 (2022: RMB1,143 to RMB2,400) per square metre	A significant increase in the key inputs would result in a significant increase in fair value, and vice versa
Leasehold land	**6,854**	8,631	PRC comparables ranging from RMB88 to RMB215 (2022: RMB210 to RMB321) per square metre	A significant increase in the key inputs would result in a significant increase in fair value, and vice versa
Investment properties in Suzhou				
Shops	**239,887**	–	PRC comparables ranging from RMB23,631 to RMB47,381 (2022: nil) per square metre	A significant increase in the key inputs would result in a significant increase in fair value, and vice versa
Commercial buildings	**445,506**	–	PRC comparables ranging from RMB36,010 to RMB52,214 (2022: nil) per square metre	A significant increase in the key inputs would result in a significant increase in fair value, and vice versa

There is no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly due to the change in market values of properties in the PRC resulting from the continuation of the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC.

As at 31 March 2023 and 2022, the fair value measurement of the Group's investment properties is categorised at level 3 hierarchy. During the years ended 31 March 2023 and 2022, there were no transfers into or out of level 3.

14. INTANGIBLE ASSETS

	Land use right *(Note i)* *HK$'000*	Water mining licence *(Note ii)* *HK$'000*	Total *HK$'000*
Cost:			
As at 1 April 2021	10,734	374,460	385,194
Exchange realignment	452	179	631
As at 31 March 2022 and 1 April 2022	11,186	374,639	385,825
Exchange realignment	**(823)**	**(325)**	**(1,148)**
As at 31 March 2023	**10,363**	**374,314**	**384,677**
Accumulated amortisation and impairment:			
As at 1 April 2021	581	46,932	47,513
Amortisation for the year	220	–	220
Impairment loss for the year	–	40,504	40,504
Exchange realignment	28	–	28
As at 31 March 2022 and 1 April 2022	829	87,436	88,265
Amortisation for the year	**207**	**–**	**207**
Impairment loss for the year	**–**	**58,073**	**58,073**
Exchange realignment	**(61)**	**–**	**(61)**
As at 31 March 2023	**975**	**145,509**	**146,484**
Carrying amount:			
As at 31 March 2023	**9,388**	**228,805**	**238,193**
As at 31 March 2022	10,357	287,203	297,560

Notes:

(i) Land use right represents the right to use the land for water exploitation activities in Hunan. The land is located at 湖南新田縣新圩鎮新嘉公路三占塘段西側.

Land use right is amortised on a straight-line basis over its lease term of 50 years.

(ii) Water mining licence represents the right to conduct water exploitation activities in Hunan. The subsidiary, 湖南新田富鍶礦泉水有限公司 had entered into an agreement with Hunan Government to grant the subsidiary a water mining licence for exploitation of mineral water for 5 years. The subsidiary has the priority to extend the mineral water mining licence afterwards. The mine is located at 湖南新田縣三占塘. The subsidiary has the exclusive rights and authorities to manage and arrange all activities in the mining area. The water mining license was renewed on 1 December 2022 and will expire on 3 December 2025.

Water mining licence is amortised on a straight-line basis over its estimated useful economic life which was estimated with reference to the validity of the operation licence held and the productions plans of the Group. No amortisation was provided for the year ended 31 March 2023 as commercial production has not yet commenced during the year.

The Group is required to assess any indication of impairment on the water mining licence at the end of each reporting period. The Group has completed its annual impairment test for the water mining licence. The recoverable amount of the water mining licence was determined based on multi period excess earnings method which uses sum of discounted present value of the projected annual excess earnings. As at 31 March 2023 and 2022, the recoverable amount of the water mining licence referenced to a valuation report issued by AP Appraisal Limited, an independent qualified valuer. This valuation uses cash flow projections based on financial estimates covering a twenty-year period. The valuation is categorised at level 3 hierarchy.

As there are insufficient comparable transactions in the market, the market approach was not feasible for the valuation. As asset approach does not take future growth potential into consideration, this approach is not considered to be an adequate approach for the valuation. Therefore, income approach was considered the most appropriate valuation approach to assess the value of the water mining licence. Multi period excess earnings method under income approach is used which reflects the sum of discounted present value of the projected operating profit attributed to the water mining licence less required return for its contributory tangible and intangible assets.

The key inputs used in the annual excess earnings calculation are as follows:

	2023	2022
Net profit margin (% of revenue)	**9.06%-32.14%**	13.51%–32.12%
Long term annual growth rate used to extrapolate cash flow	**2.00%**	2.00%
Pre-tax discount rate	**14.00%**	14.00%

The net profit margin is based on management's expectation and experience in bottled water market, adjusted for expected efficiency improvements and expected increase in production.

The long term growth rate is the growth rate used to extrapolate the cash flows beyond the ten-year period which are based on the estimated growth rate taking into account the industry growth rate and the medium or long term growth target of the Group.

The discount rate is before tax and reflects specific risks.

The value assigned to the above assumptions reflect past experience and are consistent with management plans for focusing operations in these markets. There are no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly reflected the slowdown of the PRC economy and the impact of the COVID-19 pandemic. The management believes that the assumptions are reasonable and achievable.

15. INTERESTS IN ASSOCIATES

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the year	**147,000**	190,826
Share of post-acquisition losses and other comprehensive income during the year, net of dividends received	**(13,447)**	(14,431)
Impairment losses for the year	**(31,553)**	(29,395)
At the end of the year	**102,000**	147,000

	2023	2022
	HK$'000	*HK$'000*
Amount due from an associate *(Notes i and ii)*	**765**	3,236

Notes:

(i) As at 31 March 2023, amount due from an associate is unsecured, interest-free and repayable on demand (2022: unsecured, interest-bearing at 10% per annum and repayable within one year).

(ii) The maximum outstanding balance during the year was approximately HK$3,236,000.

(iii) The Group holds 20% equity interests in Hong Kong Spring Water Ding Dong Group Company Limited which has a wholly-owned subsidiary in Guangxi, Guangxi Spring Water Ding Dong Beverages Company Limited* ("Guangxi Spring Water Ding Dong"). Guangxi Spring Water Ding Dong possesses a water procurement permit for the production and sales of bottled water and is currently in operation in Guangxi. The remaining 80% equity interests is held by Mr. Li Yuguo, the substantial shareholder of the Group.

As at 31 March 2023 and 2022, the Group completed its annual impairment test for interests in associates by comparing the recoverable amount to the carrying amount. AP Appraisal Limited, an independent qualified valuer carried out a valuation of the interests in associates as at 31 March 2023 and 2022 based on the value-in-use calculations. This valuation uses cash flow projections under income approach based on financial estimates covering a ten-year period. The valuation is categorised at level 3 hierarchy.

As there are insufficient comparable transactions in the market, the market approach was not feasible for the valuation. As asset approach does not take future growth potential into consideration, this approach is not considered to be an adequate approach for the valuation. Therefore, income approach was considered the most appropriate valuation approach to assess the value of the equity interests of the associates and the discounted cash-flow method is used in the value-in-use calculations which reflects the discounted present value of all future benefits that flow to the shareholders.

The key inputs used in the value-in-use calculations are as follows:

	2023	2022
Gross profit margin (% of revenue)	**1.88%–45.55%**	15.9%–44.1%
Long term annual growth rate used to extrapolate cash flows	**2.00%**	2.00%
Pre-tax discount rate	**13.00%**	13.00%

Gross profit margin is the average margin as a percentage of revenue over the ten-year forecast period. It is based on the current sales margin levels with adjustments for expected efficiency improvements and expected increase in production.

* *For identification purpose only*

The long term growth rate is the growth rate used to extrapolate the cash flows beyond the ten-year period based on the estimated growth rate taking into account the industry growth rate, past experience and the medium or long term growth target of the associates.

The discount rate is before tax and reflects specific risks.

The value assigned to the above assumptions reflect past experience and are consistent with management plans for focusing operations in these markets. There are no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly reflected the slowdown of the PRC economy and the impact of the COVID-19 pandemic. The management believes that the assumptions are reasonable and achievable.

Details of the Group's associates, which were held indirectly by the Company at the end of the reporting period, were as follows:

Name of associates	**Form of business and structure**	**Place of incorporation/ operation**	**Class of shares/ registered capital held**	**Proportion of nominal value of paid capital/registered capital held by the Group**		**Principal activities**
				2023	2022	
Hong Kong Spring Water Ding Dong Group Company Limited	Incorporated	Hong Kong	Ordinary	**20%**	20%	Investment holding and water business
Guangxi Spring Water Ding Dong Beverages Company Limited*	Incorporated	The PRC	Registered	**20%**	20%	Production and sales of bottled water

* *For identification purpose only*

Summarised financial information in respect of the Group's associates for the years ended 31 March 2023 and 2022 was set out below which represents amounts shown in the respective financial statements of the associates prepared in accordance with HKFRSs. The associates are accounted for using the equity method in the consolidated financial statements.

