CENTRAL DEVELOPMENT HOLDINGS LIMITED
中發展控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 475)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the "**Board**") of directors (the "**Directors**") of Central Development Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2022 together with the comparative audited figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	**2022** **HK$'000**	2021 *HK$'000*
Revenue	*3*	**193,111**	56,220
Cost of sales		**(184,902)**	(54,040)
Gross profit		**8,209**	2,180
Other income	*5*	**6,260**	5,290
Other gains and losses, net	*6*	**7,613**	4,068
Impairment loss under expected credit loss model, net of reversal		**(2,455)**	(1,202)
Impairment loss on property, plant and equipment		**–**	(4,206)
Impairment loss on right-of-use assets		**–**	(3,459)
Selling and distribution costs		**(3,067)**	(2,157)
Administrative expenses		**(21,369)**	(20,424)
Other expenses		**–**	(1,339)
Equity-settled share-based payments		**(2,095)**	–
Finance costs	*7*	**(6,597)**	(5,221)
Loss before taxation		**(13,501)**	(26,470)
Income tax	*8*	**(2,523)**	(681)
Loss for the year	*9*	**(16,024)**	(27,151)
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**2,544**	1,480
Gain on revaluation of properties		**–**	19,594
Deferred tax relating to fair value gain on revaluation of properties		**–**	(4,899)
Total comprehensive expense for the year		**(13,480)**	(10,976)
Loss for the year attributable to:			
Owners of the Company		**(13,976)**	(24,613)
Non-controlling interests		**(2,048)**	(2,538)
		(16,024)	(27,151)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(13,674)**	(8,460)
Non-controlling interests		**194**	(2,516)
		(13,480)	(10,976)
Loss per share	*10*		
Basic (HK cents)		**(3.63)**	(6.61)
Diluted (HK cents)		**(3.63)**	(6.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	**2022**	2021
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**20,905**	21,446
Right-of-use assets		**9,352**	10,129
Investment properties		**89,886**	79,274
Intangible assets		**55,997**	55,539
Deposits paid for acquisition of property, plant and equipment		**–**	2,288
Rental deposits		**246**	238
		176,386	168,914
Current assets			
Inventories		**4,701**	6,844
Trade receivables	*12*	**1,875**	8,143
Other receivables, deposits and prepayments		**38,983**	13,918
Bank balances and cash		**20,091**	37,301
		65,650	66,206
Current liabilities			
Trade payables	*13*	**587**	7,699
Other payables and accruals		**25,637**	25,070
Contract liabilities		**544**	221
Loans from a shareholder		**4,978**	4,984
Bank borrowing		**2,760**	2,499
Lease liabilities		**2,465**	3,081
		36,971	43,554
Net current assets		**28,679**	22,652
Total assets less current liabilities		**205,065**	191,566

	2022	2021
	HK$'000	*HK$'000*
Non-current liabilities		
Loans from a controlling shareholder	**117,697**	104,752
Deferred tax liabilities	**10,896**	7,868
Bank borrowing	**21,406**	23,190
Lease liabilities	**149**	2,438
	150,148	138,248
Net assets	**54,917**	53,318
Capital and reserves		
Share capital	**3,876**	3,723
Reserves	**20,320**	19,068
Equity attributable to owners of the Company	**24,196**	22,791
Non-controlling interests	**30,721**	30,527
Total equity	**54,917**	53,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent and ultimate holding company is Resources Rich Capital Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business in the People‘s Republic of China ("**PRC**") and Hong Kong ("**HK**") and energy business in the PRC, HK and other countries. The Company and its subsidiaries are collectively referred to as the Group.

The functional currency of the Company is Renminbi ("**RMB**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), as the Company‘s shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 "Inventories")

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale. The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration of incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration of both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively. The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property. Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022.

[2] Effective for annual periods beginning on or after 1 January 2023.

[3] Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Group anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 "Business Combinations" ("**HKFRS 3**") so that it refers to the "Conceptual Framework for Financial Reporting 2018" issued in June 2018 (the "**Conceptual Framework**") instead of "Framework for the Preparation and Presentation of Financial Statements" (replaced by the "Conceptual Framework for Financial Reporting 2010" issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("**HKAS 37**") or HK(IFRIC)-Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 April 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "*Financial Instruments: Presentation*".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Company's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Company's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgments" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customer

	2022	2021
	HK$'000	*HK$'000*
Revenue from sales of goods:		
Jewelry products	**18,650**	17,804
Solar energy products	**412**	38,207
Refined oil	**26,204**	209
Liquefied natural gas ("**LNG**")	**147,845**	–
Total revenue	**193,111**	56,220
Timing of revenue recognition:		
A point in time	**193,111**	56,220

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2022		
	Jewelry business	**Energy business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Sales of jewelry products	**18,650**	**–**	**18,650**
Sales of solar energy products	**–**	**412**	**412**
Sales of refined oil	**–**	**26,204**	**26,204**
Sales of LNG	**–**	**147,845**	**147,845**
	18,650	**174,461**	**193,111**

	For the year ended 31 March 2021		
	Jewelry business	Energy business	Total
	HK$'000	*HK$'000*	*HK$'000*
Sales of jewelry products	17,804	–	17,804
Sales of solar energy products	–	38,207	38,207
Sales of refined oil	–	209	209
	17,804	38,416	56,220

4. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "**CODM**"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry business (wholesale of jewelry products); and

