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**New Sparkle Roll International Group Limited**  
**新耀萊國際集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 970)**

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

**RESULTS**

The Board of directors (the “**Board**” or “**Directors**”) of New Sparkle Roll International Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the last corresponding year as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2024*

		2024	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Revenue</b>	5	<b>3,264,747</b>	3,997,656
Cost of sales		<u>(2,958,400)</u>	<u>(3,419,528)</u>
<b>Gross profit</b>		<b>306,347</b>	578,128
Other income, gains and losses	6	<b>(67,388)</b>	(26,128)
Impairment of trade receivables		–	(5,867)
Impairment of loan receivables and loan interest receivables		<b>(8,702)</b>	(12,663)
Impairment of goodwill		<b>(207,640)</b>	(4,452)
Impairment of other intangible assets		<b>(40,548)</b>	–
Impairment of property, plant and equipment		<b>(87,250)</b>	–
Selling and distribution costs		<b>(339,403)</b>	(408,259)
Administrative expenses		<b>(105,886)</b>	(84,343)
<b>Operating (loss)/profit</b>	7	<b>(550,470)</b>	36,416
Finance costs	8	<b>(81,385)</b>	(96,268)
<b>Loss before income tax</b>		<b>(631,855)</b>	(59,852)
Income tax	9	<b>19,568</b>	6,229
<b>Loss for the year</b>		<b>(612,287)</b>	(53,623)
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<b>(66,730)</b>	(170,042)
Reclassification of cumulative exchange reserves upon disposal of a foreign operation		<b>294</b>	–
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments at fair value through other comprehensive income recognised during the year		<b>(7,672)</b>	(162,723)

	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Other comprehensive income for the year, net of tax</b>	<u>(74,108)</u>	<u>(332,765)</u>
<b>Total comprehensive income for the year</b>	<u>(686,395)</u>	<u>(386,388)</u>
<b>Loss for the year attributable to:</b>		
Owners of the Company	(613,424)	(53,127)
Non-controlling interests	<u>1,137</u>	<u>(496)</u>
	<u><b>(612,287)</b></u>	<u><b>(53,623)</b></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(686,966)	(373,152)
Non-controlling interests	<u>571</u>	<u>(13,236)</u>
	<u><b>(686,395)</b></u>	<u><b>(386,388)</b></u>
<b>Loss per share attributable to owners of the Company</b>		
Basic	<i>10</i> <u><b>HK(167.4) cents</b></u>	<u><b>HK(15.5) cents</b></u>
Diluted	<i>10</i> <u><b>HK(167.4) cents</b></u>	<u><b>HK(15.5) cents</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>949,559</b>	1,208,517
Investment properties		<b>346,730</b>	393,862
Goodwill	<i>13</i>	<b>84,708</b>	302,315
Other intangible assets	<i>14</i>	<b>134,562</b>	187,578
Financial assets at fair value through other comprehensive income	<i>15</i>	<b>133,856</b>	158,395
Prepayment for property, plant and equipment		–	3,158
		<b>1,649,415</b>	2,253,825
<b>Current assets</b>			
Inventories		<b>811,593</b>	1,229,761
Trade receivables	<i>16</i>	<b>31,600</b>	36,228
Loan receivables		–	–
Deposits, prepayments and other receivables		<b>175,936</b>	177,302
Amounts due from non-controlling interests		<b>478</b>	17,115
Investment in films and television program	<i>17</i>	<b>42,846</b>	49,768
Pledged deposits		<b>47,297</b>	75,229
Cash at banks and in hand		<b>93,573</b>	146,732
		<b>1,203,323</b>	1,732,135
<b>Current liabilities</b>			
Trade payables	<i>18</i>	<b>20,947</b>	30,417
Contract liabilities		<b>41,569</b>	136,600
Receipts in advance, accrued charges and other payables		<b>161,126</b>	191,153
Amounts due to non-controlling interests		–	8,009
Provision for taxation		<b>50</b>	917
Borrowings		<b>727,251</b>	711,968
Convertible bonds		–	9,400
Lease liabilities	<i>12</i>	<b>41,034</b>	38,866
		<b>991,977</b>	1,127,330
<b>Net current assets</b>		<b>211,346</b>	604,805
<b>Total assets less current liabilities</b>		<b>1,860,761</b>	2,858,630

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Borrowings		–	284,943
Deferred tax liabilities		<b>14,009</b>	39,446
Lease liabilities	<i>12</i>	<b>255,232</b>	306,321
		<u><b>269,241</b></u>	<u>630,710</u>
<b>NET ASSETS</b>		<u><b>1,591,520</b></u>	<u>2,227,920</u>
<b>EQUITY</b>			
Share capital		<b>12,612</b>	10,944
Reserves		<b>1,575,487</b>	2,188,280
<b>Equity attributable to owners to the Company</b>		<b>1,588,099</b>	2,199,224
Non-controlling interests		<u><b>3,421</b></u>	<u>28,696</u>
<b>TOTAL EQUITY</b>		<u><b>1,591,520</b></u>	<u>2,227,920</u>

# NOTES

## 1. GENERAL

New Sparkle Roll International Group Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business changed from Rooms 2028-36, 20/F Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong to 23/F China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong effective from 29 May 2023. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (together the “**Group**”) are distributorships of luxury goods and automobiles, provision of after-sales services, provision of property management services, provision of property rental services, provision of money lending services, and film related business including development and investment in films and television program. The Group’s operations are mainly based in Hong Kong and Mainland China.

In the opinion of the directors of the Company (the “**Directors**”), Sze Ching Lau (“**Mr. Sze**”) and his concert parties including, Cha Jung Hoon, Pro Honor Investment Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Qiu Peiyuan, an executive director of the Company and Lam Chi Kin are the controlling shareholders of the Company as at 31 March 2024.

During the year, some major shareholders of the Company requested to convene a special general meeting which has been adjourned for a few times. Subsequent to the end of the financial year, on 12 April 2024, an injunction order against the Company and 9 other then directors of the Company was granted to restrain them from delaying, adjourning, blocking, preventing or otherwise interfering with the convening, holding or the conduct of an adjourned special general meeting of the Company (the “**Adjourned SGM**”) be held on 23 April 2024 and other matters as further detailed in the Company’s announcement on 12 April 2024.

A petition (the “**Petition**”) was filed to the Supreme Court of Bermuda (the “**Bermudan Court**”). The Bermudan Court exercised its discretion to order the appointment of Joint Provisional Liquidators (the “**JPLs**”) with full powers, other than for debt restructuring purpose, on 15 April 2024.

An Adjourned SGM was held on 23 April 2024. More than 50% of the votes were cast in favour of the resolutions proposed at the Adjourned SGM, all the resolutions were duly passed as ordinary resolutions of the Company. With immediate effect upon the passing of the relevant resolutions, Mr. Zheng Hao Jiang, Mr. Zhao Xiaodong, Mr. Zhu Lei and Ms. Cheng Bin were removed from their positions as executive directors of the Company and other positions as senior management of the Company; Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong, Mr. Gao Yu, Ms Liu Wenjing and Mr. Li Min were removed from their positions as independent non-executive directors of the Company. In addition, Mr. Qiu Pei Yuan has been appointed as an executive director of the Company; Mr. You Yiyang has been appointed as a non-executive director of the Company; and Mr. Chan Man Kit, Mr. Li Baochun and Mr. Gao Yafei have been appointed as independent non-executive directors of the Company. On 30 April 2024, Dr. Wang Bangyi has been appointed as an executive director of the Company and chairman of the board of directors of the Company.

In a hearing held on 15 May 2024, the Bermudan Court ordered, with immediate effect, the followings: the Petition be struck out; the order for the appointment of the JPLs be set aside; the JPLs be discharged and other relevant matters as detailed in the Company's announcement on 16 May 2024.

On 21 June 2024, Mr. Ju Qinghao has been appointed as an executive director; Mr. Li Qingsong, Mr. Sze Ka Ho and Mr. Wu Peng have been appointed as non-executive directors; and Mr. Liao Kenan, Mr. Ng Wai Hung and Ms. Wang Hui have been appointed as independent non-executive directors. Dr. Wang Bangyi has resigned as an executive director; and Mr. Gao Yafei and Mr. Li Baochun have resigned as independent non-executive directors with effect from 22 June 2024.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES

#### (a) New standards, interpretations and amendments – effective on 1 April 2023

The HKICPA has issued a number of new and amendments to HKFRSs that are first effective for the current accounting period of the Group:

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

Apart from the below, none of these new and amendments to HKFRSs has a 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. The Group has not early applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.

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

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.



(b) **New guidance on accounting implications of the abolition of the mandatory provident fund (“MPF”) – long service payments (“LSP”) offsetting mechanism in Hong Kong issued by the HKICPA**

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the MPF to offset severance payment (“**SP**”) and LSP (the “**Abolition**”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “**Transition Date**”). The following key changes will take effect since the Transition Date:

Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s MPF contributions and its LSP obligation the accounting for offsetting mechanism could become material in light of the abolition, the HKICPA published ‘Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong’ (“**the Guidance**”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 March 2023 and 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

(c) **New standards, interpretations and amendments that have been issued but are not yet effective**

The following amendments to HKFRS, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current liabilities with Covenants ("2022 Amendments") <sup>1</sup>
Amendments to HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> No mandatory effective date yet determined but available for adoption.