	2023	2022
	HK$'000	*HK$'000*
Current asset	**25,899**	33,407
Non-current asset	**84,690**	101,905
Current liabilities	**187,491**	203,245
Non-current liabilities	**5,712**	–
Revenue	**4,900**	5,304
Loss for the year	**(68,552)**	(71,830)
Other comprehensive income	**1,317**	(327)
Total comprehensive income	**(67,235)**	(72,157)

Reconciliation of the net liabilities of associates at the acquisition date to the carrying amount of the interests in associates recognised in the consolidated financial statements is as follows:

	2023	2022
	HK$'000	*HK$'000*
Net liabilities of the associates as at acquisition date	**(33,841)**	(33,841)
Proportion of the Group's ownership interests in associates	**20%**	20%
Cost of investments in associates unlisted in Hong Kong	**(6,768)**	(6,768)
Valuation adjustment from acquisition (net of accumulated impairment losses)	**180,712**	210,217
Goodwill (net of accumulated impairment losses)	**–**	2,048
Share of post-acquisition losses and other comprehensive income, net of dividends received	**(71,944)**	(58,497)
Carrying amount of the Group's interests in associates	**102,000**	147,000

There is no commitment and contingent liabilities under the associates.

16. PROPERTIES UNDER DEVELOPMENT

	2023	2022
	HK$'000	*HK$'000*
Properties under development	**321,976**	347,544
Less: provision for impairment	**(321,976)**	(347,544)
	–	–

Properties under development are the residential properties located in Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC* under development for sale.

As at 31 March 2023, the carrying amount of properties under development included land use rights of approximately HK$118,382,000 (2022: HK$127,782,000).

On 27 January 2022, the Group received an idle land decision from Dalian Municipal Bureau of Natural Resources* (大連市自然資源局) which determined the land of properties under development was in idle condition and the land may be repossessed by the PRC government authorities without compensation. The Board has reviewed and reconsidered the development plan and projected a significant drop in gross profit margin in developing the properties under development. Due to the abovementioned factors, the Board considered a full impairment on the properties under development is appropriate and reasonable. Nevertheless, the management are still using its best endeavors to avoid land repossession by the PRC government authorities without compensation.

For the year ended 31 March 2023, there was no indication that the provision for impairment on properties under development should be reversed (2022: provision for impairment of approximately HK$242,539,000 was recognised).

The carrying amount of properties under development is analysed as follows:

	2023	2022
	HK$'000	*HK$'000*
Located in the PRC, held on:		
Leases of between 10 and 50 years	**–**	–

17. COMPLETED PROPERTIES HELD FOR SALE

	2023	2022
	HK$'000	*HK$'000*
Completed properties held for sale	**127,315**	144,089
Less: Provision for impairment	**(60,215)**	(66,139)
	67,100	77,950

* *For identification purpose only*

The completed properties held for sale are located in Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC* and are held under medium-term lease. Completed properties held for sale which are expected to be recovered in more than twelve months after the reporting date are also classified under current assets as it is expected to be realised in the Group's normal operating cycle.

In the annual impairment assessment of the completed properties held for sale as at 31 March 2023 and 2022, a valuation report issued by AP Appraisal Limited, an independent qualified valuer and the sales contracts entered into between the Group and the customers were referred to.

The valuation used direct comparison method under market approach. Market approach is common for property valuation. As there are publicly available data on comparable transactions in the market, the direct comparison method is adopted, which the fair value of the completed properties held for sale were determined based on the recent transaction prices and/or asking prices of similar properties adjusted for nature, location and conditions of the completed properties held for sale.

Details of the key input to the valuation are as follows:

Non-financial assets	**Key inputs to the valuation**	
	2023	2022
Residential	**PRC comparables ranging from RMB4,470 to RMB7,838 per square metre**	PRC comparables ranging from RMB4,026 to RMB8,320 per square metre
Commercial	**PRC comparables ranging from RMB4,257 to RMB5,677 per square metre**	PRC comparables ranging from RMB4,279 to RMB6,790 per square metre
Carpark	**PRC comparables ranging from RMB2,835 to RMB3,510 per square metre**	PRC comparables ranging from RMB2,700 to RMB4,029 per square metre

There are no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly due to the change in market values of properties in the PRC resulting from the continuation of the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC.

For the year ended 31 March 2023, provision for impairment of approximately HK$1,425,000 (2022: HK$10,604,000) was recognised to reflect the decrease in net realisable value of the completed properties held for sale.

As at 31 March 2023 and 2022, the fair value measurement of the completed properties held for sale was categorised at level 3 hierarchy.

* *For identification purpose only*

18. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**17,463**	6,434

Based on the payment terms of tenancy agreements, the aging analysis of the Group's trade receivables as of each reporting date is as follows:

	2023	2022
	HK$'000	*HK$'000*
0 – 180 days	**17,463**	6,434

The Group's trade receivables are denominated in RMB, represent rental receivable from tenants for the use of PRC investment properties and machinery. Rentals are payable in accordance with tenancy agreements. No credit period is allowed.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2023	2022
	HK$'000	*HK$'000*
Neither past due nor impaired	**165**	–
Less than 90 days past due	**8,571**	–
Past due more than 90 days	**8,727**	6,434
	17,463	6,434

As at 31 March 2023, a tenant owed the rental to the Group of approximately HK$16,915,000 due to her temporary tight working capital caused by the outbreak of COVID-19 pandemic. She has entered into an agreement with the Group to repay her outstanding rental by instalments. Management has assessed the background and condition of the tenant and considered that the expected credit loss of this tenant is immaterial.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Non-current assets:		
Deposits paid for acquisition of investment properties, net *(Note i)*	**126,798**	401,504
Current assets:		
Deposits paid, net *(Note ii)*	**2,547**	584,870
Prepayments *(Note iii)*	**7,364**	6,636
Accrued income	**139**	–
Other receivables, net *(Note iv)*	**31,559**	47,657
Amount due from the substantial shareholder *(Note v)*	**106,187**	146,901
	147,796	786,064

The creation and release of impairment provision on deposits paid have been included in the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash.

Other receivables are denominated in the following currencies:

	2023	2022
	HK$'000	*HK$'000*
RMB	**31,291**	47,478
HK$	**268**	179
	31,559	47,657

As at 31 March 2023, deposit paid for acquisition of investment properties in Yantian with a carrying amount of approximately HK$157,214,000, deposit paid for naming right and advertising right with a carrying amount of approximately HK$8,664,000, and prepayments, deposits and other receivables with a carrying amount of approximately HK$2,605,000 have been reclassified to assets classified as held for sale (for details, please refer to note 10).

Notes:

(i) Beijing Properties

As at 31 March 2023, deposit paid of approximately HK$126,798,000, net of provision for impairment of approximately HK$101,667,000 (2022: HK$161,527,000, net of provision for impairment of approximately HK$85,079,000) was related to the acquisition of investment properties in Beijing. Details are set out in the announcement of the Company dated 28 February 2017. Due to the outbreak of the COVID-19 pandemic, construction works were temporarily suspended and the vendor failed to hand over the properties to the buyer on schedule. The management took legal action against the vendor for the delay in handover of the properties. On 16 May 2023, the Company received a letter from the vendor requesting for a further extension for handover of properties. Currently, the vendor has resumed construction works and the construction is expected to be completed on or before 31 December 2023 and the acquisition is expected to be completed on or before 30 June 2024. The management will continue to follow up and take appropriate actions.

The recoverable amount of the deposit paid for acquisition of investment properties in Beijing has been determined based on fair value less cost of disposal of the investment properties in Beijing.

The fair value of the deposit paid for acquisition of investment properties in Beijing was determined, by reference to the valuation carried out by AP Appraisal Limited, an independent qualified professional valuer. The valuation used direct comparison method under market approach. Market approach is common for property valuation. As there are publicly available data on comparable transactions in the market, the direct comparison method is adopted, which is based on the recent transaction prices and/or asking prices of similar properties adjusted for nature, location and conditions of the properties in Beijing. The key inputs to the valuation are PRC comparables ranging from RMB9,000 to RMB16,847 per sq.m for commercial portion (2022: ranging from RMB12,000 to RMB21,800 per sq.m) and RMB6,401 to RMB10,840 per sq.m for carpark portion (2022: ranging from RMB8,287 to RMB11,683 per sq.m). If there is significant increase in the key inputs, it would result in a significant increase in fair value, and vice versa.

There are no significant changes in the assumptions from those previously adopted. The change in the key inputs was mainly due to the change in market values of properties in the PRC resulting from the continuation of the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC.

The fair value measurement of the deposit paid for acquisition of investment properties in Beijing was categorised at level 3 hierarchy.

(ii) As at 31 March 2023, deposit paid mainly comprised rental deposits and payments for business related matters. As at 31 March 2022, deposits paid were mainly relating to (1) acquisition of properties in Zengcheng and (2) acquisition of properties in Shenyang.