(ii) Energy business including i) manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products); ii) sales of refined oil; and iii) sales of LNG.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit or loss by each segment without allocation of gain on fair value changes of investment properties, certain impairment loss on right-of-use assets, unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and equity-settled share-based payments, unallocated corporate income which include rental income, interest income and sundry income and finance costs which include certain interest on lease liabilities and imputed interest on loans from a controlling shareholder. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue and results

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

For the year ended 31 March 2022

	Jewelry business *HK$'000*	**Energy business** *HK$'000*	**Total** *HK$'000*
Revenue	**18,650**	**174,461**	**193,111**
Segment profit (loss)	**61**	**(10,592)**	**(10,531)**
Gain on fair value changes of investment properties			**7,152**
Unallocated corporate income			**6,260**
Unallocated corporate expenses			**(11,403)**
Finance costs			**(4,979)**
Loss before taxation			**(13,501)**

For the year ended 31 March 2021

	Jewelry business *HK$'000*	Energy business *HK$'000*	Total *HK$'000*
Revenue	17,804	38,416	56,220
Segment profit (loss)	31	(18,231)	(18,200)
Gain on fair value changes of investment properties			1,327
Unallocated corporate income			5,116
Unallocated corporate expenses			(9,331)
Unallocated impairment loss on right-of-use assets			(1,911)
Finance costs			(3,471)
Loss before taxation			(26,470)

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

Segment assets and liabilities

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

	2022 ***HK$'000***	2021 *HK$'000*
Jewelry business	**211**	2,444
Energy business	**131,048**	114,345
Total segment assets	**131,259**	116,789
Bank balances and cash	**20,091**	37,301
Other unallocated assets	**90,686**	81,030
Consolidated assets	**242,036**	235,120
Jewelry business	**364**	2,577
Energy business	**52,326**	59,220
Total segment liabilities	**52,690**	61,797
Loans from a shareholder and a controlling shareholder	**122,675**	109,736
Other unallocated liabilities	**11,754**	10,269
Consolidated liabilities	**187,119**	181,802

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use assets, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.

- all liabilities are allocated to reportable segments other than certain other payables and accruals, certain lease liabilities, loans from a shareholder and a controlling shareholder and deferred tax liabilities.

Other segment information

For the year ended 31 March 2022

Amounts included in the measure of segment results or segment assets:

	Jewelry business *HK$'000*	**Energy business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Depreciation of property, plant and equipment	–	**1,723**	**29**	**1,752**
Depreciation of right-of-use assets	–	**1,375**	**31**	**1,406**
Amortisation of intangible assets	–	**1,847**	–	**1,847**
Equity-settled share-based payments	–	–	**2,095**	**2,095**
Impairment losses under expected credit loss model, net of reversal	–	**2,455**	–	**2,455**
Finance costs	**3**	**1,615**	**4,979**	**6,597**
Gain on fair value changes of investment properties	–	–	**7,152**	**7,152**
Gains on disposal of property, plant and equipment, net	–	**(215)**	–	**(215)**
Additions to non-current assets *(note)*	–	**543**	**13**	**556**

For the year ended 31 March 2021

Amounts included in the measure of segment results or segment assets:

	Jewelry business *HK$'000*	Energy business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	–	3,174	8	3,182
Depreciation of right-of-use assets	76	1,456	756	2,288
Amortisation of intangible assets	–	110	–	110
Impairment loss on property, plant and equipment	–	4,206	–	4,206
Impairment loss on right-of-use assets	77	1,471	1,911	3,459
Impairment losses under expected credit loss model, net of reversal	–	1,202	–	1,202
Finance costs	4	1,746	3,471	5,221
Gain on fair value changes of investment properties	–	–	1,327	1,327
Losses on disposal of property, plant and equipment, net	–	5	–	5
Additions to non-current assets *(note)*	100	2,562	2,464	5,126

Note: Non-current assets included property, plant and equipment, and right-of-use assets.

Geographical information

The Group's operations are mainly carried out in the PRC, the country of domicile, and HK.

The revenue of the Group is mainly derived from external customers located in the PRC and HK.

The Group's revenue from external customers based on the location of customers are set out below:

	2022 ***HK$'000***	2021 *HK$'000*
The PRC	**185,052**	13,772
HK	**8,059**	42,378
Others	**–**	70
	193,111	56,220

Information about the Group's non-current assets based on the geographical location of the assets is set out below:

	2022	2021
	HK$'000	*HK$'000*
The PRC	**176,114**	168,653
HK	**26**	23
	176,140	168,676

Note: Non-current assets excluded rental deposits.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A *(note (i))*	**77,193**	N/A
Customer B *(note (i))*	**55,752**	N/A

Note:

(i) Revenue generated from energy business.

5. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Interest income	**132**	590
Rental income	**5,775**	3,905
Government grants (note)	**–**	323
Others	**353**	472
	6,260	5,290

Note: During the year ended 31 March 2021, the Group received and recognised government grants of HK$323,000 related to Employment Support Scheme provided by the Hong Kong Government (2022: Nil).

