

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED**

**中國環境資源集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1130)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022**

Reference is made to the announcement of China Environmental Resources Group Limited (the “Company”, together with its subsidiaries, the “Group”) dated 30 September 2022 in relation to, among other things, the unaudited annual results of the Group for the year ended 30 June 2022 (the “Unaudited Annual Results Announcement”).

The board of directors (the “Board”) of the Company announces the audited consolidated annual results of the Group for the year ended 30 June 2022 together with comparative figures for the year ended 30 June 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>93,188</b>	77,878
Cost of sales		<u>(72,035)</u>	<u>(58,011)</u>
<b>Gross profit</b>		<b>21,153</b>	19,867
Other income, gains and losses	6	<b>4,065</b>	2,739
Administrative and operating expenses		<b>(41,408)</b>	(41,210)
Fair value gain on investment properties		—	1,900
Gain/(loss) arising from changes in fair value less costs to sell of biological assets		<b>10,018</b>	(8,245)
Net gain/(loss) on fair value changes in investments at fair value through profit or loss		<b>729</b>	(4,733)
Provision for impairment loss of right-of-use assets		<b>(2,492)</b>	(9,549)
Provision for impairment loss of intangible assets		<b>(1,796)</b>	(3,800)
Provision for impairment loss of inventories		—	(404)
Reversal of provision/(provision) for impairment loss of receivables		<b>117</b>	(4,152)
<b>Loss from operations</b>		<b>(9,614)</b>	(47,587)
Finance costs	7	<b>(3,608)</b>	(2,469)
<b>Loss before tax</b>		<b>(13,222)</b>	(50,056)
Income tax (expenses)/credit	8	<b>(1,606)</b>	1,114
<b>Loss for the year</b>	9	<b>(14,828)</b>	(48,942)
<b>Other comprehensive (loss)/income after tax:</b> <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(8,404)</u>	<u>30,913</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<u>(8,404)</u>	<u>30,913</u>
<b>Total comprehensive loss for the year</b>		<u><b>(23,232)</b></u>	<u><b>(18,029)</b></u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(16,743)</b>	(46,102)
Non-controlling interests		<b>1,915</b>	(2,840)
		<u><b>(14,828)</b></u>	<u>(48,942)</u>
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company		<b>(24,899)</b>	(16,058)
Non-controlling interests		<b>1,667</b>	(1,971)
		<u><b>(23,232)</b></u>	<u>(18,029)</u>
<b>Loss per share</b>			
	<i>10</i>		
Basic (HK cents per share)		<u><b>(1)</b></u>	<u>(2)</u>
Diluted (HK cents per share)		<u><b>(1)</b></u>	<u>(2)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		7,789	7,740
Right-of-use assets		33,466	21,716
Investment properties		265,578	267,534
Biological assets	12	267,079	264,209
Intangible assets		80,829	89,893
Goodwill		1,087	1,087
Investments at fair value through profit or loss	14	18,160	17,203
		<u>673,988</u>	<u>669,382</u>
<b>Current assets</b>			
Inventories		29,630	25,264
Trade and other receivables	13	46,501	60,728
Loans receivable		12,133	12,142
Investments at fair value through profit or loss	14	961	1,129
Refundable secured deposit		11,000	12,000
Cash and cash equivalents		6,295	19,005
		<u>106,520</u>	<u>130,268</u>
<b>Current liabilities</b>			
Trade and other payables	15	33,267	32,987
Contract liabilities		4,862	6,700
Lease liabilities		2,221	10,948
Borrowings		68,215	71,787
Current tax liabilities		377	2,867
		<u>108,942</u>	<u>125,289</u>
<b>Net current (liabilities)/assets</b>		<u>(2,422)</u>	<u>4,979</u>
<b>Total assets less current liabilities</b>		<u>671,566</u>	<u>674,361</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>48,120</b>	26,600
Deferred tax liabilities		<b>86,977</b>	88,060
		<u><b>135,097</b></u>	<u>114,660</u>
<b>NET ASSETS</b>		<u><b>536,469</b></u>	<u>559,701</u>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>40,731</b>	40,731
Reserves		<b>483,465</b>	508,364
		<u><b>524,196</b></u>	<u>549,095</u>
Equity attributable to owners of the Company		<b>524,196</b>	549,095
Non-controlling interests		<b>12,273</b>	10,606
		<u><b>536,469</b></u>	<u>559,701</u>
<b>TOTAL EQUITY</b>		<u><b>536,469</b></u>	<u>559,701</u>

## NOTES

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values less costs to sell, and investment properties and investments at fair value through profit or loss which are carried at their fair values. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of HK\$16,743,000 for the year ended 30 June 2022 and as at 30 June 2022 the Group had net current liabilities of approximately HK\$2,422,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have been undertaking the following plans and measures to improve the Group’s liquidity and financial position:

- (i) An executive director who is also the chairman, chief executive officer and substantial shareholder of the Company has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due, so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the next twelve months from 30 June 2022;
- (ii) The Group shall continue to implement measures aiming at improving the working capital and cash flows of the Group, including but not limited to the implementation of cost-saving measures to maintain adequate cash flows for the Group’s operations; and
- (iii) The directors have carried out a detailed review of the cash flow forecast of the Group prepared by the management of the Company covered a period of not less than twelve months from 30 June 2022, after taking into account the impact of the above-mentioned plans and measures. Accordingly, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from 30 June 2022.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards, and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

### 4. REVENUE

	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Trading of recycled metals	<b>17,514</b>	13,117
Trading of motor vehicles and related accessories	<b>71,016</b>	58,495
Revenue from contracts with customers	<b>88,530</b>	71,612
Rental income	<b>4,329</b>	4,036
Loan interest income	<b>329</b>	2,230
Total revenue	<b>93,188</b>	77,878

Disaggregation of revenue from contracts with customers for year ended 30 June 2022:

	<b>Trading of recycled metals <i>HK\$'000</i></b>	<b>Trading of motor vehicles and related accessories <i>HK\$'000</i></b>
<b>Geographical markets</b>		
The People's Republic of China (the "PRC")	—	16,234
Hong Kong	17,514	53,682
Macau	—	1,035
Taiwan	—	65
	<u>17,514</u>	<u>71,016</u>

Disaggregation of revenue from contracts with customers for year ended 30 June 2021:

	<b>Trading of recycled metals <i>HK\$'000</i></b>	<b>Trading of motor vehicles and related accessories <i>HK\$'000</i></b>
<b>Geographical markets</b>		
The PRC	—	6,015
Hong Kong	13,117	51,773
Macau	—	707
	<u>13,117</u>	<u>58,495</u>

All revenue from contracts with customers are recognised at a point in time.