Zengcheng Properties

The acquisition of properties in Zengcheng was terminated on 18 January 2017 and over 77% of the paid consideration has been refunded in previous years. As at 31 March 2023, deposit paid related to acquisition of properties in Zengcheng was approximately HK$70,824,000 (2022: HK$76,448,000) which loss allowance for expected credit loss on the deposit paid was fully recognised in prior year. The Group's legal advisors has issued demand letters to the vendor for the repayment of the remaining balance of the paid consideration and related compensation. Up to the date of this announcement, the Group is still trying to chase the repayment from the vendor. Based on the Group's historical credit loss experience, there is no indication that the loss allowance for expected credit loss on the deposits paid in prior year should be reversed.

Shenyang Properties

As at 31 March 2022, deposit paid related to acquisition of properties in Shenyang was approximately HK$584,234,000. Details of the acquisition of Shenyang Properties are set out in the announcement of the Company dated 12 October 2017 and the circular of the Company dated 22 January 2018. On 24 April 2019, a termination agreement was entered into between the vendor and the Group to terminate the sale and purchase agreement in relation to the acquisition of Shenyang Properties. The vendor shall refund the total amount of deposits of RMB562,500,000 (the "Refund Amount") paid by the Group, together with a monetary compensation of RMB11,250,000 on or prior to 24 October 2019, details of which are set out in the announcement of the Company dated 24 April 2019.

On 1 November 2019, the Group further entered into a supplemental agreement with Mr. Li Yuguo, a substantial shareholder, the chairman and an executive director of the Company and the ultimate beneficial owner of the vendor pursuant to which, Mr. Li agreed to take up the responsibilities to repay the Refund Amount and the related compensation and interests to the Group, and provide his personal assets as securities. The Group agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum. Details of which are set out in the announcement of the Company dated 1 November 2019, 22 January 2020 and 27 February 2020 and the circular of the Company dated 6 February 2020.

Afterwards, the Group has set up a special committee to handle the repayment and/or the recovery of the Refund Amount, and entered into several supplemental agreements with Mr. Li Yuguo regarding the extension of repayment deadline with the agreed interest rates on the amount outstanding. Details of the supplemental agreements are set out in the announcements of the Company dated 29 April 2020, 8 May 2020, 7 July 2020, 7 July 2021, 1 September 2021, 28 October 2021 and 19 August 2022, and the circulars of the Company dated 24 August 2020, 1 November 2021 and 30 September 2022 respectively.

As at 31 March 2023, the Group has received from Mr. Li Yuguo the full amount of Refund Amount.

(iii) As at 31 March 2023 and 2022, prepayments mainly comprised prepayment of indirect cost incurred for properties under development and purchase cost of machineries for the production of bottled mineral water in Hunan.

(iv) As at 31 March 2023, other receivables of approximately HK$31,559,000 (2022: HK$47,657,000, net of provision of impairment approximately HK$1,985,000), mainly comprised other tax prepaid in the PRC and advance payments for business related matters.

(v) As at 31 March 2023 and 2022, amount due from the substantial shareholder, Mr. Li Yuguo, represented the compensation and interests receivable relating to the termination of the acquisition of Shenyang Properties as detailed in (ii). The amount was approximately RMB92,957,000 (2022: RMB119,138,000) and repayable on or before 2 July 2023.

20. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**56,044**	62,631

The following is an aging analysis of trade payables at the end of the reporting period, based on the contract date or invoice date:

	2023	2022
	HK$'000	*HK$'000*
0 to 180 days	**764**	1,693
181 to 365 days	**31**	87
Over 365 days	**55,249**	60,851
	56,044	62,631

The trade payables are not interest bearing, normally settled within six month after receiving suppliers' invoices and denominated in RMB.

21. OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Land value added tax payable	**508**	548
Accruals	**4,777**	7,103
Receipts in advance	**1,264**	174
Other payables *(Note i)*	**27,668**	30,090
Amount due to non-controlling interests *(Note ii)*	**15,612**	15,612
	49,829	53,527

Other payables and accruals are denominated in the following currencies:

	2023	2022
	HK$'000	*HK$'000*
RMB	**31,079**	28,584
HK$	**18,750**	24,943
	49,829	53,527

Notes:

(i) Other payables of approximately HK$5,255,000 (2022: HK$8,813,000) is interest bearing at 10% per annum, repayable on demand and denominated in RMB.

(ii) Amount due to non-controlling interests is unsecured, interest-free and repayable on demand.

22. SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Authorised:		
Ordinary share of HK$0.01 each (before share consolidation) and HK$0.1 each (after share consolidation)		
At 1 April 2021, 31 March 2022 and 1 April 2022	**250,000,000,000**	2,500,000
Share consolidation *(Note (ii))*	**(225,000,000,000)**	–
At 31 March 2023	**25,000,000,000**	2,500,000
Issued and fully paid:		
Ordinary share of HK$0.01 each (before share consolidation) and HK$0.1 each (after share consolidation)		
At 1 April 2021, 31 March 2022 and 1 April 2022	**7,611,690,000**	76,117
Placing of shares on 29 July 2022 *(Note (i))*	**1,000,000,000**	10,000
Share consolidation *(Note (ii))*	**(7,750,521,000)**	–
Placing of shares on 31 March 2023 *(Note (iii))*	**77,233,800**	7,723
At 31 March 2023	**938,402,800**	93,840

Notes:

(i) On 29 July 2022, the Company completed a placing of 1,000,000,000 new shares at a price of HK$0.03 per placing share (the "1st Placing") and raised gross proceeds of HK$30,000,000, of which HK$10,000,000 was credited to share capital account and the balance of HK$20,000,000 was credited to share premium account of the Company.

Share issuance expenses (mainly include the placing commission and other related expenses) that are directly attributable to the 1st Placing amounting to approximately HK$490,000 was treated as a deduction against the share premium account arising of the 1st Placing.

(ii) On 1 September 2022, the director of the Company proposed to implement a share consolidation on the basis that every 10 issued and unissued shares of HK$0.01 each would be consolidated into one consolidated share of HK$0.1 each.

Pursuant to an ordinary resolution passed on 12 October 2022, the share consolidation was approved by the shareholders of the Company and has become effective on 14 October 2022. Immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 8,611,690,000 to 861,169,000.

(iii) On 31 March 2023, the Company completed a placing of 77,233,800 new shares at a price of HK$0.146 per placing share (the "2nd Placing") and raised gross proceeds of approximately HK$11,276,000, of which approximately HK$7,723,000 was credited to share capital account and the balance of approximately HK$3,553,000 was credited to share premium account of the Company.

Share issuance expenses (mainly include the placing commission and other related expenses) that are directly attributable to the 2nd Placing amounting to approximately HK$189,000 was treated as a deduction against the share premium account arising of the 2nd Placing.

23. ACQUISITION OF SUBSIDIARIES

Acquisition of Shun Jie International Holdings Company Limited ("Shun Jie")

For the year ended 31 March 2023, the Group acquired 100% of the issued share capital of, and the shareholder's loan advanced to, Shun Jie at a consideration of RMB376 million (equivalent to approximately HK$437,988,000). Shun Jie is principally engaged in investment holding and its indirect wholly-owned subsidiary is principally engaged in property investment. The acquisition has been completed on 27 May 2022.

	Carrying value *HK$'000*	Fair value adjustment *HK$'000*	Fair value *HK$'000*
The identifiable assets acquired and the liabilities assumed at the date of acquisition			
Investment properties	171,993	585,168	757,161
Property, plant and equipment	5,008	–	5,008
Trade receivables	6,977	(373)	6,604
Accrued income and other receivables	18,080	(185)	17,895
Bank balances and cash	343	–	343
Tax payables	(287)	–	(287)
Other payables and accruals	(184,777)	–	(184,777)
Deferred tax liabilities	(4,149)	(146,292)	(150,441)
Identifiable net assets	13,188	438,318	451,506
Gain on bargain purchase			(13,518)
Total consideration *(Note)*			437,988

Note: The total consideration of acquisition of Shun Jie was paid by Mr. Li Yuguo, a substantial shareholder, the chairman and an executive director of the Company, on behalf of the Company directly. This payment transaction was a non-cash transaction which offset the Refund Amount receivable from Mr. Li Yuguo (note 19(ii)).

	HK$'000
Net cash inflow from the acquisition	
Bank balances and cash acquired	343

The Group recognised a gain on bargain purchase of approximately HK$13,518,000 in the business combination as a result of the fair value of Shun Jie's identifiable net assets over the sum of the consideration transferred. The fair value of the identifiable net assets at the date of acquisition is referenced to a valuation report issued by AP Appraisal Limited, an independent qualified valuer.

Shun Jie contributed a profit of approximately HK$6,878,000 to the Group's results for the period from the date of acquisition to 31 March 2023.

If the acquisition had been completed on 1 April 2022, the Group's revenue for the year ended 31 March 2023 would have been approximately HK$27,391,000, and the Group's loss for the year ended 31 March 2023 would have been approximately HK$262,632,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved, had the acquisition been completed on 1 April 2022, nor is intended to be a projection of future results.