The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

#### 4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive Directors who are responsible for allocating resources and assessing performance of the operating segments.

The executive Directors have identified the following reportable operating segments:

- (i) Auto dealership – this segment includes sales of branded automobiles, namely Bentley, Lamborghini and Rolls-Royce and provision of related after-sales services.
- (ii) Non-auto dealership – this segment includes sales of branded watches, jewellery, fine wines, audio equipment, menswear apparels and accessories, cigars and smoker’s accessories, silver articles, home articles and health products.
- (iii) Property management and others – this segment includes provision of property management services, property rental services and money lending services; and film related business including development and investment in films and television program.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar transaction.

	<b>2024</b>			
	<b>Auto dealership HK\$'000</b>	<b>Non-auto dealership HK\$'000</b>	<b>Property management and others HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue from external customers</b>	2,795,171	388,841	80,735	3,264,747
<b>Other income, gains and losses</b>	18,654	12,511	(69,597)	(38,432)
	<u>2,813,825</u>	<u>401,352</u>	<u>11,138</u>	<u>3,226,315</u>
<b>Reportable segment results</b>	<u>(265,588)</u>	<u>(70,902)</u>	<u>(71,490)</u>	<u>(407,980)</u>

	2023			
	Auto dealership <i>HK\$'000</i>	Non-auto dealership <i>HK\$'000</i>	Property management and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	3,497,614	422,022	78,020	3,997,656
Other income, gains and losses	<u>14,300</u>	<u>16,822</u>	<u>(67,270)</u>	<u>(36,148)</u>
Reportable segment revenue	<u>3,511,914</u>	<u>438,844</u>	<u>10,750</u>	<u>3,961,508</u>
Reportable segment results	<u>230,559</u>	<u>(63,376)</u>	<u>(40,252)</u>	<u>126,931</u>

A reconciliation between the reportable segment results and the Group's loss before income tax is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment results	<b>(407,980)</b>	126,931
Bank interest income	<b>929</b>	1,559
Unallocated corporate (loss)/income	<b>(29,885)</b>	4,008
Unallocated corporate expenses	<b>(113,534)</b>	(96,082)
Finance costs	<u><b>(81,385)</b></u>	<u>(96,268)</u>
Loss before income tax	<u><b>(631,855)</b></u>	<u>(59,852)</u>

## 5. REVENUE

The Group's principal activities are sale of automobiles and other merchandised goods and provision of automobile related after-sales services. Other businesses mainly represent income from provision of property management services, money lending and property rental services.

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Revenue from contracts with customers:</b>		
<i>Recognised at point in time</i>		
Sales of automobiles	<b>2,717,035</b>	3,404,431
Sales of other merchandised goods	<b>388,841</b>	422,022
<i>Recognised over time</i>		
Provision of after-sales services	<b>78,136</b>	93,183
Provision of property management services	<b>2,041</b>	1,561
Total revenue from contracts with customers	<b>3,186,053</b>	3,921,197
<b>Revenue from other sources:</b>		
Interest income from provision of money lending	<b>8,702</b>	1,942
Provision of property rental services	<b>69,992</b>	74,517
Total	<b>3,264,747</b>	3,997,656

Disaggregation of revenue from contracts with customers by major product or service lines is as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Types of goods or services:</b>		
<i>Auto dealership segment</i>		
Sales of automobiles	<b>2,717,035</b>	3,404,431
Provision of after-sales services	<b>78,136</b>	93,183
	<b>2,795,171</b>	3,497,614
<i>Non-auto dealership segment</i>		
Sales of other merchandised goods	<b>388,841</b>	422,022
<i>Other segment</i>		
Provision of property management services	<b>2,041</b>	1,561
Total revenue from contracts with customers	<b><u>3,186,053</u></b>	<u>3,921,197</u>

During both years, all revenue from contracts with customers were generated from Mainland China and Hong Kong.

## 6. OTHER INCOME, GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	929	1,559
Changes in fair value of investment properties	(70,879)	(54,468)
Changes in fair value of investment in films and television program	(5,228)	(9,001)
Gain on disposal of property, plant and equipment	4,923	3,917
Gain on sales of pre-owned cars	1,594	406
Government grant ( <i>Note a</i> )	–	336
Revaluation loss on property, plant and equipment ( <i>Note b</i> )	(30,977)	–
Income from advertising, exhibitions and other services	26,546	19,660
Income from insurance brokerage	2,748	4,339
Others	2,956	7,124
	<u>(67,388)</u>	<u>(26,128)</u>

### Notes:

- (a) For the year ended 31 March 2023, the amount represents salaries and wage subsidies granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region.
- (b) During the year ended 31 March 2024, the Group performed revaluation on property, plant and equipment upon the change of use and transferred to investment properties. Based on the assessment, a revaluation loss of HK\$30,977,000 is recognised in profit or loss during the year.

## 7. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amortisation of other intangible assets	5,775	6,091
Auditors' remuneration		
– Audit services	2,300	2,245
– Non-audit services	–	–
Cost of inventories recognised as expenses, including	2,948,688	3,408,364
– Write-down of inventories	80,204	30,598
– Reversal of write-down of inventories	(4,819)	(2,586)
Depreciation of property, plant and equipment	70,987	77,984
Exchange differences, net	(2,766)	528
Employee benefit expenses	88,745	84,153
Interest on lease liabilities	21,600	24,885
Impairment of loan receivables and loan interest receivables ( <i>Note</i> )	8,702	12,663
Impairment of goodwill	207,640	4,452
Impairment of other intangible assets	40,548	–
Impairment of property, plant and equipment	87,250	–
Lease payments under short term leases	1,970	2,835
Lease payments under variable lease payment not included in the measurement of lease liabilities	1,496	1,084
Loss on disposal of a subsidiary	652	–

*Note:*

An impairment analysis was undertaken with reference to the expected credit loss assessment performed by Masterpiece Valuation Advisory Limited (“**Masterpiece**”), an independent qualified valuer, by considering the probability of default and loss given default with reference to the corresponding credit ratings, which is in accordance with the general approach as stated in HKFRS 9. As at 31 March 2024, the probability of default applied was 100% (2023: 100%) and the loss given default was estimated to be 100% (2023: 100%).



## 8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	23,779	36,680
Interest on other loans	35,406	34,048
Imputed interest on lease liabilities	21,600	24,885
Imputed interest on convertible bonds	600	655
	<u>81,385</u>	<u>96,268</u>

## 9. INCOME TAX

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity and can apply two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the years ended 31 March 2023 and 2024.

The Group's subsidiaries in Mainland China are subject to income tax at the rate of 25% for the years ended 31 March 2023 and 2024, except that subsidiaries are entitled to tax exemption for the year ended 31 March 2023.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
– Income tax of Mainland China		
Charge for the year	4,287	3,758
Under/(over)-provision in prior years	59	(42)
Total current tax	4,346	3,716
Deferred tax	(23,914)	(9,945)
	<u>(19,568)</u>	<u>(6,229)</u>

## 10. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purposes of basic loss per share	(613,424)	(53,127)
Effect of dilutive potential ordinary shares:		
Imputed interest on convertible bonds	<u>600</u>	<u>655</u>
Loss for the purposes of diluted loss per share	<u>(612,824)</u>	<u>(52,472)</u>
	2024	2023
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	366,402,350	341,997,090
Effect of dilutive potential ordinary shares:		
– Convertible bonds issued by the Company	2,144,809	2,500,000
– Share options granted by the Company	<u>14,392,213</u>	<u>11,142,418</u>
Weighted average number of ordinary shares for the purposes of calculating diluted loss per share	<u>382,939,372</u>	<u>355,639,508</u>

During the years ended 31 March 2023 and 2024, the share options and convertible bonds had anti-dilutive effect on basic loss per share, the exercise of outstanding share options and the conversion of convertible bonds were not assumed in computation of diluted loss per share. Except for the above, there is no other dilutive potential ordinary share during the years. Therefore, the basic and diluted loss per share in the year are equal.