#### **Sales of goods**

The Group sells recycled metals, motor vehicles and related accessories to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, payment in advance or cash on delivery is normally required. Deposits received are recognised as contract liabilities.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## 5. SEGMENT INFORMATION

The Group has seven reportable segments as follows:

- (i) Trading of recycled metals
- (ii) Trading of motor vehicles and related accessories
- (iii) Property investment
- (iv) Provision of financial services
- (v) Sales of golden flower tea products
- (vi) Securities trading and investment
- (vii) Sales of plantation materials and products

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include finance costs and income tax credit. Segment assets do not include goodwill and refundable secured deposit. Segment liabilities do not include deferred tax liabilities and borrowings.

Information about reportable segment revenue, profit or loss, assets and liabilities:

	Trading of recycled metals HK\$'000	Trading of motor vehicles and related accessories HK\$'000	Property investment HK\$'000	Provision of financial services HK\$'000	Sales of golden flower tea products HK\$'000	Securities trading and investment HK\$'000	Sales of plantation materials and products HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 30 June 2022</b>									
Revenue from external customers	17,514	71,016	4,329	329	—	—	—	—	93,188
Segment (loss)/profit comprising:	(2,880)	8,891	3,108	(691)	(2,531)	(253)	4,836	(3,044)	7,436
Gain arising from changes in fair value less costs to sell of biological assets	—	—	—	—	—	—	10,018	—	10,018
Depreciation and amortisation	(3,544)	(587)	(1)	—	(68)	—	(5,127)	(2,334)	(11,661)
Proceeds from disposal of listed securities	—	—	—	—	—	2,939	—	—	2,939
Costs of disposal of listed securities	—	—	—	—	—	(3,000)	—	—	(3,000)
Net gain/(loss) on fair value changes in investments at fair value through profit or loss	—	957	—	—	—	(167)	—	—	790
Provision for impairment loss of intangible assets	—	—	—	—	(1,796)	—	—	—	(1,796)
Reversal of provision/(provision) for impairment loss of receivables	700	—	—	—	(583)	—	—	—	117
Provision for impairment loss of right-of-use assets	—	—	—	—	—	—	—	(2,492)	(2,492)
<b>At 30 June 2022</b>									
Segment assets	5,406	87,199	266,327	14,022	57	1,011	348,463	38,903	761,388
Segment liabilities	2,338	14,303	6,949	401	—	467	1,945	48,652	75,055
<b>Year ended 30 June 2021</b>									
Revenue from external customers	13,117	58,495	4,036	2,230	—	—	—	—	77,878
Segment (loss)/profit comprising:	(2,231)	410	4,228	(2,613)	(4,099)	(585)	(13,281)	(14,027)	(32,198)
Loss arising from changes in fair value less costs to sell of biological assets	—	—	—	—	—	—	(8,245)	—	(8,245)
Fair value gain on investment properties	—	—	1,900	—	—	—	—	—	1,900
Depreciation and amortisation	(3,161)	(633)	(174)	—	(206)	—	(4,969)	(3,573)	(12,716)
Net loss on fair value changes in investments at fair value through profit or loss	—	(4,166)	—	—	—	(567)	—	—	(4,733)
Provision for impairment loss of intangible assets	—	—	—	—	(3,800)	—	—	—	(3,800)
Provision for impairment loss of inventories	—	(404)	—	—	—	—	—	—	(404)
Provision for impairment loss of receivables	—	—	—	(4,152)	—	—	—	—	(4,152)
Provision for impairment loss of right-of-use assets	—	—	—	—	—	—	—	(9,549)	(9,549)
<b>At 30 June 2021</b>									
Segment assets	7,834	108,171	268,297	14,326	2,755	1,183	352,842	23,973	779,381
Segment liabilities	3,626	18,340	7,040	1,759	170	467	1,992	33,292	66,686

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue:</b>		
Total revenue of reportable segments	<u>93,188</u>	<u>77,878</u>
<b>Loss:</b>		
Total profit/(loss) of reportable segments	7,436	(32,198)
Other profit or loss:		
Finance costs	(3,608)	(2,469)
Income tax (expense)/credit	(1,606)	1,114
Corporate and unallocated items	<u>(17,050)</u>	<u>(15,389)</u>
Consolidated loss for the year	<u>(14,828)</u>	<u>(48,942)</u>
<b>Assets:</b>		
Total assets of reportable segments	761,388	779,381
Goodwill	1,087	1,087
Refundable secured deposit	11,000	12,000
Corporate and unallocated assets	<u>7,033</u>	<u>7,182</u>
Consolidated total assets	<u>780,508</u>	<u>799,650</u>
<b>Liabilities:</b>		
Total liabilities of reportable segments	75,055	66,686
Deferred tax liabilities	86,977	88,060
Borrowings	68,215	71,787
Corporate and unallocated liabilities	<u>13,792</u>	<u>13,416</u>
Consolidated total liabilities	<u>244,039</u>	<u>239,949</u>

Geographical information:

	Revenue		Non-current assets	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	16,234	6,015	422,134	430,333
Hong Kong	75,854	71,156	214,711	218,323
Macau	1,035	707	—	—
Taiwan	65	—	—	—
Nepal	—	—	37,143	20,726
	<u>93,188</u>	<u>77,878</u>	<u>673,988</u>	<u>669,382</u>

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Trading of motor vehicles and related accessories</b>		
Customer A	<u>38,959</u>	<u>41,433</u>

Revenue from the above customer individually contributed more than 10% of the total revenue of the Group.