24. FINANCIAL GUARANTEE LIABILITIES

As at 31 March 2023, a wholly-owned subsidiary of the Company, 大連創和置地有限公司 ("大連創和"), incorporated in the PRC, provided corporate guarantees to third parties amounting to approximately RMB100,000,000 (2022: RMB100,000,000), detailed as follows:

(1) On 17 April 2014, 大連創和 provided a corporate guarantee to 大連銀行第一中心支行 ("大連銀行(一)") for a recurring bank loan of RMB50,000,000 granted to a third party, 大連東潤物資回收有限公司 ("大連東潤"). In 2017, 大連銀行(一) took a legal action against 大連東潤 for the recovery of the aforesaid loan. On 21 December 2017, 遼寧省大連市中級人民法院 (the "Court") ordered 大連東潤 to repay the loan to 大連銀行(一), together with relevant legal cost and interest.

(2) On 23 May 2014, 大連創和 provided a corporate guarantee to 大連銀行(一) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連連隆物資有限公司 ("大連連隆"). In 2017, 大連銀行(一) took a legal action against 大連連隆 for the recovery of the aforesaid loan. On 28 December 2017, the Court ordered 大連連隆 to repay the loan to 大連銀行(一), together with relevant legal cost and interest.

(3) On 19 August 2014, 大連創和 provided a corporate guarantee to 大連銀行(一) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連澤琦貿易有限公司 ("大連澤琦"). In 2017, 大連銀行(一) took a legal action against 大連澤琦 for the recovery of the aforesaid loan. On 21 December 2017, the Court ordered 大連澤琦 to repay the loan to 大連銀行(一), together with relevant legal cost and interest. The loan principal of RMB50,000,000 has been repaid by 大連澤琦 on 30 December 2017.

Another independent guarantor, 大連順浩置業有限公司 ("大連順浩") has pledged its properties to secure the bank loans stated in (1), (2) and (3). The estimated value of the pledged properties is over RMB250 million. The directors believe that the aforesaid loans, interests and other costs can fully be recovered from the sales proceeds of the pledged properties. In addition, 大連創和 obtained counter-guarantees given by 創達地產(大連)有限公司 ("創達地產"). 創達地產 undertook to compensate 大連創和 any legal costs and economic losses that may be suffered by 大連創和 in relation to all the aforesaid corporate guarantees.

On 27 December 2017, a restructuring loan agreement was signed by 大連順浩 with 大連銀行. Under this agreement, a new loan of RMB245,000,000 was granted to 大連順浩 for the repayment of the loans, interests and other cost stated in (1), (2) and (3) and then the corporate guarantee provided by 大連創和 will be released. However, the procedure to release the corporate guarantee is still in progress.

The directors are closely monitoring the situations and will continue to use their best endeavor to resolve the corporate guarantees above. The directors are also assessing the legal position of the Group and may consider taking legal actions if appropriate.

Up to the date of this announcement, the Group did not suffer any loss from the above corporate guarantees. Having considered the counter-guarantees provided by 創達地產, pledge of valuable properties by 大連順浩 and subsequent settlement arrangements as stated above, in the opinion of the directors of the Company, the fair values of the financial guarantee contracts are insignificant at initial recognition as the probability of suffering any significant loss by the Group from the above corporate guarantees is low. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

25. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save as disclosed elsewhere in the consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with related parties

As disclosed in note 19(v), interest income relating to termination of acquisition of Shenyang Properties for the years ended 31 March 2023 and 2022, which were receivable from Mr. Li Yuguo who is a substantial shareholder, the chairman and an executive director of the Company, are recognised as follows:

	2023	2022
	HK$'000	*HK$'000*
Interest income relating to termination of acquisition of Shenyang Properties	**23,622**	70,903

(b) Transaction relating a minority shareholder

During the year ended 31 March 2022, the compensation relating to the failure to fulfil the production volume guarantee of the water mining business in Hunan for the years 2019 and 2020, which were receivable from the minority shareholders of the Company, are recognised as follows:

	2023	2022
	HK$'000	*HK$'000*
Compensation relating to failure to fulfil production volume guarantee by minority shareholders	**–**	26,338

(c) Remuneration of key management personnel

The remuneration of key management personnel during the year was as follows:

	2023	2022
	HK$'000	*HK$'000*
Short-term benefits	**3,440**	2,348
Retirement benefit scheme	**32**	18
	3,472	2,366

26. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	2023	2022
	HK$'000	*HK$'000*
Contracted but not provided for:		
Acquisition of investment properties	**22,847**	47,812
Property development expenditure	**103,760**	112,000
Construction in-progress for water exploitation activities in Hunan	**10,189**	16,374
	136,796	176,186

27. SUBSEQUENT EVENTS

On 27 April 2023, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Century Strong Limited and the shareholder's loan advanced to Disposal Group, at a consideration of RMB150,000,000. The Disposal Group holds naming right, advertising right, a single-storey building located at Block 2 and 76 units located at Block 1 of Jimma Creative Industry Park, which is situated at Depot No. 2, 3rd Road and Shenyan Road Interact, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC. The disposal constituted a very substantial disposal transaction under the Listing Rules. The special general meeting for considering and approving the disposal will be held on 12 July 2023. Details of the disposal are set out in the announcements of the Company dated 2 May 2023 and the circular of the Company dated 23 June 2023.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2023 ("the Year"), the revenue of the Group was approximately HK$22,220,000 (2022: HK$21,200,000). In response to the serious COVID-19 pandemic in the People's Republic of China (the "PRC") in the fourth quarter of 2022 and early 2023, the Group offered certain rental concession to the tenants. As a result, the rental income in the second half of the Year was affected. The increase in revenue for the Year was mainly due to increase in rental and management fee income after the acquisition of a company which holds certain investment properties in Suzhou, the PRC.

Cost of Sales

For the Year, cost of sales of the Group was approximately HK$3,499,000 (2022: HK$4,136,000). The cost of sales for the Year represented the cost of properties sold and its decrease was in line with the decrease in revenue from sales of properties.

Gross Profit

For the Year, the Group recorded a gross profit of approximately HK$18,721,000 (2022: HK$17,064,000). The gross profit was mainly attributable to the rental income generated from the investment properties in Suzhou and Zhejiang.

Other Gains

For the Year, the Group recorded other gains of approximately HK$24,409,000 (2022: HK$125,683,000). The decrease was mainly due to:

- the currency exchange losses on the corresponding monetary assets and liabilities resulting from the depreciation of Renminbi in the Year, in contrast with the currency exchange gains resulting from the appreciation of Renminbi was recorded in the corresponding year in 2022;

- the decrease in interest income relating to the termination of acquisition of properties located at Shenyang, the PRC as a substantial portion of the outstanding sum had been settled during the Year; and

- the compensation payable by the minority shareholder of Good Union (China) Limited ("Good Union"), a non wholly-owned subsidiary of the Company, relating to the production volume guarantee of the water mining business in Hunan for the years 2021 and 2022 not having been recognised in the Year as the amount of compensation had not been agreed between the Group and the minority shareholder, in contrast with the compensation relating to the production volume guarantee for the years 2019 and 2020 having been recognised in the corresponding year in 2022.

Other Losses

For the Year, the Group recorded other losses of approximately HK$42,643,000 (2022: HK$49,000). The increase in other losses was mainly attributable to the currency exchange losses on the corresponding monetary assets and liabilities resulting from the depreciation of Renminbi in the Year.

Finance Costs

For the Year, the finance costs of the Group remained stable at approximately HK$1,065,000 (2022: HK$1,052,000). The finance costs represented the interest on lease liabilities and other payables.

Selling and Distribution Expenses

For the Year, selling and distribution expenses of the Group was approximately HK$862,000 (2022: HK$3,001,000). The decrease was due to less agency fee incurred for selling the remaining unsold properties in Dalian.

Administrative Expenses

Administrative expenses primarily consisted of directors' emoluments, other staff costs and benefits, depreciation, legal and professional fees, land and property taxes and other general office expenses, which were approximately HK$31,083,000 for the Year (2022: HK$25,939,000). The increase was mainly due to the additional administrative expenses of the newly acquired subsidiaries which hold certain investment properties in Suzhou.

Share of Results of Associates

For the Year, the share of losses of associates was approximately HK$13,710,000 (2022: HK$14,366,000) which were mainly attributable to the depreciation of property, plant and equipment and amortization of water procurement permit. The decrease in losses was mainly due to the currency exchange gains on corresponding monetary assets and liabilities resulting from the depreciation of Renminbi, and receipt of reward funds and subsidies from the government departments in Guangxi.

