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CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED

中國長白山國際控股有限公司

(formerly known as “Hua Yin International Holdings Limited 華音國際控股有限公司”)

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2026

The board (the “Board”) of directors (each a “Director”) of China Changbaishan International Holdings Limited (the “Company”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2026 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2026

	<i>Notes</i>	2026 RMB'000	2025 RMB'000 (Restated)
Revenue	4	52,686	173,105
Cost of sales and services		(49,428)	(175,818)
Gross profit (loss)		3,258	(2,713)
Other income and gains	4	168,115	419
Selling and distribution expenses		(2,552)	(3,953)
Administrative expenses		(25,407)	(34,513)
Finance costs	5	(42,910)	(49,450)
Other expenses		(11,024)	(692,058)
Gain on initial recognition of ginseng assets held for sale	12	45,675	–
Change in fair value of ginseng assets held for sale	12	3,700	–
Change in fair value of derivative financial instruments	20	(228)	(282)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6	138,627	(782,550)
Income tax	7	(10,313)	70,516
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		128,314	(712,034)
Discontinued operation			
Loss for the year from discontinued operation	22(c)	(6,065)	(140,872)
PROFIT (LOSS) FOR THE YEAR		122,249	(852,906)
Attributable to:			
Owners of the parent			
– continuing operations		128,314	(712,034)
– discontinued operation		(6,065)	(140,872)
		122,249	(852,906)

	2026	2025 (Restated)
EARNINGS (LOSS) PER SHARE		
ATTRIBUTABLE TO OWNERS OF THE		
PARENT		
	<i>9</i>	
Basic		
– for profit (loss) for the year	RMB33.9	RMB(236.8)
	CENTS	CENTS
– for profit (loss) from continuing operations	RMB35.6	RMB(197.7)
	CENTS	CENTS
	<u><u> </u></u>	<u><u> </u></u>
Diluted		
– for profit (loss) for the year	RMB33.9	RMB(236.8)
	CENTS	CENTS
– for profit (loss) from continuing operations	RMB35.6	RMB(197.7)
	CENTS	CENTS
	<u><u> </u></u>	<u><u> </u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i> (Restated)
PROFIT (LOSS) FOR THE YEAR	<u>122,249</u>	<u>(852,906)</u>
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that are/may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>11,559</u>	<u>731</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>11,559</u>	<u>731</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>133,808</u>	<u>(852,175)</u>
Attributable to:		
Owners of the parent		
– continuing operations	<u>139,873</u>	<u>(711,303)</u>
– discontinued operation	<u>(6,065)</u>	<u>(140,872)</u>
	<u>133,808</u>	<u>(852,175)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes	2026 RMB'000	2025 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		134	687
Investment properties	10	–	315,288
Right-of-use assets		2,257	7,144
Lease receivables		910	4,107
Deferred tax assets		1,177	10,737
Total non-current assets		4,478	337,963
CURRENT ASSETS			
Properties under development and completed properties held for sale	11	261,460	335,304
Ginseng assets held for sale	12	101,700	–
Trade and other receivables	13	41,484	55,861
Lease receivables		65	105
Prepaid income tax		3,784	10,247
Derivative financial instruments	20	50	288
Pledged and restricted deposits	14	797	3,324
Cash and cash equivalents	14	4,152	5,103
		413,492	410,232
Assets associated with disposal group classified as held for sale		–	504,169
Total current assets		413,492	914,401
CURRENT LIABILITIES			
Trade and other payables	15	176,718	435,912
Contract liabilities	16	72,487	66,645
Lease liabilities		2,692	6,950
Loans from a substantial shareholder	17	369,743	449,363
Loans from related parties	18	35,750	50,060
Bank and other borrowings	19	183,375	243,090
Liability component of the Convertible Bonds	20	51,733	48,517
Income tax payable		2,504	52,219
		895,002	1,352,756
Liabilities associated with disposal group classified as held for sale		–	504,169
Total current liabilities		895,002	1,856,925
NET CURRENT LIABILITIES		(481,510)	(942,524)
TOTAL ASSETS LESS CURRENT LIABILITIES		(477,032)	(604,561)

	<i>Notes</i>	2026 RMB'000	2025 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		–	18,614
Deferred tax liabilities		12,461	126
Total non-current liabilities		12,461	18,740
NET LIABILITIES			
		(489,493)	(623,301)
EQUITY			
Share capital	<i>21</i>	3,115	3,115
Equity component of the Convertible Bonds	<i>20</i>	38,029	38,029
Reserves		(530,637)	(664,445)
TOTAL DEFICIT		(489,493)	(623,301)

NOTES

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the year ended 31 March 2026, the Company was principally engaged in investment holding and the Group was principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the People’s Republic of China (“PRC”).

2. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 March 2026 but are extracted from those financial statements.

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards which include all Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). They have been prepared under the historical cost convention, except for investment properties, ginseng assets held for sale and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

The Group incurred a net loss of RMB43.9 million for the year ended 31 March 2026 after excluding the gain on disposals of subsidiaries and disposal group classified as held for sale and as of that date, the Group had net current liabilities and net liabilities of RMB481.5 million and RMB489.5 million respectively. The Group's convertible bonds with a principal amount of HK\$60.0 million had a liability component of RMB51.7 million (with accrued interest of RMB4.6 million) became due on 22 June 2026. Also, the Group's current portion of other borrowings amounted to RMB183.4 million, while its unrestricted cash and cash equivalent amounted to RMB4.2 million. The Group may take longer time than expected to realise cash from the sale of its properties or ginseng assets and/or have the cash from external financing to meet its loan repayment obligations. These conditions indicate the existence of a material uncertainty which may cast significant doubt about 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. Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

- (a) The Group is in the course of formulating a debt restructuring involving a scheme of arrangement to be entered into between the Company and the creditors (the "Creditors Scheme") under Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with the assistance of its restructuring adviser, Acclime Corporate Advisory (Hong Kong) Limited. The management of the Group has been working closely with its advisers and having ongoing discussions with the creditors of the Company to formulate a restructuring plan;

On 4 March 2026, the Hong Kong High Court ordered that, among others, the Company be at liberty to convene a meeting of the creditors of the Company for the Creditors Scheme. Such creditors' meeting was held on 8 June 2026 whereby the Creditors Scheme was approved by the requisite statutory majorities of creditors with voting claims. The Company will seek the approval and sanction of the Hong Kong High Court for the Creditors Scheme. The court hearing for sanctioning the Creditors Scheme held on 25 June 2026 was adjourned to 14 July 2026.