## 6. OTHER INCOME, GAINS AND LOSSES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sponsor income	1,156	1,049
Government subsidy	538	1,233
Gain on waiver of lease liabilities	2,578	—
Loss on disposal of property, plant and equipment	(181)	(81)
Others	(26)	538
	<u>4,065</u>	<u>2,739</u>

## 7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank loans	1,737	1,175
Interest on other loan	—	160
Lease interests	<u>1,871</u>	<u>1,134</u>
	<u><u>3,608</u></u>	<u><u>2,469</u></u>

## 8. INCOME TAX EXPENSES/(CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	179	1,371
(Over)/under-provision in prior years	<u>(10)</u>	<u>791</u>
	169	2,162
Current tax — PRC Enterprise Income Tax	204	17
Deferred tax	<u>1,233</u>	<u>(3,293)</u>
Income tax expenses/(credit)	<u><u>1,606</u></u>	<u><u>(1,114)</u></u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Profits of the group entities established in the PRC will be taxed at the PRC Enterprise Income Tax rate of 25% (2021: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Reconciliation between income tax expenses/(credit) and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax	<u>(13,222)</u>	<u>(50,056)</u>
Tax calculated at applicable tax rate of 25% (2021: 25%)	(3,306)	(12,514)
Effect of different tax rates of the subsidiaries	1,360	1,796
Tax effect of expenses that are not deductible	2,958	4,734
Tax effect of income that are not taxable	(379)	(518)
Tax effect of temporary differences not recognised	(163)	726
Tax effect of utilisation of tax losses not previously recognised	(27)	(8)
Tax reduction	(926)	(293)
(Over)/under-provision in prior years	(10)	791
Tax effect of tax losses not recognised	<u>2,099</u>	<u>4,172</u>
Income tax expenses/(credit)	<u><u>1,606</u></u>	<u><u>(1,114)</u></u>

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated at after charging the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation of intangible assets	5,151	5,133
Auditor's remuneration	980	1,000
Depreciation	7,791	9,308
Loss on disposals of property, plant and equipment	181	81
Expenses related to short-term leases	630	1,604
Staff costs (including directors' remuneration):		
— salaries, bonuses and allowances	12,969	13,249
— retirement benefit scheme contributions	320	347
	<u><u>13,289</u></u>	<u><u>13,596</u></u>

During the years ended 30 June 2022 and 2021, the Group had no forfeited contribution under defined contribution retirement schemes utilised to reduce the existing levels of contributions. As at 30 June 2022 and 2021, there was no forfeited contribution under defined contribution retirement schemes which may be used by the Group to reduce the contribution payable in the future years.

## 10. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$16,743,000 (2021: HK\$46,102,000) and the weighted average number of ordinary shares of 2,036,538,114 (2021: 2,036,538,114) in issue during the year.

### Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2022 and 2021.

## 11. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 30 June 2022 and 2021.

## 12. BIOLOGICAL ASSETS

	<b>Standing timbers</b> <i>HK\$'000</i>
At 1 July 2020	248,759
Change in fair value less costs to sell	(8,245)
Exchange differences	<u>23,695</u>
At 30 June 2021 and 1 July 2021	264,209
Change in fair value less costs to sell	10,018
Exchange differences	<u>(7,148)</u>
At 30 June 2022	<u><u>267,079</u></u>

The Group's biological assets represent standing timbers on plantation land of approximately 30,000 Chinese Mu with a lease term of 30 years, expiring in 2038. The standing timbers comprise mostly poplar trees (accounting over 99% of the total standing timbers), mixed with a very small portion of other species of deciduous trees such as elm and willow. During the years ended 30 June 2022 and 2021, the Group did not harvest or sell any standing timbers.

The Group's standing timbers as at 30 June 2022 were independently valued by Colliers Appraisal and Advisory Services Co., Ltd. ("Colliers") which comprises a group of independent professional valuers with experience and expertise in relation to biological assets valuation. Their team consists of professional valuers and agricultural experts who work together in a wide array of biological assets to ensure the reliability and fairness of their valuation results. Accordingly, the directors are of the view that Colliers is independent and competent to determine the fair value of the Group's biological assets.

Colliers has adopted a market approach for the valuation of standing timbers. The method uses the present market value in terms of price per unit cubic meter of round logs and the total merchantable volume of timbers on the plantation land as at 30 June 2022 as a basis for calculating the fair value less costs to sell of the biological assets. Colliers has adopted the measured merchantable volume of standing timbers as indicated by an independent forest surveyor engaged by the Group and also verified the market price per cubic meter of logs by referencing to the market price lists, after taking into account of local timber manufacturing factories as well.

The management of the Company reviewed the valuation performed by Colliers for financial reporting purposes. The management of the Company:

- assessed the valuation techniques;
- verified all major inputs to the independent valuation reports; and
- held discussions with the independent valuer on the valuation basis, processes and results.

The management of the Company reported directly to the directors. Discussions of the valuation techniques, changes in market information, the valuation processes and results were held between the directors, the management of the Company and Colliers to ensure the valuation has been performed properly.

The principal assumptions adopted are as follows:

1. no material changes in the existing financial, economic, taxation, legal, forestry technological, nature conditions, political conditions, climate and any other natural condition; and
2. the market conditions in which the region operate, which are material to revenue and costs of the businesses will have no material change.

The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in note 7.