Material Impairment Losses and Fair Value Loss on Assets

Property development and property investment are the major businesses of the Group. Affected by the continuation of the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC, the PRC's economic growth has slowed down, PRC property market became sluggish and the values of assets, particularly property assets, in the PRC are impaired. The Group has suffered a significant impact from these factors and certain assets of the Group were impaired. For the Year, the Group recognised:

From continuing operations:

(i) provision for impairment loss on deposits paid of approximately HK$22,857,000 resulting from the decrease in fair values of the underlying property investments in the PRC (2022: HK$61,847,000) (details of which are set out in note 19 to the consolidated financial statements);

(ii) provision for impairment loss on intangible assets of approximately HK$58,073,000 (2022: HK$40,504,000) (details of which are set out in note 14 to the consolidated financial statements);

(iii) provision for impairment loss on interests in associates of approximately HK$31,553,000 (2022: HK$29,395,000) (details of which are set out in note 15 to the consolidated financial statements); and

(iv) loss from changes in fair value of investment properties of approximately HK$70,611,000 (2022: HK$37,074,000) (details of which are set out in note 13 to the consolidated financial statements).

From discontinued operations:

(i) provision for impairment on other receivables of approximately HK$5,424,000 (2022: Nil) (details of which are set out in note 10 to the consolidated financial statements); and

(ii) provision for impairment loss on deposit paid of approximately HK$56,469,000 resulting from the decrease in fair values of the underlying property investments in the PRC (2022: HK$88,948,000) (details of which are set out in note 10 to the consolidated financial statements).

Loss for the Year from Discontinued Operations

In March 2023, the Board passed a resolution to dispose of the entire equity interests in Century Strong Limited (together with its subsidiaries referred to as the "Disposal Group") to a potential purchaser. On 27 April 2023, the Company and Ms. Mao Yuzhen (the "Purchaser", an independent third-party) entered into a sale and purchase agreement, pursuant to which, the Company has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Century Strong Limited and the shareholder's loan advanced to the Disposal Group, at a consideration of RMB150,000,000 (equivalent to approximately HK$171,348,000). The loss of the Disposal Group for the Year of approximately HK$63,480,000 (2022: HK$89,777,000) was classified as loss from discontinued operations. The loss was mainly attributable to the impairment loss on other receivables and impairment loss on deposit paid resulting from the decrease in fair values of the underlying property investments in Yantian.

Loss attributable to Owners of the Company

For the Year, the Group recorded a loss attributable to owners of the Company, which amounted to approximately HK$246,172,000 (2022: HK$361,642,000). The loss for the Year was mainly attributable to the material impairment losses and fair value loss on assets, loss for the Year from discontinued operations and the share of losses of associates as analysed above.

BUSINESS REVIEW

The Group continuously focuses on its core businesses including water business, property development and property investment business. Since early 2020, in response to the COVID-19 pandemic, the PRC government authorities imposed travel restrictions for a long period of time and implemented varying degrees of movement controls in certain regions, depending on the number of infected cases. These precautionary measures adversely affected our core businesses and caused unforeseen delays in our investment and development. The Company is proactively taking actions to mitigate the adverse impacts of the COVID-19 pandemic on the Group. Besides, the debt crisis of some of the property developers in the PRC has negative impact on the property market, which in turn adversely affected the development progress and valuation of our property projects.

Water Business

The Group recorded a loss from water business segment of approximately HK$62,687,000 for the Year (2022: HK$17,420,000). The loss from water business was mainly attributable to an impairment loss on intangible assets of approximately HK$58,073,000 (2022: HK$40,504,000). The increase in the loss from water business was mainly due to:

- increase in the impairment loss on intangible assets; and

- the compensation payable by the minority shareholder of Good Union relating to the production volume guarantee of the water mining business in Hunan for the years 2021 and 2022 not having been recognised in the Year as the amount of compensation had not been agreed between the Group and the minority shareholder, in contrast with the compensation relating to the production volume guarantee for the years 2019 and 2020 having been recognised in the corresponding year in 2022.

Water Production and Sales

The Group holds 20% equity interests in Hong Kong Spring Water Ding Dong Group Company Limited which has a wholly-owned subsidiary in Guangxi, Guangxi Spring Water Ding Dong Beverages Company Limited* ("Guangxi Spring Water Ding Dong"). Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi.

During the Year, the Group shared losses of associates of approximately HK$13,710,000 (2022: HK$14,366,000), which were mainly attributable to the depreciation of property, plant and equipment and amortization of water procurement permit. The decrease in losses was mainly due to the currency exchange gains on corresponding monetary assets and liabilities resulting from the depreciation of Renminbi, and receipt of reward funds and subsidies from the government departments in Guangxi.

The Group reviewed the recoverable amount of the interests in associates as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer. An impairment loss on the interests in associates of approximately HK$31,553,000 (2022: HK$29,395,000) was provided for the Year. Details of the impairment assessment are set out in note 15 to the consolidated financial statements.

* *For identification purpose only*

Water Mining

The Group holds 67% equity interests in Good Union, which has a wholly-owned subsidiary in Hunan. It possesses a water mining licence for exploitation of mineral water in Hunan. The construction of the factory buildings has already been completed in the first half of 2023. The installation of machinery and equipment are currently in progress. The production is expected to be commenced in the last quarter of 2023.

On 27 August 2021, the former minority shareholder of Good Union, Mr. Lam Chun Ho disposed of his 33% shareholding in Good Union to an independent third party. The Company continues to hold 67% shareholding in Good Union. The new minority shareholder of Good Union has agreed to assume all the liabilities and commitments of Mr. Lam Chun Ho. The new minority shareholder of Good Union has also agreed and fulfilled certain compensation obligations of Mr. Lam Chun Ho. The compensation relating to the failure to fulfil the production volume guarantee of the water mining business in Hunan for the years 2019 and 2020 of approximately RMB21,936,000 (equivalent to approximately HK$26,338,000) was mutually agreed between the new minority shareholder and the Group.

During the Year, the Group maintained communication with the new minority shareholder which has responded that their business in the PRC has been affected by the government policies and restrictions relating to pandemic control measures which resulted in the delay in settlement of the entire compensation amount. As of the date of this announcement, the new minority shareholder has paid approximately RMB11,936,000 (equivalent to approximately HK$14,915,000) to the Group. On 28 March 2023, the Group and the new minority shareholder entered into a supplemental agreement, pursuant to which the new minority shareholder agreed to repay the outstanding amount of RMB10,000,000 (equivalent to approximately HK$11,423,000) on or before 27 March 2024.

The production volume guarantee of the years 2021 and 2022 were not satisfied due to stringent precautionary measures for the COVID-19 pandemic and the delay in construction works. For the compensation for the years 2021 and 2022, the Group is still negotiating with the new minority shareholder.

The water mining licence has already been renewed on 1 December 2022 for a terms of 3 years and 7 months from 3 May 2022 to 3 December 2025.

The Group reviewed the recoverable amount of the water mining licence as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer. An impairment loss on the water mining licence of approximately HK$58,073,000 (2022: HK$40,504,000) was provided for the Year. Details of the impairment assessment are set out in note 14 to the consolidated financial statements.

Property Development and Property Investment Business

The Group recorded a loss from property development and investment segment of approximately HK$109,944,000 for the Year (2022: HK$227,668,000). The loss was mainly attributable to the impairment losses on property-related assets and the exchange loss on the monetary assets and liabilities denominated in Renminbi resulting from the depreciation of Renminbi in the Year.

Property Development

Dalian Properties

The indirect wholly-owned subsidiary in Dalian, the PRC, Dalian Chuanghe Landmark Co Ltd.* (大連創和置地有限公司) ("Dalian Chuanghe"), engages in the development of urban land for residential usage in Dalian and plans to develop 55 buildings with 21 buildings in the first phase ("Phase I") and 34 buildings in the second phase ("Phase ll") at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC*.

Phase l, named "Xin Tian Jia Yuan", was completed in March 2019 and recognised as the completed properties held for sale of the Group. There are 21 buildings established in Phase I with total saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). Dalian Chuanghe commenced to hand over the properties to buyers in April 2019. For the Year, approximately 548 square metres of properties were handed over and revenue of approximately HK$3,975,000 (2022: HK$4,709,000) was recorded. Up to 31 March 2023, an aggregate of approximately 80% of the total saleable area of Phase l have been handed over to the buyers. As at 31 March 2023, Dalian Chuanghe had sale contracts with contract amount of approximately RMB33,326,000 with gross saleable areas of around 4,500 square metres which would be handed over to buyers in the near future.

* *For identification purpose only*

The Group reviewed the market value of the completed properties held for sale as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. For the Year, a provision for impairment loss on completed properties held for sale of approximately HK$1,425,000 (2022: HK$10,604,000) was made. Details of the impairment assessment are set out in note 17 to the consolidated financial statements.

Phase II is recognised as the properties under development of the Group. The Group planned to develop 34 buildings with aggregate saleable area of approximately 69,000 square metres. The development of Phase II is in preliminary stage. Due to (i) the outbreak of the COVID-19 pandemic since the beginning of 2020; (ii) the slowdown of economic growth in the PRC; and (iii) the debt crisis of some of the property developers in the PRC since mid-2021, the development of Phase II has been delayed and rescheduled.