## 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Land and buildings</b> <i>HK\$'000</i>	<b>Furniture, fixtures and equipment</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 1 April 2022</b>				
Cost	1,437,907	313,875	37,066	1,788,848
Accumulated depreciation and impairment	<u>(142,445)</u>	<u>(232,534)</u>	<u>(24,392)</u>	<u>(399,371)</u>
<b>Net carrying amount</b>	<b><u>1,295,462</u></b>	<b><u>81,341</u></b>	<b><u>12,674</u></b>	<b><u>1,389,477</u></b>
<b>Year ended 31 March 2023</b>				
Opening net carrying amount	1,295,462	81,341	12,674	1,389,477
Exchange differences	(103,941)	(6,982)	(935)	(111,858)
Additions	19,298	12,884	31,071	63,253
Transfer to investment properties	(43,595)	–	–	(43,595)
Disposals	–	–	(10,776)	(10,776)
Depreciation	<u>(54,381)</u>	<u>(19,048)</u>	<u>(4,555)</u>	<u>(77,984)</u>
<b>Closing net carrying amount</b>	<b><u>1,112,843</u></b>	<b><u>68,195</u></b>	<b><u>27,479</u></b>	<b><u>1,208,517</u></b>
<b>At 31 March 2023</b>				
Cost	1,290,171	310,548	52,406	1,653,125
Accumulated depreciation	<u>(177,328)</u>	<u>(242,353)</u>	<u>(24,927)</u>	<u>(444,608)</u>
<b>Net carrying amount</b>	<b><u>1,112,843</u></b>	<b><u>68,195</u></b>	<b><u>27,479</u></b>	<b><u>1,208,517</u></b>
<b>Year ended 31 March 2024</b>				
Opening net carrying amount	1,112,843	68,195	27,479	1,208,517
Exchange differences	(37,809)	(2,552)	(917)	(41,278)
Additions	970	11,642	12,232	24,844
Transfer to investment properties	(34,295)	–	–	(34,295)
Impairment loss	(35,092)	(52,158)	–	(87,250)
Disposals	–	(14)	(19,001)	(19,015)
Depreciation	(50,703)	(16,579)	(3,705)	(70,987)
Revaluation loss	<u>(30,977)</u>	<u>–</u>	<u>–</u>	<u>(30,977)</u>
<b>Closing net carrying amount</b>	<b><u>924,937</u></b>	<b><u>8,534</u></b>	<b><u>16,088</u></b>	<b><u>949,559</u></b>
<b>At 31 March 2024</b>				
Cost	1,173,101	314,875	35,646	1,523,622
Accumulated depreciation and impairment	<u>(248,164)</u>	<u>(306,341)</u>	<u>(19,558)</u>	<u>(574,063)</u>
<b>Net carrying amount</b>	<b><u>924,937</u></b>	<b><u>8,534</u></b>	<b><u>16,088</u></b>	<b><u>949,559</u></b>

During the year ended 31 March 2024, the use of certain land and buildings of the Group located in the People's Republic of China (“**the PRC**”) has been changed to long term leasing purpose, as evidenced by the signing of the lease agreements with the tenants for a term of 36 months (2023: for a term of 39 months on 28 September 2022). Accordingly, the carrying amount of the related land and building (after revaluation upon the transfer) under property, plant and equipment of HK\$34,295,000 (2023: HK\$43,595,000) as at the date of change in use was transferred to investment properties of the Group. Since the fair value of the land and building fell below the carrying amounts, the revaluation gave rise to loss of HK\$30,977,000 recognised in profit or loss during the year ended 31 March 2024.

The Group's land and buildings with carrying amount of approximately HK\$814,153,000 (2023: HK\$942,087,000) were pledged as securities for the Group's borrowing facilities.

## **12. LEASE**

### **(a) The Group as lessee**

The Group has lease contracts for buildings, which are used as, office premises, bonded warehouses, showrooms and retail stores. The Group also holds several buildings for such purpose where the Group is the registered owner of these property interests, including the underlying land use rights. Lump sum payments were made upfront to acquire the interests in the land use rights in the PRC. Leases of buildings generally have lease terms ranging from two to fifteen years and lease payments are fixed over the lease terms.

Certain leases of buildings have lease terms of 12 months or less and the Group did not capitalise these leases by applying the short-term lease recognition exemption.

(i) **Right-of-use assets**

The movements of the carrying amounts of the Group's right-of-use assets during the year are set out below:

	<b>Land use rights</b>	<b>Buildings</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2022	1,007,015	112,874	1,119,889
Additions	–	19,298	19,298
Depreciation expense	(30,490)	(18,535)	(49,025)
Transfer to investment properties	(39,492)	–	(39,492)
Exchange differences	(81,104)	(8,792)	(89,896)
	<u>855,929</u>	<u>104,845</u>	<u>960,774</u>
As at 31 March 2023 and 1 April 2023	855,929	104,845	960,774
Transfer from prepayment	240	–	240
Depreciation expense	(28,188)	(17,517)	(45,705)
Transfer to investment properties	(29,646)	–	(29,646)
Revaluation loss	(25,920)	–	(25,920)
Impairment loss	–	(35,092)	(35,092)
Exchange differences	(29,136)	(3,508)	(32,644)
	<u>(29,136)</u>	<u>(3,508)</u>	<u>(32,644)</u>
	<u>743,279</u>	<u>48,728</u>	<u>792,007</u>
As at 31 March 2024	<u>743,279</u>	<u>48,728</u>	<u>792,007</u>

The Group's right-of-use assets in respect of land use rights with carrying amount of approximately HK\$697,587,000 (2023: HK\$806,833,000) were pledged to secure certain bank loans granted to the Group.

**(ii) Lease liabilities**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
As at 1 April	345,187	393,001
New leases	–	19,298
Interest expense	21,600	24,885
Lease payment	(37,270)	(36,242)
Interest payment	(21,600)	(24,885)
Exchange differences	(11,651)	(30,870)
	<u>345,187</u>	<u>393,001</u>
As at 31 March	<u><u>296,266</u></u>	<u><u>345,187</u></u>
Classified under:		
Non-current portion	255,232	306,321
Current portion	41,034	38,866
	<u><u>296,266</u></u>	<u><u>345,187</u></u>

### 13. GOODWILL

The net carrying amount of goodwill is analysed as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At cost:		
At beginning of the year	770,030	836,575
Exchange differences	<u>(25,386)</u>	<u>(66,545)</u>
At end of the year	<u>744,644</u>	<u>770,030</u>
Accumulated impairment:		
At beginning of the year	(467,715)	(503,353)
Impairment loss recognised	(207,640)	(4,452)
Exchange differences	<u>15,419</u>	<u>40,090</u>
At end of the year	<u>(659,936)</u>	<u>(467,715)</u>
Net carrying amount	<u><u>84,708</u></u>	<u><u>302,315</u></u>

The carrying amount of goodwill allocated to each of the cash-generating unit is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auto dealership	–	207,029
Property management services	<u>84,708</u>	<u>95,286</u>
	<u><u>84,708</u></u>	<u><u>302,315</u></u>

## 14. OTHER INTANGIBLE ASSETS

	<b>Film rights</b> <i>HK\$'000</i>	<b>Customers' list from property management contracts</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 1 April 2022</b>			
Gross carrying amount	185,185	78,000	263,185
Accumulated amortisation and impairment	<u>(28,856)</u>	<u>(23,998)</u>	<u>(52,854)</u>
Net carrying amount	<u><u>156,329</u></u>	<u><u>54,002</u></u>	<u><u>210,331</u></u>
<b>Year ended 31 March 2023</b>			
Opening net carrying amount	156,329	54,002	210,331
Amortisation	–	(6,091)	(6,091)
Exchange adjustment	<u>(12,435)</u>	<u>(4,227)</u>	<u>(16,662)</u>
Closing net carrying amount	<u><u>143,894</u></u>	<u><u>43,684</u></u>	<u><u>187,578</u></u>
<b>At 31 March 2023</b>			
Gross carrying amount	170,455	71,795	242,250
Accumulated amortisation and impairment	<u>(26,561)</u>	<u>(28,111)</u>	<u>(54,672)</u>
Net carrying amount	<u><u>143,894</u></u>	<u><u>43,684</u></u>	<u><u>187,578</u></u>
<b>Year ended 31 March 2024</b>			
Opening net carrying amount	143,894	43,684	187,578
Amortisation	–	(5,775)	(5,775)
Impairment	(40,548)	–	(40,548)
Exchange adjustment	<u>(5,189)</u>	<u>(1,504)</u>	<u>(6,693)</u>
Closing net carrying amount	<u><u>98,157</u></u>	<u><u>36,405</u></u>	<u><u>134,562</u></u>
<b>At 31 March 2024</b>			
Gross carrying amount	164,835	69,429	234,264
Accumulated amortisation and impairment	<u>(66,678)</u>	<u>(33,024)</u>	<u>(99,702)</u>
Net carrying amount	<u><u>98,157</u></u>	<u><u>36,405</u></u>	<u><u>134,562</u></u>



The Group regularly reviews its film rights to assess marketability, future economic benefits to be recognised from the films and the corresponding recoverable amounts. The estimated recoverable amounts were determined by the directors with reference to the valuation performed by CHFT Advisory and Appraisal Limited (“CHFT”), an independent firm of professionally qualified valuers as at 31 March 2024. The valuation is based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film, which were discounted using a pre-tax discount rate of 27.7% (2023: 32.2%) for the relevant assets. As at 31 March 2024, the recoverable amount of film right is the higher of its fair value less cost of disposal of HK\$77,936,000 and its value in use of HK\$98,157,000, which is lower than its carrying amount of HK\$139,150,000, resulting from decrease in average return estimation under current market condition which was reflected in general box office. Based on value-in-use calculation, impairment losses of approximately HK\$40,548,000 is recognised for the year ended 31 March 2024.

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)**

	<b>2024</b>	2023
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Listed equity securities, at fair value, classified as financial assets at FVTOCI		
– Listed equity securities in Denmark ( <i>Note</i> )	<b>132,521</b>	157,087
– Listed equity securities in Hong Kong	<b>1,335</b>	1,308
	<b><u>133,856</u></b>	<u>158,395</u>

*Note:* The balance represented the investment in Bang & Olufsen A/S, a company incorporated in Denmark, whose shares are listed on NASDAQ Copenhagen A/S.