#### **Nature risk**

The Group's revenue depends significantly on the ability to harvest wood at adequate levels. The ability to harvest on the plantation land and the growth of the trees on the plantation land may be affected by unfavorable local weather conditions and natural disasters. Severe weather conditions and natural disasters such as earthquakes, rainfall, underground water, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting on the plantation land, or otherwise impede the Group's logging operations or the growth of the trees on the plantation land, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and a timely manner.

### 13. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	33,369	39,806
Less: provision for impairment loss of trade receivables	<u>(8,231)</u>	<u>(8,062)</u>
	<u>25,138</u>	<u>31,744</u>
Prepayments, deposits and other receivables	22,059	29,984
Less: provision for impairment loss of prepayments, deposits and other receivables	<u>(696)</u>	<u>(1,000)</u>
	<u>21,363</u>	<u>28,984</u>
Total	<u><u>46,501</u></u>	<u><u>60,728</u></u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 (2021: 30 to 90) days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	17,169	17,262
91–180 days	5,317	11,229
181–360 days	114	1,835
Over 360 days	<u>2,538</u>	<u>1,418</u>
	<u><u>25,138</u></u>	<u><u>31,744</u></u>

The movement in provision for impairment of trade receivables is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of year	8,062	8,062
Impairment loss recognised	175	—
Exchange differences	<u>(6)</u>	<u>—</u>
Balance at end of year	<u><u>8,231</u></u>	<u><u>8,062</u></u>

Impaired trade receivables were mainly due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

The movement in provision for impairment of prepayments, deposits and other receivables is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of year	1,000	1,000
Impairment loss recognised	408	—
Reversal of impairment loss	(700)	—
Exchange differences	(12)	—
	<u>696</u>	<u>1,000</u>
Balance at end of year	<u>696</u>	<u>1,000</u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1-90 days past due	91-180 days past due	181-360 days past due	Over 360 days past due	Total
<b>At 30 June 2022</b>						
Weighted average expected loss rate	0%	0%	0%	0%	77%	
Receivable amount ( <i>HK\$'000</i> )	17,169	5,305	56	106	10,733	33,369
Loss allowance ( <i>HK\$'000</i> )	—	—	—	—	(8,231)	(8,231)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,231)</u>	<u>(8,231)</u>
<b>At 30 June 2021</b>						
Weighted average expected loss rate	0%	0%	0%	0%	90%	
Receivable amount ( <i>HK\$'000</i> )	17,262	11,128	668	1,816	8,932	39,806
Loss allowance ( <i>HK\$'000</i> )	—	—	—	—	(8,062)	(8,062)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,062)</u>	<u>(8,062)</u>

Receivables that were past due but not impaired relate to a number of independent customers who have no recent history of default and have kept good track records with the Group. The Group does not hold any collateral over these balances. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there are no significant change in their respective credit quality and the balances are still considered fully recoverable.

#### 14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	961	1,129
Unlisted investment — keyman insurance contract	<u>18,160</u>	<u>17,203</u>
	<u><u>19,121</u></u>	<u><u>18,332</u></u>

The fair value of the listed equity securities was determined based on the quoted market bid prices of the corresponding listed equity securities.

The keyman insurance contract relates to an insurance policy insured for Mr. Yeung Chi Hang, the chief executive officer and an executive director of the Company. The keyman insurance contract is denominated in US dollars. The fair value of the keyman insurance contract was estimated by making reference to the cash surrender value set out in the policy statement provided by the insurance company.

As at 30 June 2022, the keyman insurance contract with carrying amount of approximately HK\$18,160,000 (2021: HK\$17,203,000) was pledged to a bank to secure banking facilities available to the Group.

#### 15. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	9,121	9,571
Other payables and accruals	<u>24,146</u>	<u>23,416</u>
	<u><u>33,267</u></u>	<u><u>32,987</u></u>

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	9,012	9,053
91–180 days	—	267
181–360 days	1	23
Over 360 days	<u>108</u>	<u>228</u>
	<u><u>9,121</u></u>	<u><u>9,571</u></u>

## 16. SHARE CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised: 15,000,000,000 ordinary shares of HK\$0.02 each	<u>300,000</u>	<u>300,000</u>
Issued and fully paid: 2,036,538,114 (2021: 2,036,538,114) ordinary shares of HK\$0.02 each	<u>40,731</u>	<u>40,731</u>

## MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the annual results contained in the Unaudited Annual Results Announcement was neither audited nor agreed with the Company's auditor as at the date of its publication and subsequent adjustments have been made to such annual results, the shareholders and potential investors of the Company are advised to pay attention to certain material differences between the unaudited annual results as set out in the Unaudited Annual Results Announcement and the audited annual results as set out in this announcement. The table below sets out the principal details and reasons for such material differences in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	<b>Disclosed in this results announcement</b>	<b>Disclosed in the Unaudited Annual Results Announcement</b>	<b>Difference</b>	<i>Notes</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Gain arising from changes in fair value				
less costs to sell of biological assets	10,018	3,754	6,264	1
Income tax expense	(1,606)	(41)	(1,565)	2
Exchange differences on translation of				
foreign operations	(8,404)	(8,255)	(149)	3
Loss for the year	(14,828)	(19,527)	4,699	4

### Consolidated Statement of Financial Position

As at 30 June 2022

	<b>Disclosed in this results announcement</b>	<b>Disclosed in the Unaudited Annual Results Announcement</b>	<b>Difference</b>	<i>Notes</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Biological assets	267,079	261,013	6,066	1
Deferred tax liabilities	86,977	85,461	1,516	2
Reserves	483,465	478,915	4,550	4

Notes:

1. Upon the completion of survey work, the audited gain arising from changes in fair value less costs to sell of biological assets and closing balance of biological assets with exchange differences are adjusted upward to approximately HK\$10,018,000 and HK\$267,079,000 respectively.