- (b) On 12 January 2026, the Group entered into a funding agreement with the Company's substantial shareholder in the amount of up to HK\$39 million for the purpose of financing the Company's restructuring and the working capital requirements of the Group;
- (c) Based on the cash flow forecast set out below, the Group is expected to generate adequate cash flows to maintain its operations;
- (d) The Group will continue to take active measures to control costs and expenses of the Group.

The Directors have prepared a cash flow forecast covering a period up to 30 June 2027 on the basis that the above measures would be successful. As such, the Directors are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 March 2026. Accordingly, the Directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2025 consolidated financial statements except for the adoption of the revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year as detailed below.

Changes in accounting policies

The Group has applied, for the first time, the following revised HKFRS Accounting Standards that are relevant to the Group:

Amendments to HKAS 21

Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's executive directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments in continuing operations. No operating segments have been aggregated to form the following reportable segments.

Operating segments	Nature of business activities	Place of operation
Continuing operations		
Property development and management	Property development and provision of management service to property projects	The PRC
Changbaishan resources business	Cultivation and sales of ginsengs assets naturally grown under forest land (“Linxia Ginsengs”), mineral water and other products from Changbaishan region, Jilin Province	The PRC
Discontinued operation		
Property investment*	Property holding for long term investment and leasing purposes	The PRC

* As set out in note 22(c), the Group’s property investment segment is treated and presented as a discontinued operation upon the disposal of Baishan Ground Real Estate Development Company Limited and Baishan Ground Business Management Company Limited.

The Group’s management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/ loss before tax is measured consistently with the Group’s profit/loss before tax except that bank interest income, finance costs, fair value gains/losses from the Group’s derivative financial instruments, gain on disposals of subsidiaries and disposal group classified as held for sale, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid income tax, derivative financial instruments, assets associated with disposal group classified as held for sale and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, income tax payable, liability component of the Convertible Bonds, liabilities associated with disposal group classified as held for sale and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Following the disposal of the property investment segment in current year and development of the cultivation and sales of ginseng business, starting in current year, the Group had changed its composition of reportable segment by separately monitoring the performance and results of the Changbaishan resources business for the purpose of decision making and allocation of resources. As a result of the above re-alignment, comparative figures presented have also been restated to conform to current year’s presentation.

Year ended 31 March 2026

	Continuing operations		Discontinued operation	
	Property development and management RMB'000	Changbaishan resources business RMB'000	Total RMB'000	Property investment RMB'000
Segment revenue				
Sales to external customers	52,686	–	52,686	12,413
Segment results	(12,550)	44,323	31,773	(4,726)
Bank interest income			6	–
Finance costs			(42,910)	(1,339)
Change in fair value of derivative financial instruments			(228)	–
Gain on disposals of subsidiaries and disposal group classified as held for sale			166,097	–
Unallocated head office expenses			(16,111)	–
Profit (loss) before tax			138,627	(6,065)
Income tax			(10,313)	–
Profit (loss) for the year			128,314	(6,065)
Segment assets:				
Reportable segment assets	292,018	116,235	408,253	–
Deferred tax assets			1,177	–
Prepaid income tax			3,784	–
Derivative financial instruments			50	–
Unallocated assets			4,706	–
Total assets			417,970	–
Segment liabilities				
Reportable segment liabilities	457,881	6,566	464,447	–
Deferred tax liabilities			12,461	–
Income tax payable			2,504	–
Liability component of the Convertible Bonds			51,733	–
Unallocated liabilities			376,318	–
Total liabilities			907,463	–
Other segment information				
Capital expenditure*	474	–	474	2,403
Change in fair value of investment properties	–	–	–	9,188
Depreciation**	472	2,880	3,352	388
Impairment on trade and other receivables, net	361	–	361	–
Write-down of completed properties held for sale to net realisable value	4,502	–	4,502	–
Gain on initial recognition of the ginseng assets held for sale	–	45,675	45,675	–
Change in fair value of ginseng assets held for sale	–	3,700	3,700	–

Year ended 31 March 2025

	Continuing operations		Discontinued operation	
	Property development and management	Changbaishan resources business	Total	Property investment
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 March 2025 (restated)				
Segment revenue				
Sales to external customers	173,105	–	173,105	13,236
Segment results	(660,649)	(204)	(660,853)	(163,501)
Bank interest income			13	–
Finance costs			(49,450)	(1,990)
Change in fair value of derivative financial instruments			(282)	–
Impairment loss on the disposal group classified as held for sale			(47,082)	–
Unallocated head office expenses			(24,896)	–
Loss before tax			(782,550)	(165,491)
Income tax			70,516	24,619
Loss for the year			(712,034)	(140,872)
Segment assets:				
Reportable segment assets	349,731	32,426	382,157	318,600
Deferred tax assets			10,737	–
Prepaid income tax			10,247	–
Derivative financial instruments			288	–
Assets associated with disposal group classified as held for sale			504,169	–
Unallocated assets			26,166	–
Total assets			933,764	318,600
Segment liabilities				
Reportable segment liabilities	717,459	5,254	722,713	300,199
Deferred tax liabilities			126	–
Income tax payable			52,165	54
Liability component of the Convertible Bonds			48,517	–
Liabilities associated with disposal group classified as held for sale			504,169	–
Unallocated liabilities			247,722	–
Total liabilities			1,575,412	300,253

	Continuing operations			Discontinued operation
	Property development and management RMB'000	Changbaishan resources business RMB'000	Total RMB'000	Property investment RMB'000
Year ended 31 March 2025 (restated) (Continued)				
Other segment information				
Capital expenditure*	–	–	–	573
Change in fair value of investment properties	–	–	–	170,912
Depreciation**	635	2,880	3,515	161
Reversal of impairment on trade and other receivables, net	(234)	–	(234)	–
Write-down of properties under development to net realisable value	643,285	–	643,285	–

* During the year, the head office incurred capital expenditure of RMB nil (2025: RMB20,000) which represents additions to non-current assets.

** Included in unallocated head office expenses is depreciation of RMB1,836,000 (2025: RMB2,935,000).

Geographical information

(a) Revenue from external customers

	2026 RMB'000	2025 RMB'000 (Restated)
The PRC		
– Continuing operations	52,686	173,105
– Discontinued operation	12,413	13,236
	65,099	186,341

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2026 RMB'000	2025 RMB'000
The PRC	2,157	321,014
Hong Kong	234	2,105
	2,391	323,119

The non-current asset information above is based on the locations of the assets and excludes the Group's deferred tax assets and lease receivable.

Information about major customers

There was no sale to a single customer which accounted for over 10% or more of the Group's revenue for the years ended 31 March 2026 and 2025.

4. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS

Revenue from continuing operations mainly represents income from the sale of properties, property management service income and project management service income.

An analysis of revenue, other income and gains from continuing operations is presented below:

Revenue

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i> (Restated)
Revenue from contracts with customers within HKFRS 15:		
Sale of properties	30,241	130,720
Property management service income	22,445	28,520
Project management service income	—	13,865
	<hr/>	<hr/>
Representing geographical markets of:		
The PRC	52,686	173,105
	<hr/>	<hr/>
	52,686	173,105
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
– At a point in time	30,241	130,720
– Over time	22,445	42,385
	<hr/>	<hr/>
	52,686	173,105
	<hr/> <hr/>	<hr/> <hr/>

Other income and gains

	Note	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
Gain on disposals of subsidiaries and disposal group classified as held for sale	22	166,097	–
– Baishan and Yanji Disposal	22(c)	147,276	–
– Fusong Disposal	22(a)	18,698	–
– Dunhua Disposal	22(b)	123	–
Reversal of impairment on trade receivables		169	234
Bank interest income		6	13
Finance income on lease receivables		9	11
Sundry income		1,834	161
Total other income and gains from continuing operations		168,115	419

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i> (Restated)
Interest on bank and other borrowings	34,012	52,538
Interest on Convertible Bonds	7,733	7,523
Interest on lease liabilities	1,165	1,983
Interest on loans from a substantial shareholder	–	517
	42,910	62,561
Less: Interest capitalised into properties under development*	–	(13,111)
Total finance costs	42,910	49,450

* No borrowing costs had been capitalised for the year ended 31 March 2026 (2025: 7.5-10% per annum).

6. PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit (loss) before tax from continuing operations is arrived at after charging/(crediting):

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i> (Restated)
Cost of properties sold	31,514	156,854
Cost of services	17,914	18,964
Depreciation		
– property, plant and equipment	472	123
– right-of-use assets	4,716	6,327
	<u>15,530</u>	<u>19,683</u>
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	12,871	16,599
Contribution to defined contribution retirement plans	2,659	3,084
	<u>15,530</u>	<u>19,683</u>
Total staff costs	15,530	19,683
Less: Amount capitalised into properties under development	–	(791)
	<u>15,530</u>	<u>18,892</u>
	2026 <i>RMB'000</i>	2025 <i>RMB'000</i> (Restated)
Auditor's remuneration:		
Audit services	864	802
Other services	409	718
Operating lease charges in respect of office premises and other leased assets under short term leases	1,102	29
Provision for impairment on other receivables	530*	–
Reversal of impairment on trade receivables	(169)**	(234)**
Increase in the write-down of properties under development and completed properties held for sale to net realisable value	4,502***	643,285*
Impairment loss on assets associated with disposal group classified as held for sale	–	47,082*
	<u>–</u>	<u>47,082*</u>

* These items are included in other expenses in the consolidated statement of profit or loss.

** These items are included in other income and gains in the consolidated statement of profit or loss.

*** This item is included in cost of sales and services in the consolidated statement of profit or loss.

7. INCOME TAX FROM CONTINUING OPERATIONS

PRC Corporate Income Tax (“CIT”) has been provided at the applicable income tax rate on the assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25% (2025: 25%).

No Hong Kong profits tax has been provided for the years ended 31 March 2026 and 2025 as the Group incurred a loss for taxation purpose.

The Group’s subsidiaries are not subject to any income tax in Bermuda, BVI and Samoa pursuant to the respective rules and regulations.

Land Appreciation Tax (“LAT”) in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

The estimated withholding tax effects on the distribution of the unremitted retained earnings of the PRC subsidiaries amounted to approximately RMB8,380,000 (2025: RMB10,729,000). In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provisions for deferred taxation have been made in this respect.

	2026	2025
	RMB’000	RMB’000
		(Restated)
Current tax:		
PRC CIT	280	94
Overprovision of PRC CIT from the previous year	(2,310)	–
	(2,030)	94
Deferred tax	12,343	(70,610)
Total charge (credit) from continuing operations	10,313	(70,516)

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2026 (2025: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculations of basic and diluted earnings (loss) per share are based on:

	2026	2025
	RMB'000	<i>RMB'000</i>
		(Restated)
Earnings (loss)		
Profit (loss) attributable to owners of the parent used in the basic earnings (loss) per share calculation		
– continuing operations	128,314	(712,034)
– discontinued operation	(6,065)	(140,872)
	<u>122,249</u>	<u>(852,906)</u>
Effect of interest on the liability component of the Convertible Bonds	–	–
Effect of fair value loss on the derivative component of the Convertible Bonds	–	–
Adjusted profit (loss) attributable to owners of the parent used in the diluted earnings (loss) per share calculation		
– continuing operations	128,314	(712,034)
– discontinued operation	(6,065)	(140,872)
	<u>122,249</u>	<u>(852,906)</u>
	Number of shares	
	2026	2025
	'000	<i>'000</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings (loss) per share calculation	360,182	360,182
Effect of dilution – weighted average number of ordinary shares:		
Convertible Bonds	–	–
Share options	–	–
Weighted average number of ordinary shares (diluted)	<u>360,182</u>	<u>360,182</u>

The calculation of the diluted earnings (loss) per share is based on the profit attributable to owners of the parent of RMB128,314,000 (2025: loss of RMB712,034,000) from continuing operations and profit of RMB122,249,000 (2025: loss of RMB852,906,000) for the year ended 31 March 2026 and 2025 considering there are no adjusting effect on the interest on the liability component of the Convertible Bonds and fair value change on the derivative component of the Convertible Bonds; and divided by the weighted average number of ordinary shares of 360,182,000 (31 March 2025: 360,182,000 shares) considering there are no dilutive effect on the Convertible Bonds and the exercise price of the outstanding share options were out of money compared to the average stock prices of the Company for the years ended 31 March 2026 and 2025.

10. INVESTMENT PROPERTIES

	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the reporting period	315,288	486,200
Additions	32,480	–
Net loss on fair value adjustment	(9,188)	(170,912)
Reclassified to disposal group classified as held for sale	(338,580)	–
	<u>–</u>	<u>–</u>
At the end of the reporting period	<u>–</u>	<u>315,288</u>

At 31 March 2025, the Group's investment properties included certain units of a shopping mall in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Services Company Limited ("Colliers Appraisal"), independent professional qualified valuers, as at 31 March 2025.

11. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development	230,346	246,128
Completed properties held for sale	34,571	136,780
	264,917	382,908
Write-down of properties under development and completed properties held for sale to net realisable value	(3,457)	(47,604)
	261,460	335,304

The Group's properties under development and completed properties held for sale situated in the PRC are held on leases between 40 and 70 years.