The fair value of the listed equity securities was based on quoted market price as at 31 March 2023 and 2024. The equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

## 16. TRADE RECEIVABLES, LOAN RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### Trade receivables

Trade receivables mainly represent rental receivable from tenants, and accounts receivable from sales of goods and provision of services to customers. The Group's trading terms with its retail customers are mainly receipts in advance from customers or cash on delivery, except for certain transactions with creditworthy customers where the credit period is extendable up to three months, whereas the trading terms with wholesale customers are generally one to two months. In addition, the Group generally provides a credit term of two to three months to automobile manufacturers for in-warranty after-sales services. The Group seeks to maintain strict control over its outstanding trade receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by the management.

An ageing analysis of trade receivables at the end of the reporting period, based on the invoice dates, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	21,833	26,919
31 – 120 days	2,919	3,662
121 – 365 days	4,919	5,647
Over 365 days	1,929	–
	<u>31,600</u>	<u>36,228</u>

Trade receivables that were neither past due nor credit-impaired related to certain customers from whom there was no recent history of default.

## 17. INVESTMENT IN FILMS AND TELEVISION PROGRAM

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Investment in films, at fair value through profit or loss (“FVTPL”)	19,839	20,589
Investment in television program, at FVTPL	<u>23,007</u>	<u>29,179</u>
	<u><u>42,846</u></u>	<u><u>49,768</u></u>

The amount represents investment projects with certain production houses for co-production of films and television program. The investments are governed by the relevant agreements whereby the Group is entitled to benefits generated from the distribution of these films and television program.

The Group’s investment in films and television program were revalued on 31 March 2023 and 31 March 2024 by CHFT. Fair value is determined by applying the income approach, using the discounted cash flow method, based on the estimated distribution income of the films. The valuation takes into account of expected income to be generated from the box offices receipts and other income streams. The discount rates have been adjusted for the marketability and current market conditions.

## 18. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	–	10,578
31 – 60 days	16,023	18,129
61 – 90 days	1,891	–
Over 90 days	<u>3,033</u>	<u>1,710</u>
	<u><u>20,947</u></u>	<u><u>30,417</u></u>

## 19. DIVIDEND

No dividend was paid, declared or proposed by the Company in respect of the years ended 31 March 2023 and 2024.

## **CHAIRMAN’S STATEMENT**

Premier Li Qiang stated at the opening ceremony of the National People’s Congress of China held in March 2024 that China has set the target of its economic growth for 2024 at around 5%. This target is on a par with the one set last year, reflecting China’s determination to continue consolidating the positive momentum of its economic recovery. It represents China’s fundamental judgment that it is not only confident of, but also certain about, its future development, signalling an increasingly assertive expectation for the medium- to long-term development of the Chinese economy. Domestic demand has always been the fundamental driving force behind China’s economic development. Since the beginning of 2024, China’s economy has continued its recovery trend, with stable growth in consumption. With the implementation of a series of policies and measures aimed at expanding domestic demand and promoting consumption to drive a virtuous economic cycle, it is expected that the consumer market will usher in a new round of prosperity in 2024.

Looking back to last year, due to the prolonged weak market sentiment and intense competition in the automotive industry, the Group’s revenue decreased from HK\$3,997.7 million to HK\$3,264.7 million during the financial year under review. Gross profit for the financial year under review decreased from HK\$578.1 million for last year to HK\$306.3 million for the current year. The automotive business remained our major source of income, accounting for approximately 85.6% of the Group’s businesses. Loss attributable to owners for the current financial year amounted to approximately HK\$612 million as compared with a loss of approximately HK\$53 million for the last financial year.

### **China’s Luxury Goods and Automobiles Markets**

A number of reputable authorities, investment banks and global research institutions have continued to publish certain latest research reports and data, which indicated that the luxury goods industry is steadily recovering as consumer demand rebounds. According to the report named “2023 China Luxury Goods Market: A Year of Recovery and Transition” released by Bain & Company on 24 January 2024, the luxury goods market in mainland China experienced a recovery in 2023, with an expected growth of 12%. In the short term, there are still uncertainties regarding the pace of recovery in consumer confidence and the growth of overseas luxury spending. However, in the long run, the fundamentals of luxury consumption in China remain robust. After three years of pandemic, China’s luxury goods market is returning to a normal growth trajectory. It is projected that mainland China’s luxury goods market will experience mid-single-digit growth in 2024. The report predicts that by 2030, China will become one of the leading luxury goods markets globally. Chinese luxury consumption is expected to reach 35%–40% of the world’s total, with mainland China reaching 24%–26%.

On 13 April 2024, PricewaterhouseCoopers (PwC) unveiled a report titled “Mainland China and Hong Kong Luxury Market: Unlock infinite growth possibilities and sustainable value of luxurious lifestyle”. The report highlights that the global personal luxury market is recovering gradually, benefiting from the massive global wealth transfer to younger generations and emerging opportunities in Southeast Asian markets. It is projected to reach a scale of US\$464 billion by 2025 and is expected to grow to US\$606 billion by 2030, with a compound annual growth rate of 6%. The entire luxury goods market in China is set to experience stable growth, driven by favourable factors in Hainan Province. It is estimated that by 2030, China will become the world’s largest personal luxury market with a market size of US\$148 billion.

In addition, to promote stable growth in consumption, Premier Li Qiang mentioned the automobile industry multiple times in the Report on the Work of the Government on 5 March 2024. The report highlighted the importance of stabilising and expanding traditional consumption, encouraging and promoting replacement of consumer goods, and boosting the consumption of intelligent connected new energy vehicles, electronic products and other major consumer goods. This reflects the significance attached to the automobile industry in driving domestic demand and promoting economic development. Statistics released by the China Passenger Car Association showed that the retail sales volume of the overall luxury car market was over 2.97 million units in 2023, representing a year-on-year growth of 10.1% and a market share of 13.7%. While the shortage of chip supplies in 2022 affected the availability of luxury cars, the situation has gradually improved. Although the demand for traditional luxury cars is not particularly strong, they still hold a dominant position in the market.

Soochow Securities released a research report named “Luxury Car Market: Sustained Volume Support from A Wide Range of Offerings of Domestic Brands”, indicating that the demand for luxury cars from families with two children remains strong, and there is a stable growth in the high-net-worth income population, providing support for the total volume of the luxury car market. In terms of market landscape, domestic brands are still actively planning their presence in the luxury car market, with comprehensive expansion in various categories of new energy vehicles. The institution predicts that the sales of vehicles priced above RMB300,000 in the Chinese market will reach 3.52 million, 4.15 million and 4.78 million units in 2024, 2025 and 2026, respectively, with year-on-year growth of 18%, 18% and 15%, respectively. In particular, the sales of domestic luxury vehicle models are expected to reach 1.23 million, 1.75 million and 2.29 million units, respectively, with year-on-year growth of 51%, 42% and 31%, respectively.

The Group believes that despite the ongoing complexities of and challenges in the external environment, the macroeconomic performance of China has shown signs of recovery and improvement, providing ample room for development and growth momentum for the luxury market in China. Over the past year, the Group has surmounted unprecedented challenges and transformations, successfully implementing significant changes to its corporate structure with the aim of enhancing operational efficiency and optimising management processes, thus laying a solid foundation for the Company's future development. Against this backdrop, the Group will actively adjust its corporate strategy, optimise resource allocation and take on market challenges with greater confidence. It will seize industry opportunities, carry on innovation, enhance marketing capabilities, upgrade its luxury goods portfolio, and strive to achieve long-term and stable development of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Auto Dealerships**

During the financial year under review, revenue of the ultra-luxury automobile distributorships of Bentley, Lamborghini and Rolls-Royce recorded an approximately 20.1% decrease to approximately HK\$2,795.2 million, as compared with that of approximately HK\$3,497.6 million in the previous financial year. Among these brands, Bentley recorded the smallest sales decline, amounting to approximately HK\$1,352.7 million and representing approximately 14.7% decrease in sales in this financial year from approximately HK\$1,586.7 million during the previous financial year. A total of 435 units of Bentley were sold, representing a decrease of approximately 4.4% as compared with 455 units sold in the previous financial year.

Rolls-Royce recorded sales of 159 units during this financial year, representing a decrease of approximately 21.3% as compared with 202 units sold in the previous financial year. The brand recorded a decrease in sales during this financial year with a total of approximately HK\$1,073.5 million, representing a decrease of approximately 23.8% as compared with that of approximately HK\$1,409.5 million recorded in the previous financial year.

Lamborghini recorded a decrease in sales during this financial year with a total of approximately HK\$290.8 million, representing a decrease of approximately 28.8% as compared with that of approximately HK\$408.2 million recorded in the previous financial year. A total of 90 units of Lamborghini were sold, representing a decrease of approximately 18.9% as compared with 111 units sold in the previous financial year.

The overall gross profit of sale of automobiles decreased by approximately 52.7% during this financial year due to the decrease in average selling price and gross profit margin of all of our three auto brands during this financial year.