6. OTHER GAINS AND LOSSES, NET

	2022	2021
	HK$'000	*HK$'000*
Gain on fair value changes of investment properties	**7,152**	1,327
Gain on disposal of subsidiaries	**–**	2,960
Gains (losses) on disposal of property, plant and equipment, net	**215**	(5)
Net exchange gain (loss)	**246**	(214)
	7,613	4,068

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on bank borrowing	**1,468**	1,633
Interest on lease liabilities	**187**	168
Imputed interest on loans from a controlling shareholder	**4,942**	3,420
	6,597	5,221

8. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021
	HK$'000	*HK$'000*
Overprovision in prior years	**–**	(173)
Deferred tax	**2,523**	854
Income tax for the year	**2,523**	681

On 21 March 2018, the Hong Kong Legislative Council passes The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in HK is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for both years as either tax losses are incurred for the subsidiaries operating in HK or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25%. No provision for the PRC Enterprise Income Tax has been made for the subsidiaries operating in the PRC for both years as either tax losses are incurred for the subsidiaries operating in the PRC or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

9. LOSS FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,752**	3,230
Less: amount capitalised in inventories	**–**	(48)
	1,752	3,182
Depreciation of right-of-use assets	**1,406**	2,288
Amortisation of intangible assets	**1,847**	110
Auditor's remuneration	**1,654**	1,059
Staff costs (including directors' remuneration):		
– salaries, allowances and other benefits	**8,333**	8,431
– retirement benefit scheme contributions	**699**	284
– equity-settled share-based payments	**2,095**	–
Total staff costs	**11,127**	8,715
Cost of inventories recognised as an expense	**184,902**	54,040
Research and development expense (included in other expenses)	**–**	1,339

10. LOSS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(13,976)**	(24,613)

	2022	2021
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**384,881**	372,264

The calculation of diluted loss per share for both years does not assume the exercise of share options since their assume exercise would result in a decrease in loss per share.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

12. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**2,057**	9,345
Less: Allowance for credit losses	**(182)**	(1,202)
	1,875	8,143

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$15,524,000.

The Group allows an average credit period ranging from 30 to 180 days to its customers of jewelry business and average credit period ranging from 5 to 365 days to its customers of energy business. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**1,369**	2,684
31 to 90 days	**–**	358
91 to 180 days	**–**	262
Over 180 days	**506**	4,839
	1,875	8,143

As at 31 March 2022 and 2021, no trade receivables of the Group are past due.

13. TRADE PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**587**	7,699

The average credit period on purchase of goods is 365 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**346**	1,666
31 to 90 days	**–**	752
91 to 180 days	**–**	–
Over 180 days	**241**	5,281
	587	7,699

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group were principally engaged in the energy business and the jewelry business for the year ended 31 March 2022 (the "**Current Year**"). During the Current Year, the Group continued to strategically expand its energy business with a view to further diversifying the Group's overall business by expanding its revenue stream. During the Current Year, the Group recorded total revenue of approximately HK$193.1 million (2021: HK$56.2 million), representing an increase of approximately 243.5% as compared to that for the year ended 31 March 2021 (the "**Previous Year**"). The increase in revenue for the Current Year was mainly due to the increase in revenue from both the energy business and the jewelry business in varying degrees.

Energy Business

During the Current Year, the Group continued to focus on its primary objective of providing a diversified range of energy products and services. By leveraging on our proprietary technology products and continuing to work with experienced partners in the industry, we actively developed and expanded our energy business. Our principal businesses consist of the sale of liquefied natural gas ("**LNG**") and refined oil, as well as customised solar module intelligent technology products, including solar photovoltaic ("**PV**") modules, new energy smart direct current inverters and power optimisers. Through the successful and orderly expansion of the energy business, the Group's revenue from the energy business increased by 354.1% year-on-year from approximately HK$38.4 million for the Previous Year to approximately HK$174.5 million for the Current Year.

During the Current Year, we seized a development opportunity at the right moment to go full steam ahead on promoting the sale of refined oil at the filling station and LNG products, resulting in an increase in revenue from the sale of refined oil and LNG of the energy business from approximately HK$0.2 million for the Previous Year to approximately HK$174.0 million for the Current Year. According to the 14th Five-Year (2021-2025) Plan, carbon emissions will strive to peak before 2030 and achieve "peak carbon emissions and carbon neutrality" ("**Dual Carbon**") before 2060. The Current Year is the start of the 14th Five-Year Plan and also the first year of the "Carbon Neutrality Plan". In achieving the Dual Carbon goal, non-fossil energy, especially renewable energy, has started to become the cornerstone of our energy mix during the Current Year. However, the complete replacement of conventional fossil energy with renewable energy requires a relatively longer development process. Therefore, as a quality, efficient, green, clean and low-carbon energy, natural gas is one of the best options to serve the transition from fossil to non-fossil energy sources, and an important tool for reducing carbon emissions within the People's Republic of China (the "**PRC**") energy system before peaking of carbon emissions occurs. According to the latest announcement made by the National Development and Reform Commission of China (the "**NDRC**"), the PRC's apparent natural gas consumption has reached 372.6 billion cubic metres in 2021, an increase of 12.7% from 2020, indicating that natural gas is developing continuously at a healthy pace during the Current Year when compared with the forecast made in the China Natural Gas Development Report (2019), which forecasted that natural gas consumption would increase to 450 billion cubic metres by the end of the 14th Five-Year Plan period, and subsequently has benefitted the sale of LNG products of the Group during the Current Year.

Meanwhile, the current demand for conventional fossil fuels, such as refined oil, will continue for a certain period. The NDRC has announced that the PRC's refined oil consumption grew by 3.2% in 2021 as compared to 2020. After all, society has relied on coal and oil for centuries, and the demand for refined oil will not burst immediately like a bubble, especially in motor vehicle, the source of energy of which is still dominated by fuel. According to statistics from the Ministry of Public Security of the PRC, the PRC's motor vehicle ownership amounted to 395 million units as of December 2021, representing an increase of 23.5 million units from the end of 2020, among which new energy vehicles increased by 2.9 million units while non-new energy vehicles increased by 20.6 million units, indicating an increase in non-new energy vehicles of more than 5% compared to the end of 2020. This shows that while clean energy, such as natural gas, is growing fast, refined oil is still valuable.