The movement of the write-down of properties under development and completed properties held for sale to net realisable value during the year is as follows:

	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the reporting period	47,604	573,303
Increase in the write-down, net	4,502	643,285
Reclassified to disposal group classified as held for sale	(48,649)	(1,168,984)
At the end of the reporting period	3,457	47,604

12. GINSENG ASSETS HELD FOR SALE

	2026 <i>RMB'000</i>
At the beginning of the reporting period	–
Additions	52,325
Gain on initial recognition	45,675
Changes in fair value less cost to sell	<u>3,700</u>
At the end of the reporting period	<u><u>101,700</u></u>

During the year ended 31 March 2026, the Group purchased ginseng assets located in Ji'an City, Jilin Province at a consideration of RMB52,325,000. A gain on initial recognition amounting to approximately RMB45,675,000 was recorded in profit or loss mainly reflecting a bulk discount after arm's length negotiations.

13. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
Trade receivables, gross		18,814	19,697
Less: provision for impairment		<u>(13,751)</u>	<u>(13,920)</u>
Trade receivables, net	<i>(a)</i>	<u>5,063</u>	<u>5,777</u>
Other receivables:			
Deposits for land development expenditure	<i>(b)</i>	–	9,467
Deposits for construction and pre-sale of projects	<i>(c)</i>	–	1,562
Prepaid business tax and other taxes		11,285	15,557
Other receivables, prepayments and deposit		28,125	47,585
Less: provision for impairment	<i>(d)</i>	<u>(2,989)</u>	<u>(24,087)</u>
		<u>36,421</u>	<u>50,084</u>
Total trade and other receivables		<u><u>41,484</u></u>	<u><u>55,861</u></u>

- (a) In respect of property sales, no credit terms are granted to purchasers. For property investment and property management, the respective rental income and property management income are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, sufficient rental deposits are received to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing. The trade receivables of property investment were reclassified to the assets associated with disposal group classified as held for sale during the year and disposed of at the end of the reporting period.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) by the invoice date as at the end of the reporting period is as follows:

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
Within 30 days	1,333	4,050
31 days–180 days	2,193	129
Over 180 days	<u>1,537</u>	<u>1,598</u>
	<u>5,063</u>	<u>5,777</u>

The ageing analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
Neither past due nor impaired	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>
Less than 30 days past due	1,333	4,050
Over 30 days and less than 180 days past due	2,193	129
Over 180 days past due	<u>1,537</u>	<u>1,598</u>
	<u>5,063</u>	<u>5,777</u>
	<u>5,063</u>	<u>5,777</u>

Movements in provision for impairment of trade receivables are as follows:

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
At the beginning of the reporting period	13,920	14,154
Credited to profit or loss during the year	<u>(169)</u>	<u>(234)</u>
At the end of the reporting period	<u>13,751</u>	<u>13,920</u>

- (b) The balances represented monies advanced to the local government for land development works at land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether or not the Group will obtain the land use rights of the land in the future.
- (c) The balances mainly represented various deposits paid to local government authorities directly attributable to the construction of property projects which would be refundable upon completion of the development projects. Impairment loss had been provided on the entire balances in prior years.
- (d) Movement in provision for impairment of other receivables are as follows:

	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the reporting period	24,087	70,934
Charged to profit or loss during the year	530	–
Reclassified to disposal group classified as held for sale	(21,628)	(46,847)
	<u>2,989</u>	<u>24,087</u>

14. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	2026	2025
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	4,949	8,427
Less: Restricted bank deposits under pre-sale of properties	(797)	(3,324)
	<u>4,152</u>	<u>5,103</u>

Cash and cash equivalents as stated in consolidated statement of financial position

- (a) In accordance with relevant policies issued by the PRC local State-owned Land and Resource Bureau applicable to all property developers, the Group is required to place certain of the proceeds received from the pre-sale of properties as guarantee deposits for the construction of the properties. The restriction will be released when the construction is completed. The restricted cash earns interest at floating daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB3,659,000 (2025: RMB8,240,000). RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

15. TRADE AND OTHER PAYABLES

		2026	2025
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	(a)	9,558	33,676
Accrued construction costs		130,139	276,435
Interest payable		5,657	31,501
Other creditors and accruals		30,632	43,785
Other deposits received		732	50,515
		<u>176,718</u>	<u>435,912</u>

(a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	532	2,224
31 days – 180 days	3,896	2,478
Over 180 days	5,130	28,974
	<u>9,558</u>	<u>33,676</u>

16. CONTRACT LIABILITIES

	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Deposits from sale of properties	53,664	53,438
Receipt in advance from management services	18,823	13,207
	<u>72,487</u>	<u>66,645</u>

17. LOANS FROM A SUBSTANTIAL SHAREHOLDER

The balances are unsecured, interest-free and repayable within one year or on demand.

18. LOANS FROM RELATED PARTIES

The amounts are unsecured, interest free and repayable within one year or on demand.

19. BANK AND OTHER BORROWINGS

	<i>Notes</i>	2026 RMB'000	2025 <i>RMB'000</i>
Current			
Bank loans – secured	(i)	–	240,980
Bank loans – unsecured	(ii)	–	2,110
Other borrowings – unsecured	(iii)	<u>183,375</u>	–
		<u>183,375</u>	<u>243,090</u>

Notes:

- (i) As at 31 March 2025, the bank loan of RMB8.0 million that bore interests at a fixed rate of 6% per annum, was secured by the pledges of the completed properties held for sale with carrying amount of RMB8.8 million as at 31 March 2025 and 100% equity interests of a subsidiary of the Group, and was unguaranteed; The bank loan of RMB2.0 million that bore interests at a fixed rate of 6% per annum, was secured by a second charge of completed properties held for sale with carrying amount of RMB8.8 million as at 31 March 2025, and was unguaranteed; The bank loan of RMB231.0 million that bore interests at a fixed rate of 6% to 7.3% per annum, was secured by investment properties with fair value of RMB217.0 million as at 31 March 2025, and was guaranteed by personal and corporate guarantees of certain connected parties of the Group. These bank loans were reclassified to the liabilities associated with disposal group classified as held for sale during the year and disposed of at the end of the reporting period.
- (ii) As at 31 March 2025, the bank loan of RMB2.1 million that bore interests at a floating rate of loan prime rate plus 0.28% per annum is unsecured and unguaranteed. Such loan was fully settled during the year.
- (iii) As at 31 March 2026, other borrowings of RMB146.1 million (31 March 2025: Nil) are interest-free, unsecured and repayable on demand, all of which had been called for immediate repayment. In addition, the other borrowings of RMB37.3 million (31 March 2025: Nil) that bears interests at a fixed rate of 5% per annum, are unsecured, repayable within one year and are subject to certain cross-default provisions.

20. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS

2023 CBs

On 23 June 2023, the Company completed the placement of convertible bonds with an aggregate principal amount of HK\$60,000,000 (equivalent to approximately RMB55,734,000) to not less than six places (the “2023 CBs” or “Convertible Bonds”). The maturity date of the 2023 CBs is 22 June 2026. The 2023 CBs are convertible into the Company’s ordinary shares of HK\$0.05 each at an initial conversion price of HK\$0.445 per share subject to adjustments. The interest rate is 6% per annum payable quarterly in arrears before the maturity date. Upon the completion of the Company’s share consolidation on 17 January 2025, the conversion price has been adjusted to HK\$8.9 per share.

The conversion rights are exercisable at any time from the date of issue of the 2023 CBs up to the maturity date, provided that any conversion does not result in the public float of the Company’s shares being less than 25% (or any given percentage as required by the Listing Rules).

The 2023 CBs are not transferable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the 2023 CBs (in whole or in part) at 100% of its principal amount. The Company has not early redeemed any portion of the 2023 CBs during the year.

Accounting treatment

The Company’s early redemption right attaching to the 2023 CBs are considered not closely related to the liability component of the 2023 CBs; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKFRS 9 Financial Instruments.

On the basis that the conversion options of the 2023 CBs will be settled by the exchange of a fixed amount for a fixed number of equity instruments, the 2023 CBs are accounted for as compound instruments according to HKAS 32 Financial Instruments: Presentation. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to “Equity component of the Convertible Bonds” in the Group’s equity attributable to the Company’s shareholders.

After initial recognition, the Company’s early redemption right features classified as derivative financial instruments are remeasured to their fair value at each period end using the binomial pricing model. The liability component of the 2023 CBs are subsequently carried at amortised cost.

At the date of conversion, the carrying values of the liability component of the 2023 CBs and of the early redemption right features are transferred to equity.

Up to the date of maturity of the 2023 CBs, if the bond holder had not exercised the conversion option of the 2023 CBs. The equity component of the 2023 CBs are fully transferred to retained earnings. The early redemption right features classified as derivative financial instruments would be derecognised on the same date.

Early redemption right features of the 2023 CBs

The movements in the Company's early redemption right features classified as derivative financial instruments measured at fair value are as follows:

	2026	2025
	RMB'000	RMB'000
At the beginning of the reporting period	288	570
Fair value change	(228)	(282)
Exchange realignment	(10)	–
	<u> </u>	<u> </u>
At the end of the reporting period	50	288
	<u> </u>	<u> </u>

Liability component of the 2023 CBs

The movements of the liability component of the Convertible Bonds in the consolidated statement of financial position are as follows:

	2026	2025
	RMB'000	RMB'000
At the beginning of the reporting period	48,517	141,676
Accrued effective interest	7,733	7,523
Transfer to interest payable	(3,337)	(3,748)
Settlement through the loans from a substantial shareholder at maturity date	–	(99,700)
Exchange realignment	(1,180)	2,766
	<u> </u>	<u> </u>
At the end of the reporting period	51,733	48,517
	<u> </u>	<u> </u>

The imputed finance cost on the liability component of the Convertible Bonds is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rates of the 2023 CBs is 16.23% (2025: 16.23%).

Equity component of the 2023 CBs

The movements of the equity component of the 2023 CBs in the consolidated statement of financial position are as follows:

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
At the beginning of the reporting period	38,029	98,305
Transfer to retained profits at maturity date	–	(60,276)
At the end of the reporting period	<u>38,029</u>	<u>38,029</u>

As at 31 March 2026, the aggregate principal amount of the Convertible Bonds was approximately HK\$60,000,000 (equivalent to RMB52,950,000) (2025: HK\$60,000,000 (equivalent to RMB55,734,000)). Should the conversion rights attaching to the Convertible Bonds be exercised in full, additional 6,741,573 ordinary shares (which is calculated based on the adjusted conversion price of HK\$8.9 per share upon the capital reorganisation becoming effective on 17 January 2025) would have been allotted and issued, which represent approximately 1.9% of the issued share capital of the Company at 31 March 2026.

21. SHARE CAPITAL

	Par value per share <i>HK\$</i>	Number of ordinary shares <i>'000</i>	Nominal value	
			<i>HK\$'000</i>	<i>RMB'000</i>
Authorised:				
At 1 April 2024	0.05	15,600,000	780,000	684,000
Share consolidation (<i>note i</i>)	N/A	(14,820,000)	–	–
Share sub-division (<i>note ii</i>)	N/A	77,220,000	–	–
At 31 March 2025, 1 April 2025 and 31 March 2026	0.01	<u>78,000,000</u>	<u>780,000</u>	<u>684,000</u>
Issued:				
At 1 April 2024	0.05	7,203,639	360,182	311,453
Share consolidation (<i>note i</i>)	N/A	(6,843,457)	–	–
Capital reduction (<i>note ii</i>)	N/A	–	(356,580)	(308,338)
At 31 March 2025, 1 April 2025 and 31 March 2026	0.01	<u>360,182</u>	<u>3,602</u>	<u>3,115</u>

- (i) Pursuant to the special resolutions passed at the Company’s special general meeting held on 15 January 2025, a share consolidation on the basis that every twenty issued and unissued ordinary shares of par value of HK\$0.05 each be consolidated into one consolidated share of HK\$1.00 each (the “Share Consolidation”) with effective from 17 January 2025. Further details are set out in the Company’s circular dated 29 November 2024 and the announcements dated 15 January 2025.

- (ii) Pursuant to the special resolutions passed at the Company’s special general meeting held on 15 January 2025, the capital reduction and share sub-division were implemented immediately after the Share Consolidation with effective from 17 January 2025 and the details are disclosed below:
 - (a) the par value of each of the issued consolidated shares be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.99 on each of the issued consolidated shares by way of a reduction of capital, so as to form issued new shares with par value of HK\$0.01 each (the “Capital Reduction”). The credit amounted to approximately HK\$356,580,000 (equivalent to RMB308,338,000) arising from the Capital Reduction was transferred to the contribution surplus account of the Company; and

 - (b) each authorised but unissued consolidated share will be sub-divided into one hundred new shares of a par value of HK\$0.01 each (the “Share Sub-division”).