On 27 January 2022, Dalian Chuanghe received an idle land decision from Dalian Municipal Bureau of Natural Resources* (大連市自然資源局), pursuant to which the land of Phase II was determined to be in idle condition. Therefore, there is a risk that the land of Phase II being repossessed by the PRC government authorities without compensation. The management of Dalian Chuanghe is actively negotiating and communicating with the PRC government authorities to lift the decision of idle status and to avoid land repossession by the PRC government authorities without compensation.

Up to the date of this announcement, the legal title of the land of Phase II still remained under the control of the Company despite the idle land decision. No further action was taken by the PRC government authorities and the Company was not aware of any exact timeline of the repossession.

The Board has reviewed and reconsidered the development plan of Phase II. The construction material costs has continuously increased in recent years, which led to the increase in the development costs. However, the selling price of the properties in Dalian has dropped due to the debt crisis of some of the property developers in the PRC since mid-2021 and the outbreak of the COVID-19 pandemic. As a result, the projected profit margin of developing Phase II has dropped significantly. Due to the abovementioned factors, a full impairment of approximately HK$242,539,000 on the properties under development had been made for the year ended 31 March 2022. Nevertheless, the management are still using its best endeavors to avoid land repossession by the PRC government authorities without compensation. If there is any further update, the Company will publish a separate announcement on the same as and when appropriate.

* *For identification purpose only*

Property Investment

Beijing Properties

The Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with a gross floor area of 8,335 square metres and (b) underground car park with a gross floor area of 3,100 square metres located in Phrase III of Beijing Convention and Exhibition International Port (Exhibition Centre Ancillary Facilities) Project* (北京會展國際港展館配套設施項目第三期) for a consideration of approximately RMB220,000,000 (subject to adjustment).

As at 31 March 2023, the Group has paid the consideration of RMB200,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB20,000,000 shall be paid upon the execution of the pre-sale agreement between the vendor and the purchaser, an indirect wholly-owned subsidiary of the Company and the building ownership certificate having been obtained by the purchaser. Due to the outbreak of the COVID-19 pandemic, the construction works were temporarily suspended for several times and the progress was significantly affected and delayed. In the second quarter of 2022, there was an outbreak of the COVID-19 pandemic in Beijing again, which further affected the construction progress. In June 2022, the Company received a letter from the vendor explaining the reasons of delay in construction works and requesting for a further extension of handover of the properties. In May 2023, the Company received another letter from the vendor requesting a further extension of handover of the properties. Currently, the vendor has resumed the construction works and the construction is expected to be completed on or before 31 December 2023. The Company has engaged a PRC legal advisor to follow up and handle this matter. The management will continue to follow up and take appropriate actions.

The Group reviewed the market value of Beijing Properties as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer using market approach in assessment of the valuation. An impairment loss on deposits paid for Beijing Properties of approximately HK$22,857,000 (2022: HK$61,847,000) was provided for the Year. Details of the impairment assessment are set out in note 19 to the consolidated financial statements.

* *For identification purpose only*

Zhejiang Properties

The Group holds the land use rights in respect of an industrial land parcel with site area of approximately 31,950 square metres and a two-storey industrial building with a total gross floor area of approximately 45,330 square metres together with another land parcel with a total site area of approximately 74,960 square metres located in Zhejiang.

The industrial lands and building are currently leased to tenants for rental income. The Group recorded rental income of approximately HK$8,842,000 for the Year (2022: HK$16,491,000). However, some of the tenants did not renew the tenancy agreements as the Group understands that their business were adversely affected by the continuation of the COVID-19 pandemic during the Year. The management of the Zhejiang subsidiary is actively soliciting new tenants in order to improve the occupancy ratio.

The Group reviewed the market value of Zhejiang Properties as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. The loss from change in fair value of Zhejiang Properties of approximately HK$13,469,000 (2022: HK$37,074,000) was recognised for the Year. Details of the fair value assessment are set out in note 13 to the consolidated financial statements.

Suzhou Properties

During the Year, the Group acquired 100% equity interest of Shun Jie International Holdings Company Limited, which holds the land use rights in respect of several buildings with total construction area of approximately 14,798 square metres together with the land parcel with a total site area of approximately 20,841 square metres located in Suzhou. The acquisition has been completed on 27 May 2022.

The land and buildings are currently leased to tenants for rental income. For the Year, the Group recorded rental and management fee income of approximately HK$9,403,000 (2022: Nil). In response to the serious COVID-19 pandemic in the PRC in the fourth quarter of 2022 and early 2023, the Group offered certain rental concession to the tenants. However, some of the tenants terminated the tenancy agreements as their business were adversely affected by the continuation of the COVID-19 pandemic. The management of the Suzhou subsidiary is actively soliciting new tenants in order to maintain the high occupancy ratio.

The Group reviewed the market value of Suzhou Properties as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. The loss from change in fair value of Suzhou Properties of approximately HK$57,142,000 (2022: Nil) was recognised for the Year. Details of the fair value assessment are set out in note 13 to the consolidated financial statements.

Yantian Properties (Discontinued operations)

(A) The Group entered into an acquisition agreement on 24 June 2014, a supplemental agreement on 15 April 2015, the second supplemental agreement on 12 July 2016, the third supplemental agreement on 17 May 2017 and the fourth supplemental agreement on 3 May 2018 to purchase the property at a consideration of approximately RMB100,000,000 (equivalent to approximately HK$126,000,000).

The property comprises 46 units of Jinma Creative Industry Park (formerly known as "Kingma Information Logistic Park") which is situated at Depot No. 2, 3rd Road and Shenyan Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC* (中國深圳市鹽田區鹽田保稅區物流園內三號路與深鹽路交匯處二號堆場) ("Jinma Creative Industry Park") with a total gross floor area of approximately 8,699 square metres.

As at 31 March 2023, the Group had obtained physical possession of the property and paid conditionally refundable deposit in the aggregate sum of RMB90,000,000 in accordance with the payment terms stated in the sales and purchase agreement. The remaining balance of the consideration of approximately RMB10,000,000 shall be paid within 30 days from the date on which the relevant building ownership certificates are issued in favour of the purchaser which is an indirect wholly-owned subsidiary of the Company (the "Jinma Industry Park Purchaser"). The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

(B) The Group entered into the second acquisition agreement on 15 May 2015, a supplemental agreement on 12 July 2016, the second supplemental agreement on 17 May 2017 and the third supplemental agreement on 3 May 2018 to purchase additional property at a consideration of approximately RMB65,100,000 (equivalent to approximately HK$81,400,000). The property comprises 30 units of Jinma Creative Industry Park with a total gross floor area of approximately 5,400 square metres.

* *For identification purpose only*

As at 31 March 2023, the Group had obtained physical possession of the property and paid conditionally refundable deposit in the aggregate sum of RMB60,000,000 in accordance with the payment terms stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB5,100,000 shall be paid within 30 days from the date on which the property is registered under the name of the Jinma Industry Park Purchaser. The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

(C) The Group entered into the third acquisition agreement on 10 November 2015, a supplemental agreement on 17 May 2017 and the second supplemental agreement on 3 May 2018 to purchase additional property at a consideration of approximately RMB101,600,000 (equivalent to approximately HK$122,000,000). The property acquired was a single-storey reinforced concrete building designated for office and storage uses located at Block 2 of Jinma Creative Industry Park with a total gross floor area of approximately 4,957 square metres.

As at 31 March 2023, the Group had obtained physical possession of the property and paid conditionally refundable deposit in the aggregate sum of RMB100,000,000 in accordance with the terms of payment stated in the sale and purchase agreement. The remaining balance of the consideration of approximately RMB1,600,000 shall be paid within 30 days from the date on which the property is registered under the name of the Jinma Industry Park Purchaser. The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

For Yantian Properties (A), (B) and (C) as described above, as at the date of this announcement, the vendor has still not registered the titles of the properties under the name of the Jinma Industry Park Purchaser. The approval from the PRC government authority for issuing the building ownership certificates remained pending. In April 2021, the Company received the second letter from the vendor requesting for an extension of the deadline to 31 December 2021 for handling the matter of building ownership certificates. However, due to the continuation of the COVID-19 pandemic, the registration of building ownership certificates has not been completed by the extended deadline. The Company has engaged a PRC law firm to negotiate with the vendor to resolve this matter.

The Group reviewed the market value of Yantian Properties (A), (B) and (C) as at 31 March 2023 with reference to a valuation report issued by an independent qualified valuer using market approach in the assessment of the valuation. A provision for impairment loss on deposits paid for Yantian Properties of approximately HK$56,469,000 (2022: HK$84,621,000) was made for the Year. Details of the impairment assessment are set out in note 10 to the consolidated financial statements.

On 27 April 2023, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Century Strong Limited and the shareholder's loan advanced to the Disposal Group, at a consideration of RMB150,000,000. The wholly-owned subsidiaries of Century Strong Limited hold the naming right and advertising right of Jimma Creative Industry Park and the Yantian Properties (A), (B) and (C). The disposal constituted a very substantial disposal transaction under the Listing Rules. The special general meeting for considering and approving the disposal will be held on 12 July 2023. Details of the disposal are set out in the announcements of the Company dated 2 May 2023 and the circular of the Company dated 23 June 2023.