Our refined oil and natural gas business is principally located in the Chengdu region within the Sichuan basin. Driven by the PRC's western development program and the "Belt and Road Initiative", Chengdu has become an important growth pole of economic development for the PRC. It also serves as a transportation hub that connects the PRC with Eurasia and has a large population, making its vehicle ownership rate to always be one of the highest in the country, and as such, the demand for refined oil and natural gas has remained strong during the Current Year.

The Sichuan Basin is rich in natural gas resources, with potential reserves estimated to be in excess of trillions of cubic metres, ranking first among all oil- and gas-bearing basins in the country. We are located in this oil- and gas-rich region which provides us with not only a secure gas supply, but also the advantage of lower transportation costs. Despite a surge in international natural gas price in the first half of the Current Year and a surge in international oil price in the second half of the Current Year, we were able to rely on our stable suppliers within the region to maintain a relatively stable source of refined oil and natural gas, which underpinned our steady yet growing business. Due to our well-established relationship with large central state-owned enterprises ("**SOEs**"), we have secured stable supply chain resources for refined oil and LNG. Coupled with the delivery and distribution capacities of our filling station, the sales of refined oil and LNG have become one of our major business growth drivers during the Current Year, which not only enhanced our market competitiveness in the energy business, but also facilitated our diversification in the energy market, created further synergies for different energy products, and further contributed to the orderly achievement of the Dual Carbon goal.

The impacts of the novel coronavirus pandemic continued to affect different parts of the PRC in varying degrees during the Current Year, but the pandemic control measures implemented in Sichuan Province have been effective, which ensured a stable local economy for our operation. Benefitting from these factors, our refined oil and natural gas sales business in the Chengdu region remained steady and growing during the Current Year.

Nevertheless, the global economy remained unstable during the Current Year due to factors such as strict pandemic controls in certain countries, the ongoing trade wrangle between the United States and the PRC and the intensified geopolitical tensions, which led to more cautious behaviour in business activities and challenges in the overseas markets for solar PV. Revenue from sales of solar energy products for the Current Year decreased from approximately HK$38.2 million for the Previous Year to approximately HK$0.4 million for the Current Year. Price increase and disruptions in the supply chain caused by the pandemic controls in various countries have led to the postponement of and decrease in demand for solar power projects in the Current Year. Trade barriers created by trade policies in various countries also had a direct impact on the demand for solar PV products in overseas markets. Moreover, the war between Russia and Ukraine had intensified geopolitical tensions in Europe, which was demonstrated by the wait-and-see attitude adopted among overseas customers and project delays, and had in turn affected our sales. The development approach for solar PV project in the PRC was also undergoing profound changes, with large central energy SOEs stepping up their efforts to expand their installed new energy capacity through mergers and self-development in order to meet the capacity target set out in the 14th Five-Year Plan, making it more difficult for us to promote our solar energy products and develop our pipeline. This, coupled with rising raw material prices and shortage of wafers, has increased our procurement costs. The sales of solar energy products have been facing tremendous challenges during the Current Year.

During the Current Year, we have been closely monitoring the product mix and gross margin of the energy business, performing dynamic analysis and making allocation and consolidation on sales staff and resources across different regions, streamlining the structure and offices of overseas and back office departments, and focusing on promoting the diversification of the energy business in the PRC's market.

In addition, during the Current Year, we have been strengthening our marketing strategy, identifying contractors for clean energy development projects in the PRC to negotiate potential business opportunities for the supply of renewable energy products that are suitable for the relevant projects, expanding our sales channels, and continuing to strengthen our connection and cooperation with upstream and downstream players to respond to market changes.

Jewelry Business

During the Current Year, the Group was principally engaged in the provision of products to jewelry distributors in Hong Kong and the PRC. Revenue from the jewelry business slightly increased by approximately 4.8% from approximately HK$17.8 million in the Previous Year to approximately HK$18.7 million in the Current Year due to the increase in sales volume in both Hong Kong and the PRC. Sales in Hong Kong accounted for approximately 43.2% (2021: 34.2%) of the overall segment sales, while sales in the PRC accounted for approximately 56.8% (2021: 65.8%).

In view that the COVID-19 pandemic was no longer widely spreading in both Hong Kong and the PRC for the majority of the time throughout the Current Year, demand for jewelry began to show signs of recovery. Consumer confidence and consumer spending have also increased accordingly. The resumption of the major international jewelry fairs in Hong Kong and the PRC has increased sales and sourcing opportunities for the Current Year, resulting in an increase in overall volume of our sales order as compared to the Previous Year. With our long-established relationships with suppliers, we were able to maintain a steady supply volume and product quality during the Current Year, enabling a slow recovery of our jewelry business.

Global economic conditions remained difficult throughout the year. Given that the COVID-19 outbreak was still not effectively contained, the continued implementation of pandemic prevention and travel restriction measures around the world, including the PRC and Hong Kong, have continued to pose significant challenges to the jewelry industry.

PROSPECTS

Business Opportunities Generated by Energy Structure Transition

As the global population continues to increase, demand for energy will continue to grow. As a result of the stringent environmental protection policies that continue to be in effect, demand for conventional fossil fuels, such as refined oil, will continue to increase in the foreseeable future but will then gradually slow down, while demand for clean energy, such as natural gas and solar energy, will continue to grow at a faster pace.