Further details are set out in the Company’s circular dated 29 November 2024 and the announcement dated 15 January 2025.

22. DISPOSALS OF SUBSIDIARIES AND DISPOSAL GROUP CLASSIFIED FOR SALES AND DISCONTINUED OPERATION

(a) Disposal of Fusong Property Project

In October 2024, the Group entered into a conditional equity transfer agreement with an independent third party for the disposal of the entire equity interest in Jilin Province Ground Tourism Development Company Limited[#] and its three subsidiaries (the “Fusong Property Project”) at a consideration of RMB1.0 (the “Fusong Disposal”). As at 31 March 2025, the Fusong Property Project was classified as disposal group classified as held for sale. The disposal was completed on 30 September 2025 and a gain on the Fusong Disposal of RMB18,698,000 was recognised in profit or loss under other income and gains.

Details of the Fusong Disposal are set out in the Company’s announcements dated 25 October 2024, 6 December 2024, 15 January 2025, 28 March 2025, 30 June 2025 and 30 September 2025 and circular of the Company dated 29 November 2024.

The following summaries the consideration and carrying amount of the assets and liabilities at the date of disposal:

	<i>RMB’000</i>
Assets and (liabilities) disposed of:	
Property, plant and equipment	8
Properties under development	494,136
Other receivables	10,107
Cash and cash equivalents	2
Trade and other payables	(114,651)
Bank and other borrowings	(408,300)
	<hr/>
Net liabilities	(18,698)
	<hr/> <hr/>
Total consideration:	
Cash consideration received	—*
Net liabilities disposed of	(18,698)
	<hr/>
Gain on Fusong Disposal	18,698
	<hr/> <hr/>

An analysis of the net outflow of cash and cash equivalents in respect of the Fusong Disposal is as follows:

	<i>RMB'000</i>
Cash consideration received	—*
Cash and cash equivalents disposed of	(2)
	<hr/>
Net outflow of cash and cash equivalents	(2)
	<hr/> <hr/>

* Represented amount less than RMB1,000

English translation for identification purpose only

(b) Disposal of Dunhua Project

On 18 September 2025, the Group entered into an equity transfer agreement with an independent third party to dispose of the entire equity interests in Hua Yin International Holdings (Dunhua) Company Limited[#] and its subsidiaries (the “Dunhua Project”), at a consideration of RMB1.0 (the “Dunhua Disposal”). The Dunhua Disposal was completed on 26 September 2025 and a gain on the Dunhua Disposal of RMB123,000 was recognised in profit or loss under other income and gains. Details of the Dunhua Disposal are set out in the Company’s announcement dated 18 September 2025.

The following summaries the consideration and carrying amount of the assets and liabilities at the date of disposal:

	<i>RMB'000</i>
Assets and (liabilities) disposed of:	
Property, plant and equipment	70
Prepaid income tax	491
Deposits and other receivables	45,520
Cash and cash equivalents	8
Trade and other payables	(31,874)
Loans from related parties	(14,338)
	<hr/>
Net liabilities	(123)
	<hr/> <hr/>
Total consideration:	
Cash consideration received	—*
Net liabilities disposed of	(123)
	<hr/>
Gain on Dunhua Disposal	123
	<hr/> <hr/>

An analysis of the net outflow of cash and cash equivalents in respect of the Dunhua Disposal is as follows:

	<i>RMB'000</i>
Cash consideration received	—*
Cash and cash equivalents disposed of	(8)
	<hr/>
Net outflow of cash and cash equivalents	(8)
	<hr/> <hr/>

* Represent amount less than RMB1,000

English translation for identification purpose only

(c) Disposal of Baishan and Yanji Property Projects

In July 2025, the Group entered into a conditional equity transfer agreement with an independent third party for the disposal of the entire equity interest in Changchun Zhujia Real Estate Development Company Limited[#], Baishan Ground Real Estate Development Company Limited[#], Baishan Ground Business Management Company Limited[#] and Yanji Huize Real Estate Development Company Limited[#] (the “Baishan and Yanji Property Projects”), all of which are wholly-owned subsidiaries of the Group, at a consideration of RMB1.0 (the “Baishan and Yanji Disposal”). The disposal was completed on 31 March 2026 and a gain on the Baishan and Yanji Disposal of RMB147,276,000 was recognised in profit or loss under other income and gains. Details of the Baishan and Yanji Disposal are set out in the Company’s announcement dated 28 July 2025 and 31 March 2026 and circular dated 16 September 2025.

The disposal of Baishan Ground Business Management Company Limited[#], being as a part of the disposal of property investment business, was also classified as a discontinued operation under HKFRS 5 for financial reporting purpose. The Group’s management considers the Baishan and Yanji Disposal to be an exit plan to cease the Group’s presence in Baishan City and Yanji City and plans to focus its resources to other geographical locations and/or other business opportunities. Hence, the property investment segment remains to be one of the operating segments of the Group and the Group is actively seeking for potential properties to hold for rental income or capital appreciation, subject to the investment return, synergy and exit potentials of any opportunities.

The following summaries the consideration and carrying amount of the assets and liabilities at the date of disposal.

	<i>Notes</i>	<i>RMB'000</i>
Assets and (liabilities) disposed of:		
Property, plant and equipment		2,492
Investment properties	10	338,580
Deferred tax assets		9,560
Right-of-use assets		159
Properties under development and completed properties held for sale		40,681
Trade and other receivables		9,235
Prepaid income tax		5,993
Cash and cash equivalents		2,771
Trade and other payables		(220,029)
Contract liabilities		(9,814)
Lease liabilities		(39,951)
Income tax payable		(46,066)
Deferred tax liabilities		(8)
Bank and other borrowings		<u>(240,879)</u>
Net liabilities		<u><u>(147,276)</u></u>
Total consideration:		
Cash consideration		_*
Net liabilities disposed of		<u>(147,276)</u>
Gain on the Baishan and Yanji Disposal		<u><u>147,276</u></u>
An analysis of the net outflow of cash and cash equivalents in respect of the Baishan and Yanji Disposal is as follows:		
Cash consideration received		_*
Cash and cash equivalents disposed of		<u>(2,771)</u>
Net outflow of cash and cash equivalents		<u><u>(2,771)</u></u>

* Represent amount less than RMB1,000

English translation for identification purpose only

(i) *Discontinued operation – property investment*

The results of discontinued operation during the year ended 31 March 2026 are summarised as follows:

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
Revenue	12,413	13,236
Cost of rental	(2,713)	(1,745)
Other income and gains	17	–
Selling and distribution expenses	(1,815)	(1,553)
Administrative expenses	(3,197)	(2,438)
Finance costs	(1,339)	(1,990)
Other expenses	(243)	(89)
Change in fair value of investment properties	<u>(9,188)</u>	<u>(170,912)</u>
Loss before tax (<i>note (a)</i>)	(6,065)	(165,491)
Income tax	<u>–</u>	<u>24,619</u>
Loss for the year from discontinued operation	<u><u>(6,065)</u></u>	<u><u>(140,872)</u></u>

(a) Loss before tax from discontinued operation is arrived at after charging:

	2026 <i>RMB'000</i>	2025 <i>RMB'000</i>
Staff costs		
Salaries, wages and other benefits	2,271	2,587
Contribution to defined contribution retirement plans	<u>820</u>	<u>687</u>
Total staff costs	<u><u>3,091</u></u>	<u><u>3,274</u></u>
Other items:		
Cost of rental	2,713	1,745
Depreciation		
– Property, plant and equipment	338	161
Direct operating expenses arising from investment properties that generated income	91	80
Direct operating expenses arising from investment properties that did not generate income	<u>66</u>	<u>57</u>

The net cash flows incurred by discontinued operation are as follows:

	2026 RMB'000	2025 RMB'000
Operating activities	12,770	6,374
Investing activities	(2,555)	–
Financing activities	(10,740)	(6,052)

Loss per share from discontinued operation

	2026	2025
Loss per share:		
Basic	RMB(1.7) CENTS	RMB(39.1) CENTS
Diluted	RMB(1.7) CENTS	RMB(39.1) CENTS

The calculation of basic and diluted loss per share from discontinued operation are based on:

	2026 RMB'000	2025 RMB'000
Loss attributable to owners of the parent from discontinued operation	(6,065)	(140,872)

	Number of shares	
	2026 '000	2025 '000
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	360,182	360,182
Weighted average number of ordinary shares used in the diluted loss per share calculation	360,182	360,182

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2026, the Group's overall revenue from continuing operations was approximately RMB52.7 million (year ended 31 March 2025: approximately RMB173.1 million), representing decrease of 69.6%. The Group recorded a gross profit from continuing operations of approximately RMB3.3 million (year ended 31 March 2025: gross loss of approximately RMB2.7 million). Net profit from continuing operations for the year was approximately RMB128.3 million (year ended 31 March 2025: net loss for the year of approximately RMB712.0 million).

Property Development

Since the financial year of 2024/2025, the Group's management underwent a review of its portfolio of property projects; and completed the disposals of (i) Fusong Property Project in September 2025; and (ii) property projects in Baishan City and Yanji City in March 2026.

As at 31 March 2026, the Group has one residential property project, namely Guangze Jiuxi Red House. Guangze Jiuxi Red House has two phases ("Phase One" and "Phase Two"). Phase One has been completed during the year ended 31 March 2023. Phase Two is expected to complete construction in December 2026. In addition, the Group has six property projects under the Group's property management, being three in Jilin City, one in Jiutai District, Changchun City, and two in Baishan City.

As at 31 March 2026, the GFA of the remaining unsold units from Phase Two comprised approximately 45,182 sq.m. of residential units, 1,127 sq.m. of commercial units and 102 car park units, representing approximately 84.3%, 81.4% and 95.3% of the respective total units available for sale.

In order to maintain the Group's sustainability, the Group's management has carried out a prudent search of new property projects in view of the persistently stagnant property market in Jilin Province.

Properties completed, delivered and sale of properties recognised during the year ended 31 March 2026

The Group recorded a decrease in sale of properties by approximately RMB100.5 million or 76.9% from the sales of approximately RMB130.7 million for the year ended 31 March 2025 to the sales of approximately RMB30.2 million for the year ended 31 March 2026.

For the year ended 31 March 2026, the sales of properties (excluding car park units) mainly related to the sales of remaining units of Guangze China House – Phase IIA that were completed and delivered in the last financial year.

The Group did not recognise any sale of car park units for the year ended 31 March 2026 as compared to approximately RMB13.4 million from 79 car park units for the year ended 31 March 2025.

Property Investment

The Group has entered into an equity transfer agreement with an independent third party to dispose of property projects in Baishan and Yanji. This included the Group's investment properties of Guangze International Shopping Centre – self owned and leased portion. Such property investment segment was disposed of as at 31 March 2026.

Despite of the Group's presentation of the property investment business segment as a discontinued operation in accordance with HKFRS5 for accounting purpose, the Group's management considers the property investment segment remains to be one of the operating segments of the Group and the Group is actively seeking for potential properties to hold for rental income or capital appreciation, subject to the investment return, synergy and exit potentials of any opportunities. The Group's real estate team has explored a number of potential properties for investment and/or held for rental, yet no legally binding agreement in relation to the following properties has been entered into as at the date of this announcement.

Ginseng business

In December 2025, the Group purchased over 700,000 pieces of ginsengs aged 15-17 years that are naturally grown under forest land ("Linxia Ginsengs") in Ji'an City, Jilin Province. Ji'an City (集安市) located with close proximity to Changbaishan ("長白山") is one of the most ginseng abundant districts within Jilin Province. As at 31 March 2026, the fair value of these Linxia Ginsengs is approximately RMB101.7 million with a gain on initial recognition of approximately 45.7 million and a subsequent change in fair value of approximately RMB3.7 million recognised in the profit or loss for the year.

Currently, the Group expects to have a product range from fresh Linxia Ginsengs, dry Linxia Ginsengs to Linxia Ginseng supplements. Such products, being consumer goods, are primarily targeted at individuals aged 45 and above who have health and wellness needs and prioritize health and wellness. Sales channels mainly consist of traditional ginseng and antler specialty stores, as well as online sales platforms, private domain channels, and live-streaming e-commerce.

In addition, the Group intends to establish a digital integrated management service platform for the ginseng industry, positioning itself at both domestic and global levels. This platform will incorporate a range of functions, including ginseng-related data collection, soil and air quality monitoring, cultivation records management, weather and pest forecasting, testing and inspection, agricultural insurance, financing solutions, and policy subsidies specific to the ginseng sector. It aims to provide a robust foundation for informed government decision-making, support ginseng individual farmers and ginseng farming entities in their operations, and enhance consumer trust and enhance the Group's income stream in using the platform for services to other independent third parties. By developing and implementing this platform, the Group's management intends to achieve the following:

- Leverage digital endorsement to elevate the “吉林長白山人參” brand, facilitating its entry into international markets;
- Establish partnerships with e-commerce platforms to streamline the supply chain, reduce intermediaries, and enhance profitability; and

- Implement robust traceability measures to effectively combat counterfeit products and purify the market environment, ensuring that high-quality forest-grown Linxia Ginsengs — characterized by its superior appearance and appropriate age — receives its rightful market value. This approach will empower consumers to make informed decisions, use products with confidence, and be willing to invest in premium quality.