Furniture Trading Business

In December 2022, the Group has entered into a joint venture agreement with an independent third party to establish a joint venture company to engage in furniture distribution business. The joint venture company has been incorporated in January 2023. The joint venture company is preparing for the commencement of the furniture distribution business in the near future. For details, please refer to the announcements of the Company dated 16 December 2022 and 6 March 2023.

Connected Transactions

Termination of the Acquisition of Properties

Asiaciti Investment Limited ("Asiaciti") (as purchaser), an indirect wholly-owned subsidiary of the Company, entered into sale and purchase agreement on 12 October 2017 (the "Sale and Purchase Agreement") with 遼寧京豐置業有限公司(as vendor), to purchase the properties comprising Floors 7 to 35 of Building T3 situated at 46 Nanjing North Street, Heping District, Shenyang City, Liaoning Province, PRC under the Shenyang Commodity Housing Pre-sale Permit No. 16122 for a total consideration of RMB625,000,000 (subject to adjustment). The vendor was a company incorporated in the PRC with limited liability and beneficially owned by Mr. Li Yuguo ("Mr. Li"), a substantial shareholder, the Chairman and an Executive Director of the Company.

On 24 April 2019, the vendor and Asiaciti entered into a termination agreement (the "Termination Agreement"), pursuant to which, (i) the parties have mutually agreed to terminate the Sale and Purchase Agreement and no parties shall have claims against each other; and (ii) on or prior to 24 October 2019, the vendor shall refund a total amount of RMB562,500,000 paid by Asiaciti (the "Refund Amount") and shall pay a lump sum of RMB11,250,000, being 2% of the Refund Amount, to Asiaciti as monetary compensation.

On 1 November 2019, Asiaciti and Mr. Li entered into a supplemental agreement (the "Supplemental Agreement"), pursuant to which, Mr. Li agreed to assume the responsibilities to repay the Refund Amount and the related compensation and interests to Asiaciti. Asiaciti agreed to extend the repayment date to 24 April 2020, with an interest rate of 5.25% per annum. On 22 January 2020 and 27 February 2020, Asiaciti and Mr. Li agreed to extend and further extend the long stop date for the Supplemental Agreement to 29 February 2020 and 15 March 2020 respectively.

On 3 July 2020, Asiaciti and Mr. Li entered into a further supplemental agreement (the "Further Supplemental Agreement"), pursuant to which, Mr. Li agreed to repay Asiaciti the outstanding amount in the sum of RMB584,778,676.47 in the following manner: (a) 10% of the outstanding sum shall be repaid on or before 2 January 2021; and (b) 90% of the outstanding sum together with the interest to be accrued on the outstanding sum at an interest rate of 10% per annum shall be repaid on or before 2 July 2021.

On 26 August 2021 and 1 September 2021, Asiaciti and Mr. Li entered into the second and third further supplemental agreements respectively (together the "Amended Second Further Supplemental Agreement"), pursuant to which, Mr. Li agreed to repay Asiaciti the remaining outstanding amount of RMB559,538,859.19 (the "Outstanding Sum") together with the interest to be accrued on the Outstanding Sum at an interest rate of 10% per annum on or before 2 July 2022.

On 19 August 2022, Asiaciti and Mr. Li entered into the fourth further supplemental agreement (the "Fourth Further Supplemental Agreement"), pursuant to which, Mr. Li agreed to repay Asiaciti the outstanding interest of RMB88,588,337.26 together with the interest to be accrued thereon at an interest rate of 8% per annum on or before 2 July 2023.

Details of the above transactions were disclosed in the announcements of the Company dated 12 October 2017, 24 April 2019, 1 November 2019, 22 January 2020, 27 February 2020, 29 April 2020, 8 May 2020, 7 July 2020, 7 July 2021, 1 September 2021, 28 October 2021 and 19 August 2022, and the circulars of the Company dated 22 January 2018, 6 February 2020, 24 August 2020, 1 November 2021 and 30 September 2022 respectively.

As at 31 March 2023, the Group has received from Mr. Li the entire Refund Amount, the monetary compensation and part of the accrued interests in the aggregate sum of RMB624,061,334.11.

The Supplemental Agreement, the Further Supplemental Agreement, the Amended Second Further Supplemental Agreement and the Fourth Further Supplemental Agreement constituted connected transactions under Chapter 14A of the Listing Rules. The Supplemental Agreement, the Further Supplemental Agreement, Amended Second Further Supplemental Agreement and the Fourth Further Supplemental Agreement were approved by the independent shareholders at the special general meetings of the Company held on 3 March 2020, 15 September 2020, 18 November 2021 and 20 October 2022 respectively.

Save as disclosed above, the Board is not aware of any related party transactions during the Year, which constituted a non-exempt connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Response to outbreak of the COVID-19 Pandemic

Since early 2020, the COVID-19 pandemic spread widely in the PRC and worldwide. Facing the situation of the COVID-19 pandemic outbreak, the Group has, in a timely manner, put in place numerous precautionary measures and procured essential protective supplies to ensure the health and safety of all its employees in different regions. At the same time, during this critical period, the Group has proactively taken constructive steps to ensure stable operations.

The Group has been coordinating with various parties from time to time and took swift actions whenever necessary. It actively discussed with the vendors and customers on the effect of delay in delivery due to the travel restrictions and movement controls imposed by the PRC government authorities. The Group has also implemented various flexible working arrangements for its staff. As the travel restrictions and movement controls gradually eased in early 2023, the situations have been improved. The Group has used, and will continue to use, its best endeavors to mitigate the adverse impact of the COVID-19 pandemic on the Group.

The Group will closely monitor the development of the COVID-19 pandemic and ensure the safety of employees and stable operations. As and when appropriate, the Group will adjust its measures and plans for pandemic prevention, operations and business development accordingly. The Group will make timely disclosure on any significant matters which may arise in the future.

Environmental Policies and Performance

The Group is committed to the long-term sustainability of the environment and communities in which it operates. As a responsible corporation, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment in all material respects. The Group has also adopted effective measures to achieve efficient use of resources, energy saving and waste reduction.

Compliance with Laws and Regulations

During the Year, there was no incident of material non-compliance with any relevant laws and regulations for the Group.

Relationship with Suppliers, Customers and other Stakeholders

During the Year, there were no material dispute between the Group and its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

PROSPECTS

Although the Group has faced challenge from the COVID-19 pandemic and the debt crisis of some of the property developers in the PRC during the Year, the Directors are optimistic about the economic development of the PRC in the long run and believes that the demands for water products and properties in the PRC will remain stable and sustainable. The Group will continue to strengthen its competitive strength in its core business, i.e. water business, property development and property investment business and look for appropriate business and investment opportunities in these areas.

In December 2022, the Group has entered into a joint venture agreement with an independent third party to establish a joint venture company to engage in furniture distribution business. The joint venture company has been incorporated in January 2023. The joint venture company is preparing for commencement of the furniture distribution business in the near future.

The Group also endeavours to diversify its business and asset portfolio in order to diverse the risks from its existing businesses. Apart from its existing core business, the Group is actively studying the feasibilities of expansion into energy-related and natural resources business. The management remains open for other business opportunities whenever the same arise.

SIGNIFICANT INVESTMENTS

Save for disclosed elsewhere in this announcement, the Group had no material investments during the Year.

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2022: Nil).

FUND RAISING ACTIVITIES OF THE GROUP

Placing of Shares on 3 August 2018

The net proceeds (net of all relevant costs and expenses) from placing of shares under specific mandate on 3 August 2018 were approximately HK$316,500,000. Details of the placing of shares were set out in the announcements of the Company dated 17 April 2018 and 3 August 2018 respectively and the circular of the Company dated 5 June 2018.

Up to 31 March 2023, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	Original allocation of net proceeds		Actual use of net proceeds	Actual allocation of net proceeds		Utilisation up to 31 March 2023	Remaining balance of net proceeds as at 31 March 2023
	HK$'million	*% of net proceeds*		*HK$'million*	*% of net proceeds*	*HK$'million*	*HK$'million*
Capital expenditure on the production facilities of Hunan Xintian	56.0	17.7%	Capital expenditure on the production facilities of Hunan Xintian	56.0	17.7%	18.2	37.8
Potential acquisition of business or companies	213.0	67.3%	Acquisition of Shenyang Properties	213.0	67.3%	213.0	–
Working capital of the Group	47.5	15.0%	Working capital of the Group	47.5	15.0%	47.5	–
	316.5	100.0%		316.5	100.0%	278.7	37.8

With a view to putting the Company's resources to a better use, the Board had therefore temporarily re-allocated the aforesaid unutilised net proceeds for the use of acquisition of Shenyang Properties in previous years. As disclosed in the announcements dated 24 April 2019, 1 November 2019, 7 July 2020, 1 September 2021 and 19 August 2022 respectively and the circulars dated 6 February 2020, 24 August 2020, 1 November 2021 and 30 September 2022 respectively, the acquisition of the Shenyang Property had been terminated and the Group entered into supplemental agreements with Mr. Li Yuguo, a substantial shareholder, the chairman and an executive Director of the Company to recover the outstanding sum in relation to the termination of the acquisition of the Shenyang Property on or before 2 July 2023.