The low-carbon transformation of the global energy system will result in a gradual restriction on coal-based power generation, and the impacts of extreme climate events will occasionally highlight the instability of solar and wind energy. As the energy system transitions from ‘old’ to ‘new’, natural gas’ role in the energy transition will be further underlined. During the 14th Five-Year Plan period, the PRC’s demand for natural gas will grow further, driven by the Dual Carbon goal and air pollution prevention policies, with apparent consumption reaching 450 billion cubic metres by the end of the 14th Five-Year Plan period.

This shows that natural gas plays an important role in the energy transition. With the steady increase in urbanisation rate, the steady growth in the use of gas in transportation, and the significant growth in natural gas for power generation, the natural gas market is poised for a period of steady development, thereby providing ample room for growth in our sales of natural gas products. Furthermore, various governments in the PRC are actively promoting the conversion project from coal to gas, as demonstrated by the numerous constructions of gas pipeline networks and LNG terminals that are actively underway. The supply of natural gas in the PRC will increase significantly in the future, and the growth of downstream gas industry in the PRC will be accompanied by, and lead to, significant development opportunities. As such, we are optimistic about the outlook of the natural gas industry in the PRC, especially for the downstream gas industry in the PRC.

However, conventional fossil fuels, such as refined oil, will remain as the dominant primary energy sources of the world for a long transitional period ahead. The stalemate in negotiations between the United States and Iran, and the continued escalation of conflict between Russia and Ukraine have increased the geopolitical risks to the crude oil market. Driven by uncertainties brought on by the COVID-19 pandemic and such geopolitical risks, the supply for refined oil is becoming more volatile, while demand for refined oil continues to be strong as non-new energy vehicle ownership continues to increase. It is expected that refined oil sales will remain as one of our major sources of product sales revenue in the future.

In the coming year, our operational performance will depend on a number of factors including changes in the policy environment, changes in the energy market condition and the stringent level of the regular pandemic prevention and control. In addition, oil prices now stand at a relatively high level since 2015, coupled with the fact that refined oil prices are heavily affected by international crude oil prices, which contribute to a higher level of uncertainty to the growth of refined oil consumption in the coming year. In terms of internal management, we will adopt a number of measures to strengthen communication and exchanges with refined oil and natural gas suppliers in order to secure our oil and gas supply needs. At the same time, we will also strengthen external cooperation and make use of various means, including new forms of online marketing, to expand our sales channels and customer base. We will continue to focus on identifying more investment opportunities in the energy sector, particularly in natural gas and its related businesses, take full advantage of our operational and management strengths to accelerate the pace of investment, and actively seek more potential investments in natural gas and its related businesses to create synergies with our existing natural gas business and enhance the long-term development potential of our energy business.

Dual Carbon Goal to Accelerate the Transformation of Conventional Filling Stations

Driven by the Dual Carbon goal, the PRC's solar PV industry has entered a stage of development where the applications of solar PV are increasing across the industry and in all scenarios, being no longer limited to those within a conventional ground-mounted power plants and capable of various cross-sector integration and new innovative modes that are beyond imagination. The integration of solar PV and energy storage has become a new trend that represents the mutual complementarity of multiple energy sources and integration of energy source-grid-load-storage. The "distributed and small" residential solar PV market has thus presented a major opportunity for rapid development. The building-integrated photovoltaics (BIPV) and other multi-form solar PV applications are also attracting great attention from the market. During the Current Year, we have established strategic partnerships with renowned enterprises in the industry to actively explore potential energy projects, including distributed PV power stations, energy storage power stations, charging stations, LNG filling stations, and other distributed integrated energy station projects, in order to explore development models for combining multiple energy sources.

In October 2021, the State Council of China has issued the "Action Plan for Carbon Dioxide Peaking Before 2030" (the "**Carbon Peaking Plan**"), which states that new energy sources will be vigorously developed, and especially points out that natural gas consumption will be steered in an orderly manner by optimising the structure of use with priority given to meeting public needs, and integrated development between natural gas and other energy sources will be vigorously promoted. At the same time, the Carbon Peaking Plan also states that large-scale, high-quality development of solar power generation will be pursued, the construction of solar farms will be accelerated, and a diversified layout in PV power generation will be promoted. The mechanisms for ensuring the uptake of power generated from renewable energy sources will be further refined.

As such, market-oriented reform under the Carbon Peaking Plan is expected to be further promoted during the 14th Five-Year Plan period, and the "energy production-supply-storage-transportation-sale system" will gradually improve, with the integration and development of solar energy and other clean energy sources with conventional energy sources becoming a new trend. In June 2021, the National Energy Administration of China issued the Notice on the Submission of Pilot Scheme for the Development of Distributed Rooftop Photovoltaic Systems in the Entire County (City and District), which further accelerated the development of distributed rooftop PV systems in entire counties (cities and districts), and brought about a period of rapid development on the construction of solar PV power stations at filling stations.

We will continue to actively explore the model of "solar PV + filling station". With our experience in solar PV and energy storage, we plan to make use of the idle space on the rooftops of our own filling station to conduct the pilot construction of distributed solar power stations by using our solar intelligent products in order to promote our products and attract other potential customers who operate filling stations to build more distributed solar PV power stations, thereby increasing the market share and revenue of the Group's solar energy products. During the Current Year, we have signed a non-legally binding strategic cooperation agreement with a leading enterprise in the PRC that has been engaged in energy development and integrated utilisation for many years and has extensive business network in the energy industry. In the future, we are expected to be the preferred supplier of solar PV components and other related ancillary products to that enterprise, and we will cooperate fully with each other in the field of clean energy and establish a long-term strategic partnership.