2. Increase in gain arising from changes in fair value less costs to sell of biological assets results in an increase in deferred tax liabilities.
3. The difference is mainly due to the additional translation of the audited figures of biological assets and deferred tax.
4. The differences are mainly due to the combined effects of increase in gain arising from changes in fair value less costs to sell of biological assets and income tax expense.

## **BUSINESS AND OPERATION REVIEW**

The Group is currently engaged in metal recycle business, motor and motor accessories business, car parking spaces rental, money lending business and securities trading and investment business. The Group also maintains the green businesses of research, development and application of technologies and solutions, manufacture, sale and trading of products, materials, systems and services for green market segments including the environmental markets, agricultural markets, organic markets and green technology markets in the People's Republic of China (the "PRC") and overseas. The Group is developing a hotel business in Nepal.

The Group has been continuing to explore new business opportunities for corporate development and dedicates to develop sustainable current business.

### **Investment Properties**

The Group holds two investment properties located at PRC and Hong Kong respectively.

#### **In PRC**

The Company holds 80% interest of an investment property in PRC which are industrial properties with land lot numbers of 1914130300339 and 1914130300340, located at Longchuanzhou, Renzhou Village, Shatian, Dongguan City, Guangdong Province. The industrial properties comprise two parcels of land with a site area of about 72,335.99 sq.m (or about 778,624.6 sq.ft.) and various buildings and ancillary structures erected thereon. The property has a total gross floor area of approximately 28,814.66 sq.m (or about 310,161.00 sq.ft.). The land use rights of the property have been granted for various terms expiring on 15 February 2044 and expiring on 10 May 2044 for industrial use. No business activity is engaged at the industrial properties.

The Group considers that the Guangdong-Hong Kong-Macao Greater Bay Area development will support economic development of the Dongguan City as an international trade hub in Southern China.

Planning to the best usage or redevelopment of the industrial properties had been delayed because of publication of a new town zoning plan by the Dongguan government authority. Under the new zoning plan a new highway was being mapped and part of the land of the industrial properties would be used as or affected by an exit and its connected roads from the highway for Shatian Town. The Group had petitioned to the Dongguan City government authorities requesting amendments to the plan to save the industrial properties from being affected. The Dongguan City government authorities have not yet concluded our petition and the Group will closely monitor the development and work on the best possible solution in the circumstances.

The recent announcement by the PRC central government to expand the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone from 14.9 square kilometres to 120.6 square kilometres and deepening the cooperation between Shenzhen and Hong Kong is a positive news for the industrial properties because of their proximity to Qianhai. Together with the news of a new cooperation zone for Macau with neighbouring Hengqin, both seen as renewed commitment of the central government to push ahead with its Greater Bay Area ambitions, the industrial properties are expected to maintain their value despite the recent downturn of the real estate market in the PRC.

### **In Hong Kong**

The Group holds 100% interest of a Hong Kong investment property which comprises 95 car parking spaces at Inland Lot No. 1301 where 72 car parking spaces are located at 2nd Floor to 4th Floor of Harbour View Garden and 23 car parking spaces are located at 3th Floor, Tower III, Harbour View Garden, No. 2 Catchick Street, Hong Kong.

The car parking spaces are held under Government Lease for a term of 999 years commencing on 24 June 1892 and are leased out for parking fee income.

The car parking spaces continued to provide a stable revenue and cash flow to the Group. For the year ended 30 June 2022, rental income increased to approximately HK\$4,329,000 (2021: approximately HK\$4,036,000).

### **Biological Assets**

By way of a forestry management and undertaking agreement, the Group through its wholly-owned subsidiary acquired timber cutting right over a plantation land of approximately 30,000 mu (Chinese Mu) in Shihezi City, Xinjiang (the “Plantation Land”) for a period of 30 years commencing on 1 July 2008.

In the process of valuing the biological assets planted at the Plantation Land, Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”) adopted the Market-Based Approach to estimate the fair value of the biological assets. The fair value of the biological assets was computed using the formula:

The fair value of biological assets = (Total volume of standing timbers × Recovery rate) × Market price of timber – cutting cost + Scrap sale income

According to 新疆建設兵團一四二團林地資源調查報告 prepared by CNBM Geological Engineering Exploration Academy Co. Ltd. (“CNBM”), stratified random samplings have been applied in order to estimate the total volume of standing timbers on the Plantation Land based on the “Dual stumpage volume table for plain area artificial poplar forests of Xinjiang (新疆平原楊樹人工林二元立木材積表) DB65/T2283–2005”. During each sampling process, whole plantation land of 30,000 mu was divided into 3,828 sampling areas and 447 sampling areas were selected. The following inputs have been adopted in this valuation based on the opinions as stated in 新疆建設兵團一四二團林地資源調查報告 prepared by CNBM:

- Total volume of standing timbers = 447,430 m<sup>3</sup>
- Recovery rate = 80%
- Cutting cost = 6% of revenue
- Scrap sale income = 4% of revenue

With reference to observable market price of timber of similar pieces in Mainland China, the adopted market price was RMB650 per cubic meter. To determine how the different values of an independent variable would impact a particular dependent variable under a given set of assumptions, Colliers carried out sensitivity analysis on the fair value of the biological assets in respect of the recovery rate and adopted market price. The results of the sensitivity analysis are as follows:

<b>Absolute Change in Recovery Rate</b>	<b>Applied Recovery Rate</b>	<b>Fair Value of the Biological Asset (RMB)</b>
+10%	90%	256,511,000
+5%	85%	242,261,000
+0%	80%	228,010,000
–5%	75%	213,760,000
–10%	70%	199,509,000

<b>% change in Adopted Market Price</b>	<b>Adopted Market Price (RMB/m<sup>3</sup>)</b>	<b>Fair Value of the Biological Asset (RMB)</b>
+10%	715	250,811,000
+5%	683	239,411,000
+0%	650	228,010,000
-5%	618	216,610,000
-10%	585	205,209,000

The directors are of the view that the fair value of the biological assets is under a significant impact from changes in market price per m<sup>3</sup> of logs. If the market price per m<sup>3</sup> of logs increases/decreases, the fair value of the biological assets would be higher/lower proportionately, given that other inputs and assumptions used in the valuation techniques remained unchanged. For the financial year ended 30 June 2022, growth and volume of the biological assets were affected by shortage of water resources, soil degradation and broken ecosystem. For cost control purpose, the Group has not appointed operator for forest plantation maintenance since July 2018 and yet to devise appropriate valued and cost effective plan to address these negative condition. The Group recorded an increase to approximately HK\$267,079,000 (2021: approximately HK\$264,209,000) in the fair value of the poplar trees of biological assets. The increase is mainly attributable to the increase in volume of standing timbers.