Revenue of after-sales services recorded a decrease of approximately 16.1% during this financial year as compared with that of the previous financial year. The gross profit margin decreased from approximately 50.8% in the previous financial year to approximately 30.2% in this financial year.

### **Non-auto Dealerships**

During the financial year under review, the sales of our non-auto dealerships division recorded a decrease in revenue of approximately 7.9% to approximately HK\$388.8 million as compared with that of approximately HK\$422.0 million in the previous financial year.

Gross profit margin of our non-auto dealerships division decreased during this financial year from approximately 24.1% in the previous financial year to approximately 9.3% in this financial year. The decrease was mainly driven by the impairment on inventories, which mainly include watch, jewellery and fine wine of approximately HK\$75.4 million, recognised in cost of sales during this financial year.

Among all brands under this division (including watch, jewellery, fine wine, audio equipment, menswear apparel and accessories, cigars and smoker's accessories and silver, home articles and health care products), Bang & Olufsen performed the best in terms of revenue and gross profit contributions during this financial year.

### **Others**

During the financial year under review, the revenue from our others division, which includes the provision of property management services and money lending business, recorded a slightly increase of approximate 3.5% to approximately HK\$80.7 million, as compared with that of approximately HK\$78.0 million in the previous financial year.

In respect of the provision of property management business, the revenue recorded a decrease of approximately 5.4% to approximately HK\$72.0 million, as compared with that of approximately HK\$76.1 million in the previous financial year. The decrease was due to the differences in exchange translation during this financial year.



In respect of the films and television program investment business, no revenue was generated during the financial year. The legal actions against the film producer to recover the investment principal and relevant return are still in progress. The releasing schedules of the rest film investments had also been further postponed due to the continuing weak consumption market sentiment and keen competition.

In respect of the money lending business, the revenue recorded accrued interest income of approximately HK\$8.7 million during this financial year (2023: approximately HK\$1.9 million). During this financial year, the Group obtained sealed judgements against the borrowers and the guarantors for the claims of the loans and interest accrued from the High Court of Hong Kong. The Group recorded the revenue based on the results of the judgements and no new loan was granted during this financial year. For the details, please refer to the announcements of the Company dated 21 December 2023 and 2 February 2024. The Group is in the course of seeking legal advice regarding enforcement of the judgments against them for the recovery of the loan and other losses and damages.

## **Equity Investment**

As a long-term investment for capital appreciation and distribution, the Group held shares in Bang & Olufsen A/S (“**B&O**”), a company incorporated in Denmark whose shares are listed and traded on NASDAQ Copenhagen A/S. Bang & Olufsen is a luxury audio brand founded in 1925 in Struer, Denmark, by Peter Bang and Svend Olufsen whose devotion and vision remain the foundation for the company.

As at 31 March 2024, the Group held 12,482,034 shares (31 March 2023: 14,059,347 shares) of B&O, representing approximately 10.17% of its total issued shares (31 March 2023: approximately 11.45%). The carrying amount of this investment recorded a decrease of approximately 15.7% to approximately HK\$132.5 million, as compared with that of approximately HK\$157.1 million in the previous financial year. The decrease was mainly due to sale of the certain shares and fair value change on the market price of the shares.

During this financial year, the Group sold 1,577,313 shares of B&O and hence realized approximately HK\$16.87 million. During this financial year, the share price of B&O was traded in a range of Danish Krone (“**DKK**”) 9.2 to DKK9.6 per share.

The share price of B&O dropped to DKK9.35 per share as at 31 March 2024 (31 March 2023: DKK9.72 per share) as quoted on the NASDAQ Copenhagen A/S, representing a decrease of approximately 3.8% during the financial year ended 31 March 2024.

The carrying amount of this investment represented approximately 4.6% of the total assets of the Group as at 31 March 2024.

No dividend was generated from this investment to the Group during this financial year.

The Group also held shares in New Amante Group Limited (Stock Code: 8412) (“**New Amante**”), a company incorporated in the Cayman Islands whose shares are listed and traded on GEM of the Stock Exchange. According to its annual report for the financial year ended 31 May 2023, New Amante newly launched high-ended cigar lounges in Hong Kong to diversify its business.

As at 31 March 2024, the Group held 2,670,000 shares (31 March 2023: 2,670,000 shares) of New Amante, representing approximately 2.62% of its total issued shares (31 March 2023: approximately 2.97%). The carrying amount of this investment recorded an increase of approximately 2.0% to approximately HK\$1.34 million, as compared with that of approximately HK\$1.31 million in the previous financial year. The increase was mainly due to fair value change on the market price of the shares.

The carrying amount of this investment represented approximately 0.05% of the total assets of the Group as at 31 March 2024.

No dividend was generated from this investment to the Group during this financial year.

The Group’s financial assets at fair value through other comprehensive income (“**FVTOCI**”) of approximately HK\$134 million as at 31 March 2024 (31 March 2023: approximately HK\$158 million) represented the Group’s strategic investment on B&O and New Amante. The carrying amount of the Group’s financial assets at FVTOCI represent approximately 4.7% of the total assets of the Group as at 31 March 2024 (31 March 2023: approximately 4.0%).

## **PROSPECT**

As the Group incurred operating loss in this financial year, the new management of the Group would be prudent in the financial management in the coming financial year. Looking ahead, despite the present challenges, the new management of the Group is confident to continue our leading roles in the luxury goods market in the PRC.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group for the year ended 31 March 2024 was approximately HK\$3,264.7 million, representing a decrease of approximately 18.3% as compared with that of approximately HK\$3,997.7 million recorded in the previous year. Such decrease was mainly due to the decrease in sales of automobiles arising from the continuing weak market sentiment and keen competition in the automotive business of the Group during the financial year under review. Sales of automobiles were approximately HK\$2,717.0 million (equivalent to RMB2,499.6 million) in FY2024 while approximately HK\$3,404.4 million (equivalent to RMB2,961.8 million) were recorded in last financial year (the “FY2023”). The table below sets out the Group’s revenue for the year indicated:

Revenue Source	FY2024		FY2023		Changes	
	Contribution HK\$'000	(%)	Contribution HK\$'000	(%)	HK\$'000	%
<b>Automobile segment</b>						
Sales of automobiles	2,717,035	83.2%	3,404,431	85.2%	(687,396)	(20.2%)
Provision of after-sales services	<u>78,136</u>	2.4%	<u>93,183</u>	2.3%	<u>(15,047)</u>	(16.1%)
Sub-total	2,795,171	85.6%	3,497,614	87.5%	(702,443)	(20.1%)
<b>Non-automobile dealership segment</b>						
Non-automobile dealership segment	388,841	11.9%	422,022	10.5%	(33,181)	(7.9%)
Others	<u>80,735</u>	2.5%	<u>78,020</u>	2%	<u>2,715</u>	3.5%
Total	<u><u>3,264,747</u></u>	100%	<u><u>3,997,656</u></u>	100%	<u><u>(732,909)</u></u>	(18.3%)

## **Gross Profit and Gross Profit Margin**

Gross profit of the Group for the year ended 31 March 2024 decreased by approximately 47.0% to approximately HK\$306.3 million (31 March 2023: approximately HK\$578.1 million) while the gross profit margin of the Group for the year ended 31 March 2024 decreased from 14.5% to 9.4%.

The decrease in gross profit was mainly attributable to decrease in gross profit margin of the sales of automobiles caused by the weak market sentiment and keen competition incurred during this financial year. The gross profit of the sales of automobiles decreased by approximately HK\$185.1 million during this financial year.

## **Other Income, Gains and Losses**

Other income, gains and losses was approximately HK\$67.4 million losses for the year ended 31 March 2024 (31 March 2023: approximately HK\$26.1 million losses). Such change was mainly due to the revaluation loss on property, plant and equipment and changes in fair value of investment properties during this financial year.

## **Impairment of goodwill and impairment of properties, plant and equipment**

The impairment losses on goodwill of approximately HK\$207.6 million, of which approximately HK\$200.2 million is for auto dealership and approximately HK\$7.4 million is for property management services for the year ended 31 March 2024 (31 March 2023: approximately HK\$4.5 million, of which nil for auto dealership and approximately HK\$4.5 million for property management services). The impairment losses on properties, plant and equipment of approximately HK\$87.3 million for the year ended 31 March 2024 (31 March 2023: nil).

The impairment test was mainly determined by the recoverable amounts of the cash-generating units (“CGUs”) from value-in-use calculations with reference to the business valuations. The management of the Group performed an impairment analysis of auto dealership and property management services with reference to the business valuations performed by Masterpiece Valuation Advisory Limited (“**Masterpiece**”) and CHFT Advisory and Appraisal Limited (“**CHFT**”) respectively, both are the independent firm of professionally qualified valuers. Business valuations performed by Masterpiece and CHFT using the pre-tax cash flow projections, based on formally approved budgets covering a detailed five-year budget plan; and for period not covered by the budget and up to the end of remaining useful life, the estimated cash flow projections are extrapolated. The cash flow projections applied in determination of the recoverable amounts of each CGUs are best estimate of the range of economic condition that will exist over the remaining useful life of the CGUs. There was no change on the approach adopted for the years ended 31 March 2024 and 2023.