Integrate Resources and Plan for a Diversified Energy Business

In order to cope with potential uncertainty risks and unfavourable market conditions, we also plan to leverage on the advantage of our own resources in the areas of energy storage technology, distribution and industry networks to actively identify projects, such as project of identifying distributed natural gas energy stations and direct supply to the industry, and gradually expand nationwide by seizing opportunities from implementation of local government policies to become a supplier that provides more diversified energy products and solutions.

We also recognise that the risks arising from the ongoing pandemic and the unstable international trade situation should not be overlooked. The management of the Group will continue to assess the market situation, actively optimise resource allocation, improve operational efficiency and seek new business growth drivers to strengthen its foundation in the PRC's market, while further exploring development opportunities in different markets, and adhering to the general operating principles of "seeking stability amidst changes and striving for progress amidst stability", thereby creating long-term value for shareholders.

A Challenging Business Environment for the Jewelry Market

In the short to medium term, the course of the pandemic will continue to adversely affect our jewelry business. The stringent social distancing and anti-epidemic measures implemented to contain the spread of the COVID-19 virus caused the Group's downstream retail customers to suffer from weak consumer sentiment, further dampening the demand for jewelry products. Even though customer demand in Hong Kong has begun to show rebound from the pandemic, the current customer demand in the PRC remains to be dragged down by the quarantine measures for travellers within the provinces and weak consumer sentiment.

In response to the unfavourable business environment and increasing competition in the market, we will strive to cope with the negative impact by closely monitoring our business operations, controlling costs and reducing unnecessary expenses. Nevertheless, our jewelry sales team, with their professionalism and dedication to their roles, maintained good relationships with customers and suppliers during these difficult years and continued to explore the potential sales channel and build up our reputation for any potential business opportunities and expansion.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK$193.1 million, representing an increase of approximately 243.5% as compared to approximately HK$56.2 million for the Previous Year. The increase was mainly attributable to the result of the increase in turnover of both the energy business and the jewelry business.

Revenue of the energy business increased by approximately 354.1% from approximately HK$38.4 million for the Previous Year to approximately HK$174.5 million for the Current Year. It was primarily attributable to the increase in revenue derived from sales of refined oil and LNG during the Current Year. The sales orders of our solar intelligent technology products were continuously impacted by the worldwide COVID-19 outbreak and the escalated international trade conflict.

Revenue of the jewelry business slightly increased by approximately 4.8% from approximately HK$17.8 million for the Previous Year to approximately HK$18.7 million for the Current Year. It was primarily attributable to the gradual recovery of consumption sentiment and the market demands of jewelry products in the first half of the Current Year in the PRC and in the second half of the Current Year in Hong Kong. The revenue was also prompted by the increase in business opportunities after the resumption of international jewelry trade shows in Hong Kong and the PRC during the Current Year.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was approximately HK$184.9 million, representing an increase of approximately 242.2%, as compared to approximately HK$54.0 million for the Previous Year. Gross profit increased from approximately HK$2.2 million for the Previous Year to approximately HK$8.2 million for the Current Year, representing an increase of approximately 276.6%. The increase was mainly attributable to the increase in the turnover of both the energy business and the jewelry business for the Current Year.

Meanwhile, gross profit margin increased from 3.9% for the Previous Year to 4.3% for the Current Year. The increase was primarily attributable to the expansion of the product mix of the energy business, which includes the products with higher gross profit margins.

Other income

Other income increased from approximately HK$5.3 million for the Previous Year to approximately HK$6.3 million for the Current Year, representing an increase of approximately 18.3%, which was mainly attributable to the rental income from the investment properties of the Group during the Current Year.

Other gains and losses, net

The Group recorded net other gains of approximately HK$7.6 million for the Current Year (2021: HK$4.1 million). The gains were contributed by the net foreign exchange gains of approximately HK$0.2 million (2021: net foreign exchange losses of HK$0.2 million), a gain from change in fair value of investment properties of approximately HK$7.2 million (2021: HK$1.3 million), and a gain on disposal of property, plant and equipment of approximately HK$0.2 million (2021: Nil).

Impairment loss under expected credit loss (“ECL”) model, net of reversal

The Group recorded an impairment loss under the ECL model, net of reversal, amounted to approximately HK$2.5 million for the Current Year (2021: HK$1.2 million). The management of the Group will continue to conduct regular review of the debtors’ repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

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

The Group recorded an impairment loss on property, plant and equipment and right-of-use assets amounted to approximately HK$4.2 million and HK$3.5 million respectively in the Previous Year, whereas none incurred in the Current Year.

Selling and distribution costs

Selling and distribution costs increased from approximately HK$2.2 million for the Previous Year to approximately HK$3.1 million for the Current Year, representing an increase of approximately 42.2%, which was primarily attributable to the increase in distribution cost due to the increase in overall turnover during the Current Year.

Administrative expenses

Administrative expenses increased from approximately HK$20.4 million for the Previous Year to approximately HK$21.4 million for the Current Year, representing an increase of approximately 4.6%, which was mainly due to the combination of the set up expenses of the newly acquired subsidiary in Chengdu, Chengdu Kaibangyuan Trading Co., Ltd* (成都凱邦源商貿有限公司) ("**Chengdu Kaibangyuan**"), and the continuous implementation of tightened cost control in the Current Year.