The actual fair value of poplar tree of biological assets in RMB as at 30 June 2022 amounted to approximately RMB228,010,000 (2021: approximately RMB219,727,000). The Group considers that such fair value change is non-cash in nature and will not have effect on the cash flow and business operation of the Group.

During the financial year ended 30 June 2022, the Group recognised aggregate net gains arising from the major non-current assets of approximately HK\$579,000 (2021: losses approximately HK\$26,727,000). This represents the combined effect of the amortisation and impairment loss of intangible assets, the gain (2021: loss) arising from changes in fair value less costs to sell of biological assets and provision for impairment loss of right-of-use assets.

### **Plantation Sales Business**

Source of the plantation sales business is the poplar trees at the Plantation Land. There was no timber cutting activity and, hence, for the year ended 30 June 2022, there was no revenue generated from the plantation sales business (2021: Nil).

The Group is working prudently to find the best possible use of the biological assets and will cautiously evaluate the actual economic return after knowing the harvest quota available alongside with comprehensive analysis of all risks and uncertain factors before making any investment decision.

## **Metal Recycle Business**

For the year ended 30 June 2022, the Group recorded an increase in revenue from metal recycle business with total of approximately HK\$17,514,000 (2021: approximately HK\$13,117,000).

Scrap metal is becoming more valuable because it is now being placed as an essential energy saving decarbonisation tool worldwide. Scrap metal is changing its status, its image, its price and even its name. The quantity of trade restrictions emerging on scrap is an indicator of its growing value. Various countries have announced export restrictions, perceiving the importance of keeping at home more recycled raw materials for steel and metal production. Complex supply-demand dynamics are fostering price volatility. According to Standard and Poor global market intelligence, Turkish import of premium melting scrap fluctuated between US\$665/mt and US\$320/mt in the four months following the start of the Ukraine war. However, the range is still well above the US\$207/mt in March 2020 following the COVID-19 markets slump, as decarbonisation gathers pace.

In Hong Kong, the main source of metal scrap is from construction sites. According to the Census and Statistics Department's publication in December 2022, the gross value of construction works in the third quarter of 2022 was in real terms increased in private sector by 3.4 percentage with a decrease by 5.3% at public sector. However, any increase or decrease was based on the much downslope figure of the year 2021. Scrap source in Hong Kong is becoming more and more difficult, not to mention competition has been increased.

Further, there are negative factors arising from the COVID-19 pandemic that are still affecting the business. On the China market, there had been locations being locked out occasionally and stricter hygienic progress for foreign importation. For China and Southeast Asia countries, logistics are being disrupted by unstable sea freight price, container space booking and ports' operation. All these factors discourage exporters to maintain heavy inventory and adopting a conservative stance on pricing.

## **Motor and Motor Accessories Business**

The business has two segments, sale of super car "BAC MONO", high end used cars and motorcycle "Norton" and sale of motor accessories of mainly prestige "Pirelli" motorcycle tyres, "Öhlins" vibes absorbers, "SBS" brake solutions and "Sprint Filter" air filters.

We were able to have a 20% increase in revenue. Reasons being that we maintained a relatively stable performance on motor accessories sales and we were able to complete some delivery orders of "BAC MONO" to customers after its United Kingdom manufacturer resumed production after lifting of COVID-19 lockdown.

For the year ended 30 June 2022, revenue from motor and motor accessories business slightly increased to approximately HK\$71,016,000 (2021: approximately HK\$58,495,000).

### **Money Lending Business**

The Group operates money lending business through a wholly owned subsidiary, which is a holder of money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group has adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

During the year, the Group recorded loan interest income of approximately HK\$329,000 (2021: approximately HK\$2,230,000) from loans granted to both corporate and individual clients, representing a relatively down trend operation of the money lending segment. The outstanding principal amount of loan receivables as at 30 June 2022 was approximately HK\$9,802,000 (2021: approximately HK\$9,837,000). During the year, no provision for impairment loss of loan receivables (2021: approximately HK\$4,152,000) was considered necessary in the application of HKFRS 9 by the Group.

### **Securities Trading and Investment Business**

The Group maintained a very cautious approach and did not participate in new securities trading during the year. Performance of the prices of the invested stocks were down. As at 30 June 2022, size of the securities investment portfolio amounted to approximately HK\$961,000 (2021: approximately HK\$1,129,000).

For the year ended 30 June 2022, the Group recorded a net loss on fair value changes in investments at fair value through profit or loss of the invested stocks of approximately HK\$167,000 (2021: approximately HK\$567,000).

Details of the Group's investments at fair value through profit or loss of the invested stocks are set out in the sub-section headed "Significant Investments".

### **Green Technology**

There was no revenue on the green technology for the year (2021: Nil).

### **Golden Flower Tea Products**

For the year ended 30 June 2022, the Group did not record revenue from the sale of golden flower tea (2021: Nil).

## PROSPECTS

We wrote in our last prospects published on 30 September 2022 that according to World Health Organisation Director General that we had never been in a better position to end the pandemic although we were not there, the end was in sight. Now six months had lapsed since we last reported and we can comfortably say that the end is really in sight. At least, psychological and physical hardships arising from or connecting with the viruses have been greatly reduced.