For the auto dealership segment, as at 31 March 2024, the recoverable amount has been assessed to be approximately HK\$1,365.6 million by the Directors and based on the result of the assessment, management determined that the recoverable amount of the cash-generating unit (“CGU”) is lower than the carrying amount of approximately HK\$1,653.1 million. The decrease in the recoverable amount was due to the significant decrease in segment result during the year and uncertainties of the economic market conditions. Other than that, there was no significant change to the basis, assumptions and inputs adopted in the assessment for the year ended 31 March 2024 as compared with the year ended 31 March 2023.

The impairment amount has been allocated to each category of goodwill, property, plant and equipment, such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal of approximately HK\$1,085.7 million and its value in use of approximately HK\$1,365.6 million. Based on the value-in-use calculation and the allocation, impairment losses of approximately HK\$200.2 million have been recognised on goodwill and further impairment losses of approximately HK\$87.3 million have been recognised on property, plant and equipment.

For the property management services segment, as at 30 September 2023, the recoverable amount of the CGU of the property management services to be approximately HK\$267.4 million and is lower than the carrying amount of approximately HK\$274.7 million. This resulting from the remaining lease term of the sub-lease project lapses over time resulting less future cash flow with decreasing remaining lease term under income approach and the declined performance of managed property of the property management service project. No significant change to the basis, assumptions and inputs adopted in the assessment for the period ended 30 September 2023 as compared with the year ended 31 March 2023.

The impairment amount has been allocated to each category of goodwill, property, plant and equipment, and other intangible assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal of approximately HK\$183.2 million and its value in use of approximately HK\$230.8 million. Impairment losses of approximately approximately HK\$7.4 million have been recognised against that carrying amount of goodwill with an exchange difference of approximately HK\$0.2 million. No class of asset other than goodwill is impaired.

As at 31 March 2024, on the result of the assessment, management determined that the recoverable amount of the CGU of the property management services to be approximately HK\$299.3 million and is higher than the carrying amount of approximately HK\$277.4 million because of the increase in lease-out areas and improvement on the property rental revenue stream. No significant change to the basis, assumptions and inputs adopted in the assessment for the year ended 31 March 2024 as compared with the year ended 31 March 2023.

As the result, there is no further impairment required for the year ended 31 March 2024 and the Group should not recognize reverse an impairment loss recognised in a previous interim period in respect of goodwill.

### **Impairment of other intangible assets**

The impairment losses on other intangible assets of approximately HK\$40.5 million for the year ended 31 March 2024 (31 March 2023: nil).

The impairment losses were measured based on recoverable amounts, which were determined by the directors with reference to the valuation performed by CHFT as at 31 March 2024. There was no change on the approach adopted for the years ended 31 March 2024 and 2023.

As at 31 March 2024, the recoverable amount of film right is the higher of its fair value less cost of disposal of approximately HK\$77.9 million and its value in use of approximately HK\$98.2 million, which is lower than its carrying amount of approximately HK\$139.2 million, resulting from decrease in average return estimation under current market condition which reflected in general box office. Impairment losses of approximately HK\$40.5 million and an exchange difference of approximately HK\$0.4 million were recognised for the year ended 31 March 2024.

The recoverable amounts were determined by the directors with reference to the valuation performed by CHFT as at 31 March 2024. The valuation is based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film, which were discounted using a pre-tax discount rate of 27.7% (2023: 32.2%) for the relevant assets. Other than that, there was no significant change to the basis, assumptions and inputs adopted in the assessment for the year ended 31 March 2024 as compared with those for the year ended 31 March 2023.

### **Impairment of Loan Receivables and Loan Interest Receivables**

The charge for impairment losses on loan receivables and loan interest receivables of approximately HK\$8.7 million for the year ended 31 March 2024 (31 March 2023: approximately HK\$12.7 million).

The charge for impairment losses was measured based on the requirement under HKFRS 9 and was mainly represented a further impairment made to the loan receivables and the loan interest receivables as a result of the borrowers' default of the loan agreements on which legal proceedings have been instituted by the Group.

The management of the Group performed an impairment analysis with reference to the expected credit loss (“ECL”) assessment performed by Masterpiece by using probability-weighted loss default model, which is in accordance with the general approach as stated in HKFRS 9. There was no change on the approach adopted for the years ended 31 March 2024 and 2023.

As at 31 March 2024, the carrying amount of loan receivables and loan interest receivables were nil (31 March 2023: nil) net of approximately HK\$77.8 million accumulated impairment (31 March 2023: HK\$69.1 million). During the financial year under review, an impairment loss of approximately HK\$8.7 million has been recognised for the year ended 31 March 2024 (31 March 2023: approximately HK\$12.7 million). The calculation of the impairment losses was based on the exposure of default multiplied by probability of default (“**PD**”) and multiplied the loss given default (“**LGD**”). According to Masterpiece, PD was referenced with published credit rating and 100% LGD was applied to the expected credit loss calculation of both of the borrowers as they failed to repay their loans during the year under review. Other than that, there was no significant change to the basis, assumptions and inputs adopted in the ECL assessment for the year ended 31 March 2024 as compared with the year ended 31 March 2023.

### **Selling and distribution costs**

The selling and distribution costs decreased by approximately 16.9% from approximately HK\$408.3 million to approximately HK\$339.4 million. The decrease was mainly due to the decrease in marketing and promotion expenses.

### **Administrative expenses**

The administrative expenses increased by approximately 25.6% from approximately HK\$84.3 million to approximately HK\$105.9 million. Such change was mainly due to the increase in legal and professional fees for litigations and increase in share base payments in this financial year.

### **Finance Costs**

The finance costs of the Group decreased by approximately 15.5% from approximately HK\$96.3 million in the previous financial year to approximately HK\$81.4 million in this financial year. The decrease was due to the decrease in borrowing to finance the purchase of automobiles inventories and the decrease in borrowing to finance the acquisition of the property used by the Group as showrooms and office during this financial year.



## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's total assets as at 31 March 2024 were approximately HK\$2,852.7 million (31 March 2023: approximately HK\$3,985.9 million) which were mainly financed by the total equity and the total liabilities of approximately HK\$1,591.5 million (31 March 2023: approximately HK\$2,227.9 million) and approximately HK\$1,261.2 million (31 March 2023: approximately HK\$1,758.0 million) respectively.

### **Cash Flow**

The Group's cash at banks and in hand as of 31 March 2024 were approximately HK\$93.6 million (31 March 2023: approximately HK\$146.7 million) which were mainly denominated in Hong Kong dollars (“**HK\$**”), Renminbi (“**RMB**”) and DKK.

The Group's primary uses of cash are to repay the Group's borrowings, to pay for purchases of inventories and to fund the Group's working capital and normal operating costs. The change in value of the Group's cash at banks and in hand was mainly due to the differences in exchange translation incurred during the financial year under review.

The Directors consider that the Group will have sufficient working capital for its existing operations and financial resources for financing future business expansion and capital expenditures.

### **Property, plant and equipment**

The Group's property, plant and equipment as at 31 March 2024 were approximately HK\$949.6 million (31 March 2023: approximately HK\$1,208.5 million). During the year, the Group acquired items of property, plant and equipment at a total cost of approximately HK\$24.8 million (31 March 2023: approximately HK\$63.3 million), a net carrying amount of approximately HK\$19.0 million of property, plant and equipment were disposed of during this financial year (the net carrying amount for the year ended 31 March 2023: approximately HK\$10.8 million) and a revaluation loss arising from the change in use of certain properties from land and buildings to investment properties of approximately HK\$31.0 million (31 March 2023: nil).

## **Investment properties**

The Group's investment properties as at 31 March 2024 were approximately HK\$346.7 million (31 March 2023: approximately HK\$393.9 million). The change in value of investment properties was mainly due to the decrease in fair value and two of the owner-occupied properties were changed as investment properties incurred during the financial year under review.

## **Goodwill**

The Group's goodwill as at 31 March 2024 was approximately HK\$84.7 million (31 March 2023: approximately HK\$302.3 million). The decrease in goodwill was mainly due to the impairment of goodwill on auto dealership incurred during this financial year.

## **Borrowings**

The Group's borrowings as at 31 March 2024 were approximately HK\$727.3 million, representing a decrease of approximately 27.0% from approximately HK\$996.9 million as at 31 March 2023.

The Group's borrowings were mainly denominated in RMB. The decrease was mainly due to repayment of the borrowings during this financial year.

## **Gearing Ratio**

The Group's gearing ratio computed as total borrowings and convertible bonds over total equity increased to approximately 45.7% as at 31 March 2024 (31 March 2023: approximately 45.2%).

## **Inventories**

As at 31 March 2024, the Group's inventories decreased by approximately 34.0% from approximately HK\$1,229.8 million as at 31 March 2023 to approximately HK\$811.6 million. Such decrease was primarily due to the decrease in automobile inventories which comprised approximately 55.9% of the inventories of the Group. The Group's average inventory turnover days decreased from 139 days in the year ended 31 March 2023 to 126 days in the year ended 31 March 2024.

## **Exposure to Foreign Exchange Risk**

The revenue and expenses of the Group are mainly denominated in RMB and HK\$ while the production cost, purchases and investments of the Group are denominated in RMB, HK\$, DKK and United States Dollar.