Other expenses

Other expenses for the Previous Year amounted to approximately HK$1.3 million mainly representing the research and development cost incurred in the development stage, whereas none incurred in the Current Year.

Equity-settled share-based payments

Equity-settled share-based payments amounted to approximately HK$2.1 million (2021: Nil) representing the recognition of equity-settled share options expenses in connection with the grant of share options during the Current Year.

Finance costs

Finance cost represented the imputed interest derived from the long term loans from a controlling shareholder amounted to approximately HK$4.9 million (2021: HK$3.4 million), the interest derived from lease liabilities amounted to approximately HK$0.2 million (2021: HK$0.2 million) and the interest derived from the long term bank loan amounted to approximately HK$1.5 million for the Current Year (2021: HK$1.6 million).

Income tax expense

Income tax expense of the Group was approximately HK$2.5 million for the Current Year (2021: HK$0.7 million), mainly due to the provision of deferred tax expense arising from the investment properties of the Group during the Current Year.

Loss for the year attributable to the Owners of the Company

By reason of the factors stated above and the loss shared by the non-controlling interests decreased, the loss for the year attributable to the owners of the Company decreased from approximately HK$24.6 million for the Previous Year to approximately HK$14.0 million for the Current Year, representing a decrease of approximately 43.2%. Basic loss per share was 3.63 HK cents (2021: 6.61 HK cents).

Final Dividend

The Board does not recommend the payment of final dividend for the Current Year (2021: Nil).

Liquidity and Financial Position

As at 31 March 2022, the Group had net current assets and current ratio stood at approximately HK$28.7 million and 1.8 respectively (31 March 2021: HK$22.7 million and 1.5 respectively).

As at 31 March 2022, the bank balances and cash amounted to approximately HK$20.1 million (31 March 2021: HK$37.3 million). As at 31 March 2022, the inventories amounted to approximately HK$4.7 million (31 March 2021: HK$6.8 million), mainly representing the refined oil and solar modules intelligent technology products. As at 31 March 2022, the trade receivables and trade payables amounted to approximately HK$1.9 million and HK$0.6 million respectively (31 March 2021: HK$8.1 million and HK$7.7 million respectively), both of which were mainly derived from the energy business. As at 31 March 2022, the Group's property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK$20.9 million, HK$9.4 million and HK$89.9 million respectively (31 March 2021: HK$21.4 million, HK$10.1 million and HK$79.3 million respectively). The investment properties of the Group are located at No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao City of Zhejiang Province for industrial use and are held under operating leases to earn rentals. The investment properties were revalued by an independent firm of professional property valuer and the fair value of the investment properties are derived using income approach for both years.

As at 31 March 2022, the net carrying amount of the intangible assets was approximately HK$56.0 million (31 March 2021: HK$55.5 million), which represented the operating rights in relation to the relevant certificates, licenses and approvals for the operations of the filling station and the sale of refined oil with finite useful lives. The intangible assets were arising from the acquisition of Chengdu Kaibangyuan.

Capital Resources and Gearing

As at 31 March 2022, the Group had an interest-bearing bank borrowing amounted to approximately HK$24.2 million (31 March 2021: HK$25.7 million) and bore interest rate of 5.9% per annum (31 March 2021: 5.9%), of which approximately HK$2.8 million (31 March 2021: HK$2.5 million) will be repayable within one year and approximately HK$21.4 million (31 March 2021: HK$23.2 million) will be repayable after one year. The Group's gearing ratio (which was expressed as a percentage of total bank borrowing over total equity) was approximately 44.0% as at 31 March 2022 (31 March 2021: 48.2%)

The bank borrowing was secured by the Group's assets, for details of the charges on the Group's assets, please refer to the section headed "Charges On Group Assets" in this announcement. Save as disclosed above, the Group has no other banking facilities (31 March 2021: Nil). As at 31 March 2022, the Group had interest-free loans due to a controlling shareholder of approximately HK$117.7 million (31 March 2021: HK$104.8 million) which will be repayable after one year from the end of the reporting period and had interest-free loans due to a shareholder of approximately HK$5.0 million (31 March 2021: HK$5.0 million) which will be repayable within one year from the end of the reporting period.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, interest-free loans due from a shareholder and a controlling shareholder and proceeds from the issue of new shares during the Current Year.

Capital Structures

The Group's total assets and total liabilities as at 31 March 2022 amounted to approximately HK$242.0 million (31 March 2021: HK$235.1 million) and approximately HK$187.1 million (31 March 2021: HK$181.8 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 77.3% as at 31 March 2022 (31 March 2021: 77.3%).

Use of Proceeds from the Subscription

On 19 April 2021, the Company entered into a subscription agreement with an independent third party (the "**Subscriber**"), pursuant to which the Subscriber agreed to subscribe, and the Company agreed to allot and issue 15,300,000 shares of the Company at par value of HK$0.01 each under general mandate to the Subscriber at the subscription price of HK$0.75 per share (the "**Subscription**"). The Subscription was completed on 4 June 2021, please refer to the announcements of the Company on 19 April 2021, 12 May 2021 and 4 June 2021 for further details of the Subscription. The gross proceeds and net proceeds (after deducting the related fees and expenses incurred in relation to the subscription, the "**Net Proceeds**") from the Subscription were HK$11,475,000 and approximately HK$11,408,000 respectively, which the entire Net Proceeds was intended to be used as general working capital of the Group. The use of the Net Proceeds as at 31 March 2022 are set out as follows:

Intended use of the Net Proceeds	**Intended amount of the Net Proceeds to be used**	**Actual use of the Net Proceeds up to 31 March 2022**	**Unutilized balance as at 31 March 2022**
	(Approximately) HK$'million	*(Approximately) HK$'million*	*(Approximately) HK$'million*
General working capital of the Group	11.4	11.4 *(Note)*	–

Note: As at 31 March 2022, approximately HK$11.4 million was used as general working capital of the Group, including approximately HK$4.6 million for staff cost and approximately HK$6.8 million for office rent, legal and professional expenses and other recurring operating expenses. The proceeds were used as intended.