The unutilised net proceeds for the use of the capital expenditure on the production facilities of Hunan Xintian is expected to be utilized between April 2023 to late 2023. The Board will deploy the unutilised net proceeds of approximately HK$37.8 million back to the capital expenditure on production facilities of Hunan Xintian.

Placing of Shares on 29 July 2022

The net proceeds (net of all relevant costs and expenses) from placing of shares under general mandate on 29 July 2022 were approximately HK$29.51 million. Details of the placing of shares were set out in the announcements of the Company dated 5 July 2022 and 29 July 2022 respectively.

Up to 31 March 2023, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	Allocation of net proceeds		Utilisation up to 31 March 2023	Remaining balance of net proceeds as at 31 March 2023
	HK$ million	*% of net proceeds*	*HK$ million*	*HK$ million*
Working capital of the Group	19.51	66.1%	19.51	–
Potential investment	10.00	33.9%	0.04	9.96
	29.51	100.0%	19.55	9.96

The remaining balance of net proceeds for the use of potential investment is expected to be utilized by December 2023.

Placing of Shares on 31 March 2023

The net proceeds (net of all relevant costs and expenses) from placing of shares under general mandate on 31 March 2023 were approximately HK$11 million. Details of the placing of shares were set out in the announcements of the Company dated 16 March 2023 and 31 March 2023 respectively.

Up to 31 March 2023, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	Allocation of net proceeds		Utilisation up to 31 March 2023	Remaining balance of net proceeds as at 31 March 2023
	HK$ million	*% of net proceeds*	*HK$ million*	*HK$ million*
Working capital of the Group	11.0	100%	–	11.0

The Group intends to utilize the remaining proceeds of approximately HK$11 million by 31 March 2024.

CAPITAL STRUCTURE

On 29 July 2022, a total of 1,000,000,000 new shares of the Company had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.03 per placing share under the general mandate granted to the Directors by ordinary resolution passed at the annual general meeting of the Company held on 17 August 2021. Upon the completion of the aforesaid placing of new shares, the total number of issued shares of the Company increased from 7,611,690,000 shares to 8,611,690,000 shares. Details of the placing of shares were set out in the announcements of the Company dated 5 July 2022 and 29 July 2022.

On 12 October 2022, the Company held an special general meeting and an ordinary resolution was passed to approve the consolidation of every ten issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company into one consolidated share of par value of HK$0.10 each in the share capital of the Company. The share consolidation became effective on 14 October 2022 and the total number of issued shares of the Company became 861,169,000 shares. For details of the share consolidation, please refer to the announcements of the Company dated 1 September 2022 and 13 October 2022 and the circular of the Company dated 19 September 2022.

On 31 March 2023, a total of 77,233,800 new shares of the Company had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.146 per placing share under the general mandate granted to the Directors by ordinary resolution passed at the annual general meeting of the Company held on 28 September 2022. Upon the completion of the aforesaid placing of new shares, the total number of issued shares of the Company increased from 861,169,000 shares to 938,402,800 shares. Details of the placing of shares were set out in the announcements of the Company dated 16 March 2023 and 31 March 2023.

As at 31 March 2023, total equity attributable to owners of the Company was approximately HK$1,385,226,000 (2022: HK$1,645,363,000). The decrease arose from the loss attributable to owners of the Company. There were no other material change in the capital structure of the Group during the Year.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group's liquidity funds were primarily used to invest in the development of our property business and water business and for their operations and such funds were funded by a combination of capital contribution by shareholders, short-term borrowing from an independent third party as well as cash generated from operation.

As at 31 March 2023, the borrowing of the Group comprised the loan from a third party of approximately HK$5,255,000, which bears interest at 10% per annum, repayable on demand and denominated in RMB.

As at 31 March 2023, the Group had total assets of approximately HK$1,742,847,000 (2022: HK$1,911,672,000) which was financed by current liabilities of approximately HK$146,955,000 (2022: HK$163,001,000), non-controlling interests of approximately HK$67,429,000 (2022: HK$87,810,000) and shareholders' equity of approximately HK$1,385,226,000 (2022: HK$1,645,363,000).

As at 31 March 2023, the current ratio of the Group was approximately 3.07 (2022: 5.63). Current ratio is calculated based on current assets divided by current liabilities.

As at 31 March 2023, the gearing ratio of the Group was approximately 0.004 (2022: 0.006). Gearing ratio is calculated based on total borrowings divided by total equity.

MATERIAL ACQUISITIONS OR DISPOSALS

On 31 January 2022, the Group entered into a sale and purchase agreement to acquire 100% of the issued share capital of, and the shareholder's loan advanced to, Shun Jie International Holdings Company Limited at a consideration of RMB376,000,000. Its indirect wholly-owned subsidiary, Suzhou Menglian Nanting Cultural Development Company Limited* (蘇州蒙戀南庭文化發展有限公司) holds, inter alia, several buildings located at 6 Waiwujingnong, Suzhou, Jiangsu, the PRC* (中國江蘇省蘇州市外五涇弄6號), which are currently leased to tenants for rental income. The acquisition was completed on 27 May 2022. The acquisition constituted a major transaction under the Listing Rules. Details of the acquisition are set out in the announcements of the Company dated 31 January 2022 and 27 May 2022, and the circular of the Company dated 28 March 2022.

Save and except for those disclosed above and in note 23 to the consolidated financial statements, the Group has no material acquisition or disposal during the Year.

SUBSEQUENT EVENTS

Details of significant subsequent events are set out in note 27 to the consolidated financial statements.

* *For identification purpose only*

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group is mainly exposed to fluctuation in the exchange rate of RMB, arising from relevant group entities' monetary assets and liabilities denominated in foreign currency for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. Nevertheless, the management closely monitors the relevant foreign currency exposure from time to time and will consider hedging significant foreign currency exposures should the need arise.

EMPLOYEE AND REMUNERATION POLICY

The Group had a total of 47 (2022: 37) employees in Hong Kong and the PRC as at 31 March 2023. The total staff cost (staff salaries, directors' emoluments and other staff costs) for the Year amounted to approximately HK$10,901,000 (2022: HK$7,666,000). Remuneration packages are generally structured with reference to the market conditions and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provides medical benefits and subsidises employees in various trainings and continuous education programs.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save and except for those disclosed in note 26 to the consolidated financial statements, the Group did not have any capital commitments and contingent liabilities as at 31 March 2023.

FINANCIAL GUARANTEE CONTRACTS

Save and except for those disclosed in note 24 to the consolidated financial statements, the Group did not have other financial guarantee contracts as at 31 March 2023.

CHARGES ON GROUP'S ASSETS

The Group did not create any charges over its assets as at 31 March 2023.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code contained in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the Year, the Company complied with all applicable provisions of the Code except for the deviations as stated below:

Code Provision C.1.8

Under Code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action which may be taken against the Directors. The directors' and officers' liability insurance maintained by the Company has expired on 20 May 2018. As the Company has not yet reached an agreement with an insurer regarding the terms and insurance premium of new insurance policy, the insurance cover in respect of legal action which may be taken against the Directors has not been in place since 21 May 2018. The Company had liaised with various insurance companies and brokers during the Year and will continue to liaise with them to arrange appropriate insurance cover for the Directors and officers.

Code Provision C.1.6

Under Code provision C.1.6, independent non-executive directors and other non-executive directors, as equal board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other business commitment, one independent non-executive Director was unable to attend the special general meeting of the Company held on 21 April 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had fully complied with the required standard set out in the Model Code throughout the Year.

REVIEW OF ANNUAL FINANCIAL STATEMENTS

The figures in respect of the preliminary announcement of the Group's annual results for the Year have been agreed by the auditors of the Company.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules and the Code. The audit committee comprises all independent non-executive Directors. The audit committee has reviewed with the management of the Group, the accounting standards and practices adopted by the Group, and discussed auditing, internal control, risk management and financial reporting matters including the review of interim and annual financial statements.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.asiaresources899.com.hk. The annual report will be dispatched to the shareholders and will also be available on these websites.

By order of the Board
Asia Resources Holdings Limited
Li Yuguo
Chairman

Hong Kong, 29 June 2023

As at the date of this announcement, the Board consists of four executive directors, Mr. Li Yuguo, Mr. Liu Yan Chee James, Mr. Yu Jiang and Mr. Li Xiaoming; two non-executive directors, Mr. Yang Xiaoqiang and Mr. Huang Yilin; and three independent non-executive directors, Mr. Ba Junyu, Mr. Zhu Xueyi and Mr. Wong Chung Man.