In December 2022, China ended its zero-COVID policy. Since then, COVID-19 cases in China increased rapidly. Luckily, worries of new variants might emerge as a result of massive infection do not materialised. COVID-19 cases in China may have peaked after climbing the curve since adopting the new policy. Whilst, according to past experience, a few waves would have been occurred before COVID-19 infection really flattened, outlook for China and Hong Kong to combat the pandemic is encouraging and never at a better position since its outbreak three years ago. Both the Chinese and Hong Kong governments are administering efforts in resuming everything to normal.

The Hong Kong economy continued to register a visible year-on-year contraction in the third and fourth quarter of 2022 of which real GDP declined by 4.6% and 4.2% respectively. For 2022 as a whole, real GDP shrank by 3.5%. Looking ahead, the Hong Kong economy is expected to show some recovery in 2023. Likewise, China's economy is predicted to have a growth of approximately 5% as well. These growths are attributable to the abandonment of zero-COVID lockdown policies. We expect that there shall be more programmes and directives to boost the economy after the new top government leadership appointments are being confirmed at the coming first meeting of the 14th National People's Congress.

The Federal Reserve raised the target range for the fed funds rate by 0.25% to 4.5%–4.75% in its February 2023 meeting. The Federal Reserve maintains a very tough stance on inflation and estimates it will raise the key interest rate at 5.00%–5.25% at the end of 2023 to curb inflation. In that sense, we shall not expect a weak US dollars. A strong US dollars is not good for economy recovery for most of the countries. This is one of the negative consideration in that the costs of money is much higher than that of one year ago and an upward trend is anticipated.

After a year of war in Ukraine, all signs point to more misery with no end in sight. Neither side appears primed for an outright military victory, and progress at the negotiating table seems just as unlikely. The global economy continues to be weakened by the war through significant disruptions in trade, food and fuel price shocks, all of which are contributing to high inflation and subsequent tightening in global financing conditions. China's stance on the Ukraine war is drawing close attention by many nations. China's overall trade with Russia increased by 30% and hit a record high level of US\$190 billion in 2022. We hope that China will take a pragmatic approach in the war without sacrificing its economy recovery plan.

The Group will allocate more resources to expand motor accessories, especially high performance tyres, sales business in PRC. Whilst the China and Hong Kong economy are predicted to have approximately 5% growth, that is set up on a weakened base for three consecutive years. Consolidating existing business operation, exercising more controls over operating costs and overheads, cautiously approaching and considering any new business opportunities will continuously be maintained by the Group.

## **FINANCIAL REVIEW**

For the year ended 30 June 2022, revenue of the Group increased by 19.7% to approximately HK\$93,188,000 (2021: approximately HK\$77,878,000) and gross profit of the Group increased by 6.5% to approximately HK\$21,153,000 (2021: approximately HK\$19,867,000). Loss for the year ended 30 June 2022 decreased to approximately HK\$14,828,000 as compared to loss of approximately HK\$48,942,000 of last corresponding year. The increase in revenue was mainly due to the increase in revenue of recycled material trading business, motor and motor accessories business and investment properties in Hong Kong. The gross profit for the year maintained at almost the same level as compared to last financial year. The loss for the year was mainly due to administrative and operating expenses, provision for impairment loss of intangible assets, provision for impairment loss of right-of-use assets and finance cost. The Group considers that the change in fair value is non-cash in nature and will not have material adverse effect on the financial position of the Group.

For the year ended 30 June 2022, basic and diluted loss per share were HK1 cent (2021: HK2 cents). Gain arising from changes in fair value less costs to sell of biological assets was approximately HK\$10,018,000 (2021: loss approximately HK\$8,245,000). No fair value gain on investment properties was recorded for year ended 30 June 2022 (2021: approximately HK\$1,900,000).

For the year ended 30 June 2022, the finance costs were approximately HK\$3,608,000 (2021: approximately HK\$2,469,000). Administrative expenses from operations for the year ended 30 June 2022 increased to approximately HK\$41,408,000 (2021: approximately HK\$41,210,000). It included major items such as amortisation of intangible assets of approximately HK\$5,151,000, salaries and directors' emoluments of approximately HK\$13,289,000 and expenses related to short-term leases of approximately HK\$630,000. Income tax expenses was recorded at approximately HK\$1,606,000 (2021: credit approximately HK\$1,114,000). Exchange loss on translating foreign operations was recorded at approximately HK\$8,404,000 (2021: gain approximately HK\$30,913,000).

### **Liquidity and Financial Resources**

As at 30 June 2022, the total assets of the Group were approximately HK\$780,508,000 (2021: approximately HK\$799,650,000), including cash and bank balances of approximately HK\$6,295,000 (2021: approximately HK\$19,005,000).

The Group's total borrowings as at 30 June 2022 were approximately HK\$68,215,000 (2021: approximately HK\$71,787,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was approximately 12.7% as at 30 June 2022 (2021: approximately 12.8%).

As at 30 June 2022, the Group's net assets amounted to approximately HK\$536,469,000 (2021: approximately HK\$559,701,000).