Charges on Group Assets

As at 31 March 2022, the buildings with carrying amounts of approximately HK$4.4 million (31 March 2021: HK$4.5 million), the right-of-use assets with carrying amounts of approximately HK$5.9 million (31 March 2021: HK$5.8 million) and the investment properties with carrying amounts of approximately HK$89.9 million (31 March 2021: HK$79.3 million), were pledged to a bank in the PRC as collateral security for a bank borrowing amounted to approximately HK$24.2 million (31 March 2021: HK$25.7 million).

Capital Commitments and Contingent Liabilities

As at 31 March 2022, the Group did not have any capital commitments (31 March 2021: Nil).

As at 31 March 2022, the Group did not have any contingent liabilities (31 March 2021: Nil).

Employee and Remuneration Policy

As at 31 March 2022, the Group had a total of 66 employees (2021: 39). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits which include share option scheme and corporate contribution to the statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Furthermore, the remuneration committee of the Company (the "**Remuneration Committee**") will review and give recommendations to the Board as to the compensation package of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC and Hong Kong with sales and purchases of the Group's subsidiaries denominated mainly in Hong Kong dollars, Renminbi and United States dollars ("**USD**"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2022, no forward foreign currency contracts are designated in hedging accounting relationships (2021: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group did not have any plans for material investments and capital assets as at 31 March 2022.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is to be held on Thursday, 8 September 2022 (the "**2022 AGM**") and the notice of the 2022 AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 5 September 2022 to Thursday, 8 September 2022 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the 2022 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 2 September 2022.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Accordingly, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

Save as disclosed in this announcement, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the Current Year.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10(2), 3.21, 3.25 OF THE LISTING RULES AND CODE PROVISION A.5.1 OF THE CG CODE

Following the pass away of Mr. Wu Chi Keung on 12 October 2021, who was an independent non-executive Director, the chairman of each of the audit committee of the Company (the "**Audit Committee**"), the Remuneration Committee and nomination committee of the Company (the "**Nomination Committee**") and the only independent non-executive Director having appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, the Board only comprises six members with three executive Directors, a non-executive Director and two independent non-executive Directors. As a result, the Company was not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board shall comprise at least three independent non-executive Directors; (ii) Rule 3.10(2) of the Listing Rules, which stipulates that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee shall comprise at least three non-executive Directors and a majority of which must be independent non-executive Directors, that at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and that the audit committee must be chaired by an independent non-executive Director; (iv) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee shall comprise a majority of independent non-executive Directors and chaired by an independent non-executive Director; and (v) code provision A.5.1 of the CG Code which stipulates that the number of independent non-executive Directors shall represent the majority of the nomination committee and the nomination committee must be chaired by the chairman of the board or an independent non-executive director.

Ms. Zhong Yingjie, Christina ("**Ms. Zhong**"), who has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, was subsequently appointed as an independent non-executive Director and the chairman of the Audit Committee on 25 October 2021. After Ms. Zhong's appointment, the Company has three independent non-executive Directors, all of whom are Audit Committee members. As a result, the composition of the Board and the Audit Committee meet with the requirements under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules respectively. Mr. Jin Qingjun, who is an independent non-executive Director, was appointed as the chairman of each of the Nomination Committee and the Remuneration Committee on 25 October 2021. As a result, the composition of the Nomination Committee meets with the requirements under code provision A.5.1 of the CG Code. Ms. Sun Ivy Connie, who is an independent non-executive Director, was also appointed as a member of the Remuneration Committee on 25 October 2021. As a result of the change in the composition of the Remuneration Committee, the composition of the Remuneration Committee meets with the requirements under Rule 3.25 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the Current Year.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from the Directors, all the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report, saved as disclosed above in this announcement, are set out below:

Mr. Jin Qingjun, an independent non-executive Director, retired from the position of independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), with effect from 28 June 2021.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the code provisions under the CG Code set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Ms. Zhong, Mr. Jin Qingjun and Ms. Sun, Ivy Connie.

The Group's consolidated financial statements and the annual results for the Current Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Current Year comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strives to protect the environment and minimize any negative impact on the environment and occupational health and safety induced by our business, achieving the goal of sustainable development.

An Environmental, Social and Governance ("**ESG**") Report of the Company for the Current Year in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules will be published on the Stock Exchange's website and the Company's website within the prescribed time and in such manner as required by the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 22 June 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.475hk.com). The annual report of the Company for the Current Year containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

APPRECIATION

Our Board would like to take this opportunity to express its gratitude to our shareholders, our business associates and all our employees for their continuous support.

By order of the Board
CENTRAL DEVELOPMENT HOLDINGS LIMITED
Chan Wing Yuen, Hubert
Chief Executive & Executive Director

Hong Kong, 22 June 2022

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Sun, Ivy Connie and Ms. Zhong Yingjie, Christina.

* *for identification purpose only*