The Group did not enter into any foreign currency forward contract for this financial year. As at 31 March 2024 and 2023, the Group did not have any unrealised gain or loss in respect of the foreign currency forward contracts.

## **Contingent Liabilities and Capital Commitment**

The Board considered that the Group had no material contingent liabilities as at 31 March 2024 (31 March 2023: nil). The Board considered that the Group had no material capital commitment as at 31 March 2024 in respect of acquisition of property, plant and equipment (31 March 2023: nil).

## **Charges on Assets**

As at 31 March 2024, land and building, investment property, pledged deposits and inventories of the Group with aggregate carrying amounts of approximately HK\$814.2 million (31 March 2023: approximately HK\$942.1 million), approximately HK\$64.3 million (31 March 2023: approximately HK\$42.0 million), approximately HK\$47.3 million (31 March 2023: approximately HK\$75.2 million) and approximately HK\$459.3 million (31 March 2023: approximately HK\$610.3 million) respectively were pledged to secure general banking facilities and other facilities granted to the Group.

## **Human Resources**

As at 31 March 2024, the Group had 396 employees (31 March 2023: 456). Staff costs (including directors' emoluments and the one-off equity-settled share option expenses) charged to profit or loss amounted to approximately HK\$88.7 million for this financial year (2023: approximately HK\$84.2 million).

The Group provided benefits, which included basic salary, commission, discretionary bonus, medical insurance and retirement funds and equity-settled share-based payments to employees to sustain competitiveness of the Group.

The package was reviewed on an annual basis based on the Group's performance and employees' performance appraisal.

The Group also provided training to the employees for their future advancement.

## **The Borrowers' Default of Loan Agreements**

### ***The loan agreement in respect of a facility of HK\$58.0 million***

On 4 March 2021, Forwell Finance Limited (the "**Lender**"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "**1st Loan Agreement**") with a borrower which is an independent third party (the "**1st Borrower**"), pursuant to which the Lender agreed to grant to the 1st Borrower a loan with principal amount of HK\$58.0 million (the "**1st Loan**") for a term of 12 months, bearing interest at a rate of 6.5% per annum.

Pursuant to the 1st Loan Agreement, the 1st Borrower had been paying the quarterly interests on the 1st Loan to the Lender on time during the term of the 1st Loan Agreement. However, the 1st Borrower failed to repay the 1st Loan with outstanding principal amount of HK\$58.0 million and the accrued interest on the maturity date (4 March 2022).

The Group sought legal advice and commenced legal action against the 1st Borrower and the guarantor of the 1st Loan in the High Court of Hong Kong on 20 April 2022 with a view to recovering the 1st Loan and other losses and damages.

After the commencement of the legal proceedings, the parties reached a settlement on the matter and pursuant to a Tomlin Order filed by the parties with the High Court of Hong Kong dated 8 August 2022, the parties agreed to stay the legal proceedings and a deed of settlement was executed by the Lender, the 1st Borrower and the guarantor on 8 August 2022.

The Group received partial payment in instalments in the aggregate sum of HK\$24,320,000 during the year ended 31 March 2023, yet the 1st Borrower failed to repay the outstanding instalments, save for the aforesaid payment, and the accrued interests. The Group has resumed the legal actions against the 1st Borrower and the guarantor in the High Court of Hong Kong with a view to recovering the loans and other losses and damages. A hearing took place at the High Court of Hong Kong (the “**Court**”) on 20 December 2023 in respect of the Proceedings (the “**Hearing**”). At the Hearing, the Court has granted judgment in favour of the Lender against the 1st Borrower and the guarantor for the outstanding principal amount as at 22 November 2022 in the sum of HK\$37,124,764.51, with interest accrued thereon at the annual rate of 6.5% from 22 November 2022 up to 20 December 2023 and thereafter at the judgment rate until the date of payment. The Court has also granted cost to the Lender in the sum of HK\$420,000. During the year ended 31 March 2024 and up to the date of this announcement, there is no settlement received from the 1st Borrower or the guarantor.

The Company will seek legal advice regarding the enforcement actions to be taken against the 1st Borrower and the guarantor. Further announcement(s) in relation to the Loan and/or the Proceedings will be made by the Company as and when appropriate in compliance with the Listing Rules.

For details, please refer to the announcements of the Company dated 4 March 2021, 1 and 29 April 2022, 8, 18 and 24 August 2022 and 1 September 2022 and 21 December 2023.

***The loan agreement in respect of a facility of HK\$32.0 million***

On 22 March 2021, the Lender entered into a loan agreement (the “**2nd Loan Agreement**”) with another borrower who is an independent third party (the “**2nd Borrower**”), pursuant to which the Lender agreed to grant to the 2nd Borrower loan with principal amount of HK\$32.0 million (the “**2nd Loan**”) for a term of 12 months, bearing interest at a rate of 7% per annum.

Pursuant to the 2nd Loan Agreement, the 2nd Borrower had paid the quarterly interests on the 2nd Loan to the Lender on time during the term of the 2nd Loan Agreement. However, the 2nd Borrower failed to repay the 2nd Loan with outstanding principal amount of HK\$32.0 million and the accrued interest on the maturity date (22 March 2022).

As a result of the 2nd Borrower's default, the Group sought legal advice and commenced legal action against the 2nd Borrower and the guarantor of the 2nd Loan in the High Court of Hong Kong on 29 April 2022 with a view to recovering the 2nd Loan and other losses and damages.

The Lender has on 6 December 2022 obtained a sealed judgment against the 2nd Borrower for the claims of the 2nd Loan and interest accrued thereon. The Lender has further on 17 February 2023 obtained a sealed judgment against the guarantor for the claims of the 2nd Loan and interest accrued thereon. The Group is in the course of enforcing the judgements against the 2nd Borrower and the guarantor for the recovery of the 2nd Loan and other losses and damages. The Lender has filed a bankruptcy petition against the 2nd Borrower in the High Court of Hong Kong on 19 September 2023 and has presented a bankruptcy petition against the 2nd Borrower in the High Court of Hong Kong and on 6 February 2024, the Court has made a bankruptcy order against the 2nd Borrower. The Company is advised that a trustee-in-bankruptcy will be appointed over the properties and assets of the 2nd Borrower and will be responsible to collect and distribute any recovered properties and assets (if any) to all the creditors of the 2nd Borrower who have proved their debts. During the year ended 31 March 2024 and up to the date of this announcement, there is no settlement received from the 2nd Borrower or the guarantor.

The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules and inform the Shareholders and potential investors of any material development of this event.

For details, please refer to the announcements of the Company dated 22 March 2021, 29 April 2022, 8 December 2022, 20 February 2023 and 7 February 2024.

### **Proposed Placing of New Convertible Bonds under General Mandate, Injunction Order on Placing and Lapse of Placing Agreement**

On 19 September 2023, the Company entered into a conditional placing agreement dated 19 September 2023 (the "**CB Placing Agreement**") with a placing agent (the "**Placing Agent**"), pursuant to which the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, not less than six (6) placees, who will be independent third parties, to subscribe in cash for the convertible bonds in the aggregate principal amount of HK\$64,500,000, convertible into a maximum of 67,894,736 new shares of the Company, at the initial conversion price of HK\$0.95 per conversion share (the "**CB Placing**").

It was expected that the gross proceeds and net proceeds (after deducting the placing commission for the CB Placing and other relevant expenses) from the CB Placing would be approximately HK\$64.5 million and approximately HK\$63.3 million respectively, and the Company intended to utilize all of the net proceeds for repayment of the existing loans granted to the Group.

On 25 September 2023, the Company received notice from the solicitors of two purported shareholders of the Company (collectively, “**Plaintiffs**”) informing the Company shortly before the commencement of the adjourned annual general meeting that they were about to commence legal proceedings against the Company and 8 other defendants including the then existing Directors (collectively, “**Defendants**”) in the High Court of Hong Kong, and were also seeking an urgent injunction against the Defendants, including the Company on even date. The Company subsequently received notice from the solicitors of the Plaintiffs informing the Company that the High Court granted an interim injunction order against the Defendants in respect of the CB Placing (“**Interim Injunction Order**”) which would remain in force up to and including 29 September 2023.

On the same day of 25 September 2023, the Plaintiffs also filed the Originating Summons (“**Originating Summons**”). The Summons for the continuation of the Interim Injunction Order (“**Plaintiffs’ Summons**”) was filed on the following day of 26 September 2023. On 29 September 2023, the High Court made directions for the further conduct of the Plaintiffs’ Summons.

In so far as the Company is concerned, upon the undertakings of the Company that until the determination of the Plaintiffs' Summons or further order of the High Court, the Company, whether by itself or its servants or agents or otherwise howsoever, will not: (a) take any steps to carry out, proceed with, implement and/or perform any other acts in respect of the CB Placing Agreement; (b) issue convertible bonds to any placees pursuant to the CB Placing Agreement; or (c) if and insofar as any convertible bonds were issued under the CB Placing Agreement, provide written approval to the holder(s) of such convertible bonds to exercise their right to convert any part of the outstanding principal of the convertible bonds to conversion shares, and/or otherwise issuing or dealing with conversion shares pursuant to such convertible bonds, the High Court ordered, inter alia, that Plaintiffs' Summons be adjourned for substantive argument on a date not before 8 December 2023, with 1 day reserved. On 10 October 2023, as informed by the Placing Agent, since the conditions precedent of the CB Placing Agreement were not fulfilled by 10 October 2023 (being the Long Stop Date), the CB Placing Agreement lapsed and the CB Placing will not proceed. Pursuant to the terms of CB Placing Agreement, all rights, obligations and liabilities of the parties to the CB Placing Agreement shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach of any right or obligation under CB Placing Agreement prior to such termination.