The directors of the Company are of the view that the Group has sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

### Significant Investments

As at 30 June 2022, the Group held investments at fair value through profit or loss of the invested stocks of approximately HK\$961,000. Details of the significant investments are as follows:

Stock Name	Note	Stock Code	Place of incorporation	Net unrealized losses on listed securities HK\$'000	Market value HK\$'000	Approximate percentage of investments at fair value through profit or loss %	Approximate percentage to the net assets of the Group %
China Fortune Financial Group Ltd	1	290	Cayman Islands	23	299	31.1	0.06
Dingyi Group Investment Ltd	2	508	Bermuda	14	118	12.3	0.02
Wai Chun Group Holdings Ltd	3	1013	Bermuda	99	269	28.0	0.05
Hang Sang (Siu Po) International Holding Co Ltd	4	3626	Cayman Islands	31	275	28.6	0.05
				167	961	100	0.18

#### Notes:

- China Fortune Financial Group Ltd is a Hong Kong-based investment holding company principally engaged in securities brokerage and margin financing. The Company operates its business through five segments. The Securities Brokerage and Margin Financing segment is engaged in securities brokerage and margin financing in Hong Kong. The Money Lending segment is engaged in the provision of money lending services in Hong Kong. The Corporate Finance segment is engaged in the provision of corporate finance services. The Asset Management segment is engaged in the provision of asset management and advisory services and financial investment management to professional investors. The Consultancy and Insurance Brokerage segment is engaged in the provision of consultancy services and insurance brokerage services in Hong Kong. No dividend was received for the year ended 30 June 2022. According to its latest published financial statements, it had a net asset value of approximately HK\$247,859,000 as at 31 March 2022.

2. Dingyi Group Investment Limited is an investment holding company principally engaged in the business of loan financing. Together with its subsidiaries, the Company operates business through its five segments. The Loan Financing Business segment is involved in the loan financing through its surplus funds. The Properties Development Business segment is involved in the construction and sale of properties. The Food and Beverages Business segment is involved in the operation of a restaurant in Beijing, China. The Securities Trading Business segment is involved in the investment of securities trading business. Together with the Other Business segment. In addition, the Company is also involved in the trading of wine. No dividend was received for the year ended 30 June 2022. According to its latest published financial statements, it had a net asset value of approximately HK\$1,474,595,000 as at 31 March 2022.
3. Wai Chun Group Holdings Limited is an investment holding company mainly engaged in the sale of mobile phones and electronic components. Along with subsidiaries, the Company operates its business through three segments. The General Trading segment is engaged in the distribution of mobile phones and electronic components. The Service Income segment is involved in the design, consultation and manufacturing of information system software and provides related management training services. The Sales and Integrated Services segment is engaged in the sale of computer and communication systems and provides related integration services. In addition, the Company also provides telecommunications infrastructure solution services. No dividend was received for the year ended 30 June 2022. According to its latest published financial statements, it had net liabilities of approximately HK\$184,100,000 as at 31 March 2022.
4. Hang Sang (Siu Po) International Holding Company Limited is an investment holding company. The Company is principally engaged in the manufacturing and sale of apparel labels and packaging printing products. The Company's products include hangtags, size tapes, labels, such as woven labels, heat transfer labels and printed labels, header cards, stickers, price tickets, plastic packaging bags and packaging boxes. Its subsidiaries include Hang Sang (Siu Po) Holding Limited, Hang Sang (Siu Po) Press Company Limited and A W Printing & Packaging Limited. No dividend income was received for the year ended 30 June 2022. According to its latest published financial statements, it had a net asset value of approximately HK\$72,966,000 as at 31 December 2021.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2022, the Group had 60 (2021: 39) employees. The Group implements remuneration policy, bonus and share option scheme to ensure that pay scales of its employees are rewarded on a performance related basis within the general framework of the Group's remuneration.

## **CHARGES ON THE GROUP ASSETS**

As at 30 June 2022, the bank loans of approximately HK\$67,657,000 were secured by (i) the car parking spaces with aggregate carrying amount of approximately HK\$191,900,000; (ii) a deed of assignment of rental income from the car parking spaces; (iii) the keyman insurance contract classified under the investments at fair value through profit or loss with aggregate carrying amount of approximately HK\$18,160,000; and (iv) personal guarantee from a director of the Company.

## **DIVIDEND**

The directors of the Company do not recommend or declare the payment of any dividend in respect of the year ended 30 June 2022 (2021: Nil).

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting will be held on Monday, 3 April 2023. For the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 29 March 2023 to Monday, 3 April 2023 (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the annual general meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 March 2023.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group conducted most of its business in Great British Pound, Euro, Renminbi, United States Dollar, Nepalese Rupee and Hong Kong Dollars for the year ended 30 June 2022. The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2022, the Group had a minimal exposure to foreign currency risk as most of its business transactions were principally denominated in the respective functional currencies used by the respective group entities.

The Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the directors of the Company are not aware of any material contingent liabilities (2021: Nil).

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules for the year ended 30 June 2022, except the followings:

Code provision A.2.1 of the CG Code provides that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. This code provision also stipulate, inter alia, the role and responsibility of the chairman of the board and the chief executive.

Mr. Yeung Chi Hang was appointed as chairman of the Board and the chief executive officer of the Company on 27 January 2015. Thereafter, Mr. Yeung Chi Hang has assumed both roles. The directors were of the view that the vesting of the roles of chairman of the Board and chief executive officer in the same person can provide the Group with strong and consistent leadership and allow for more effective planning and execution of long-term business strategies, as well as ensuring effective oversight of management. The directors were also of the view that the present structure was considered to be appropriate under the circumstances of the Company. The Board would keep review of its current board structure from time to time.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company’s Code of Conduct regarding director’s securities transactions.

Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2022.

## **AUDIT COMMITTEE**

The Board has established an audit committee (the “Audit Committee”) with the term of references in accordance with the Listing Rules. The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Ong Chi King (Chairman), Mr. Wong Kwai Sang and Mr. Heung Chee Hang, Eric. Mr. Ong Chi King has appropriate accounting and related financial management expertise as required under Rule 3.10 of the Listing Rules.

The Audit Committee has reviewed and discussed with the external auditor the auditing and financial reporting matters including the audited consolidated annual results of the Group for the year ended 30 June 2022.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2022, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2022. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**China Environmental Resources Group Limited**  
**Yeung Chi Hang**  
*Chairman and Chief Executive Officer*

Hong Kong, 26 February 2023

*As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah and Mr. Chik To Pan; and three independent non-executive directors namely Mr. Wong Kwai Sang, Mr. Ong Chi King and Mr. Heung Chee Hang, Eric.*