Please refer to the announcements of the Company dated 19 September 2023, 26 September 2023, 29 September 2023, 11 October 2023 and 13 October 2023 for further details.

### **Voluntary Conditional Cash Offers (the "Offers")**

On 28 September 2023 (after trading hours), the Company received a letter from Mr. Sze (the "**Offeror**") notifying the Board that he has firm intention to make, through Shenwan Hongyuan Capital (H.K.) Limited, the Offers to acquire all the issued ordinary shares of the Company (the "**Shares**") and the outstanding convertible bonds (the "**Convertible Bonds**") (other than those already owned by or to be acquired by the Offeror and his concert parties (the "**Concert Parties**" which include, inter alia, Pro Honor), and to cancel all outstanding share options (the "**Shares Options**").

On 29 September 2023, the Company requested trading halt on the Shares in accordance with the requirements under the Listing Rules.

On 5 October 2023, the Offeror issued an announcement (the "**Offeror Announcement**") setting out details of the Offers.



As disclosed in the Offeror Announcement, the offer price under the Offers: (a) for each Share in issue (other than those already owned by or to be acquired by the Offeror or his Concert Parties) is HK\$0.9 in cash (the “**Share Offer Price**”); (b) for every HK\$1 face value of the Convertible Bonds is HK\$0.225 in cash; and (c) for cancellation of each Share Option is HK\$0.01 in cash.

On 17 October 2023, the Company issued an announcement (i) in response to the Offeror Announcement, including inter alia, its disagreement with the Offeror’s comparison of the value of the Share Offer Price with the Company’s consolidated net asset value attributable to owners of the Company as at 31 March 2023, providing further details on, among other things, the Offeror’s son’s interests in the Shares and matters relating to the Offeror’s reasons for initiating the Offers as disclosed in the Offeror Announcement; and (ii) the application for resumption of trading in the shares of the Company.

On 26 October 2023, the Offeror announced that as more time would be required, an application has been made for an extension of the time limit for the despatch of the offer document (the “**Offer Document**”) from 26 October 2023 to 24 November 2023.

On 9 November 2023, the Offeror issued his supplemental announcement providing further information in respect of the Offers.

On 24 November 2023, the Offeror despatched the Offer Document. An announcement dated 24 November 2023 in respect of, inter alia, the despatch of the Offer Document was also issued by the Offeror.

On 30 November 2023, the Company issued an announcement in response to, inter alia, the supplemental announcement of the Offeror in respect of his Offers and the announcement of the Offeror in respect of the despatch of the Offer Document.

On 8 December 2023, the Company issued a response document in respect of the Offers providing, among other things, information regarding the Group and the Offers, the recommendation of the independent board committee to the independent shareholders, the optionholders and the CB holders, and the advice of the independent financial adviser to the independent board committee in respect of the Offers.

On 22 December 2023, 12 January 2024 and 23 January 2024, 8 February 2024 and 21 February 2024, the Offeror issued announcements in relation to the level of acceptance and extension of the Offer.

On 12 March 2024, the Offeror announced that immediately before commencement of the Offer Period (i.e. 5 October 2023), the Offeror and the Offeror Concert Parties were interested in an aggregate of 104,690,187 Shares, representing approximately 26.56% of the issued Share capital of the Company as at the date of such announcement. As at 4:00 p.m. on the Third Rule 15.5 Further Extended Closing Date, taking into account the Acceptance Shares, the Offeror and the Offeror Concert Parties would hold an aggregate of 197,631,880 Shares, representing approximately 50.1448% of the issued Share capital of the Company as at the date of such announcement. Accordingly, the conditions set out in the Offer Document have been satisfied, and the Offeror announces that the Offers have become unconditional in all respects as at 4:00 p.m. on 12 March 2024.

On 26 March 2024, the Offeror announced that the Offers were closed at 4:00 p.m. on Tuesday, 26 March 2024 and were not revised or extended by the Offeror. The Offeror also announced that the Offeror had received 39 valid acceptances in respect of a total of 92,969,193 Offer Shares, representing approximately 23.59% of the issued Share capital of the Company as at the date of such announcement.

Please refer to the announcements of the Offeror dated 5 October 2023, 26 October 2023, 9 November 2023, 24 November 2023, 22 December 2023, 12 January 2024, 23 January 2024, 8 February 2024, 21 February 2024, 26 February 2024, 12 March 2024 and 26 March 2024 and the Offer Document dated 24 November 2023 and the announcements of the Company dated 29 September 2023, 17 October 2023, 27 October 2023, 30 October 2023 and 30 November 2023 and the response document issued by the Company dated 8 December 2023 for further details.

## **Petition for winding up and appointment and discharge of joint provisional liquidators**

Upon the Company's petition and application, the Bermudan Court made an order dated 15 April 2024 (the "**Order**"), inter alia, that the hearing of the Company's petition for winding up (the "**Petition**") be adjourned for a period of 6 months and that Edward Willmott and Elizabeth Cava of Deloitte Financial Advisory Ltd., Corner House, 20 Parliament Street, Hamilton HM 12 and Lai Kar Yan (Derek) and Ho Kwok Leung Glen, of Deloitte Touche Tohmatsu, 35th Floor, One Pacific Place, 88 Queensway, Hong Kong be appointed as joint provisional liquidators of the Company (the "**JPLs**"). Such Order was set aside, the Petition was struck out and the JPLs were discharged by the Bermudan Court on 15 May 2024. For further details, please refer to the announcements made by the Company on 22 April 2024, 8, 13 and 16 May 2024.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2024 (31 March 2023: nil) whilst no interim dividend (2023: nil) had been distributed during the year as the Group would like to reserve more capital to operate and develop the existing businesses.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining a high standard of corporate governance. The Board agrees that corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure that all practices can be met with legal and statutory requirements. Throughout the year ended 31 March 2024, the Group has adopted the principles and code provisions in the Corporate Governance Code (the "**Code**") contained in Appendix 14 (now known as Appendix C1) to the Listing Rules. The Company has been in compliance with the Code throughout the year ended 31 March 2024 except for the deviation from provision C.2.1 of the Code since 1 January 2018.

According to provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the financial period, Mr. Zheng Hao Jiang was the chairman of the Board and the Chief Executive Officer of the Company with effect from 1 January 2018 and the Co-Chairman of the Board (the “**Co-Chairman**”) with effect from 8 July 2020, responsible for overall strategic development, project management and client management of the Group. Mr. Ma Chao, an executive Director, was appointed as a Co-Chairman with effect from 8 July 2020. Mr. Ma Chao has retired as an executive Director and ceased to be a Co-Chairman of the Board with effect from 16 June 2023 upon expiration of his service contract with the Company. Immediately following Mr. Ma’s cessation as a Co-Chairman of the Board, as at that time, the Board believes that vesting of the roles of both Chairman and chief executive officer in the same person had the benefit of ensuring consistent leading within the Group and would enable the Company to make and implement decisions promptly and effectively; and considers that such arrangement would not impair the balance of power and authority between the Board and the management and that the Company had sufficient internal controls to provide checks and balances on the functions of the Chairman and the chief executive officer. So, Mr. Zheng Hao Jiang became the sole chairman of the Board until 23 April 2024.

In addition, the Audit Committee of the Company (the “**Audit Committee**”), comprised exclusively independent non-executive Directors, is free to directly communicate with the Company’s external auditors and independent professional advisers when it considers necessary.

## **CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

With effect from 29 May 2023, the principal place of business of the Company in Hong Kong has been changed to 23/F, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong. All telephone and facsimile numbers of the Company will remain unchanged.

## **REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee has reviewed the consolidated financial statements and annual results announcement of the Company for the year ended 31 March 2024 and is of the opinion that the preparation of such results is complied with applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

## **MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 (now known as Appendix C3) to the Listing Rules to govern securities transactions by the Directors. After having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code during the year ended 31 March 2024 and up to the date of this announcement.

The Company also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.hk970.com](http://www.hk970.com).

The annual report of the Company for the year ended 31 March 2024 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**New Sparkle Roll International Group Limited**  
**JU Qinghao**  
*Chairman*

Hong Kong, 28 June 2024

*As at the date of this announcement, the Company has two executive Directors, four non-executive Directors and four independent non-executive Directors. The executive Directors are Mr. JU Qinghao and Mr. QIU Peiyuan. The non-executive Directors are Mr. LI Qingsong, Mr. SZE Ka Ho, Mr. WU Peng and Mr. YOU Yiyang. The independent non-executive Directors are Mr. CHAN Man Kit, Mr. LIAO Kenan, Mr. NG Wai Hung and Ms. WANG Hui.*