In March 2026, a proposed platform plan for the said platform has been submitted to 吉林省人參產業高質量發展專班 (Jilin Provincial Ginseng Industry High Quality Development Task Force*) (the “**Jilin Ginseng Task Force**”) for review and approval, with project implementation sets to commence in the first half of 2026. As at the date of this announcement, the Jilin Ginseng Task Force has provided comments and feedbacks on the proposed platform plan. The Group is currently working together with the technical team on an updated and refined plan accordingly for the Jilin Ginseng Task Force’s further review.

Mineral water business

The Group obtained the “Changbaishan” mineral water brand in 2024. In the coming financial year, the management intends to commence the mineral water business by outsourcing its production to an independent third party in order to overcome the financial constraints currently encountered by the Group.

OUTLOOK

For the past years, the Group’s management has taken the opportunity to review and adjust its business operation, asset portfolio, financing and capital structure in order to better prepare the Group’s long-term prospect and sustainability. With the disposals of loss-making property projects and proposed debt restructuring likely to be completed in the fourth quarter of 2026, it is expected that the Group’s debt level will be significantly improved; and the Group will turnaround from a net liabilities position into net assets.

As stated in the Company’s circular dated 16 September 2025, the Group will continue to look at potential projects in its property development and property investment business segments. At the same time, the Group’s management will endeavour to extend and diversify into other relevant business opportunities, such as ginseng and mineral water businesses. In particular, the Group has carried out research and detailed feasibility study in the ginseng business. The Group’s marketing team has been actively developing market penetration and promotional strategies with multiple sales channels; and it is expected that sales will commence in the second quarter of 2026.

Looking ahead, the Group will continue prudently with its property development, management and investment business segment in project selection taking into consideration of the project profitability and cash flows. Coupled with the Group’s intended diversification into ginseng and mineral water businesses as mentioned above, it is expected that the Group will gradually generate a stable income and cash flows from its diverse businesses in the near future.

FINANCIAL REVIEW

Preparation of the Group's consolidated financial statements for the year ended 31 March 2026

In July 2025, the Group entered into an equity transfer agreement with an independent third party for the disposal of the equity interests in 長春市築家房地產開發有限公司 (Changchun Zhujia Real Estate Development Company Limited#), 白山市廣澤商業管理有限公司 (Baishan Ground Business Management Company Limited#), 白山市廣澤房地產開發有限公司 (Baishan Ground Real Estate Development Company Limited#) and 延吉市惠澤房地產開發有限公司 (Yanji Huize Real Estate Development Company Limited#) (the “Baishan and Yanji Property Projects”) as detailed in the section headed “BUSINESS REVIEW” of this announcement.

The Group's property investment segment is treated and presented as discontinued operation. Comparative figures in the consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 March 2025 have been re-presented to disclose separately the profit or loss and total comprehensive income from such discontinued operation.

Key changes to profit or loss

Revenue

	Year ended 31 March 2026		Year ended 31 March 2025	
	RMB'000	%	RMB'000	%
Sale of properties	30,241	57.4	130,720	75.5
Property management service income	22,445	42.6	28,520	16.5
Project management service income	–	–	13,865	8.0
	<u>52,686</u>	<u>100.0</u>	<u>173,105</u>	<u>100.0</u>

The Group's revenue decrease from RMB173.1 million for the year ended 31 March 2025 (restated) to RMB52.7 million for the year ended 31 March 2026 or a decrease by 69.6%, mainly due to the decrease in sale of properties by 76.9% or RMB100.5 million as compared to the corresponding year. The decrease in sale of properties during the year ended 31 March 2026 was attributable to the fact that no new properties project was completed and delivered during the year. In the year ended 31 March 2025, Guangze China House – Phase IIA was completed and delivered which contributed to sale of properties of RMB115.0 million.

Property management service income for the year ended 31 March 2026 decreased by RMB6.1 million mainly attributable to the fact that the Group ceased to provide management services to the properties at Guangze Red House – Phase I, II, III in Yanji City since July 2024.

Gross profit (loss) and gross margin

	Year ended 31 March 2026		Year ended 31 March 2025	
	Gross profit/ (loss)	Gross margin	Gross profit/ (loss)	Gross margin
	RMB'000	%	RMB'000	%
Property development	(1,273)	(4.2)	(26,134)	(20.0)
Property management service	4,531	20.2	9,556	33.5
Project management service	–	–	13,865	100.0
Total	3,258	6.2	(2,713)	(1.6)

For the year ended 31 March 2026, the Group had a gross profit of approximately RMB3.3 million (year ended 31 March 2025: gross loss of approximately RMB2.7 million) and a gross margin of approximately 6.2% (year ended 31 March 2025: gross loss of 1.6%). The increase in overall gross profit and gross margin for the year was primarily attributable to the lower gross profit margin in respect of the Group's property project of Guangze China House – Phases IIA which was resulted from a significant release of capitalised interest from a prolonged construction period of the project into the cost of sales during the year ended 31 March 2025. Prior to the completion of the disposal of Baishan and Yanji Property Projects in March 2026, sale of properties in respect of Guangze China House – Phase IIA was minimal during the year. The gross loss for the year ended 31 March 2026 was mainly attributable to the write-down of completed properties held for sale of RMB4.5 million.

Other income and gains

The Group's other income increased from RMB0.4 million for the year ended 31 March 2025 to RMB168.1 million for the year ended 31 March 2026 which was mainly attributable to one-off gains arising from the disposals of (i) Baishan and Yanji Property Projects of approximately RMB147.3 million; (ii) Fusong Property Project of approximately RMB18.7 million; and (iii) Dunhua project of approximately RMB0.1 million.

Selling and distribution costs

The decrease in selling and distribution costs by approximately RMB1.4 million from approximately RMB4.0 million for the year ended 31 March 2025 to approximately RMB2.6 million for the year ended 31 March 2026 was primarily attributable to the decrease in promotion and advertising expenses incurred as no promotion activities held in respect of Guangze China House in Baishan City and Guangze Jiuxi Red House in Jiutai District during the year.

Administrative expenses

The decrease in administrative expenses by approximately RMB9.4 million from approximately RMB34.5 million for the year ended 31 March 2025 to approximately RMB25.4 million for the year ended 31 March 2026 was primarily attributable to the decrease in office expenditure by continued cost control implemented on the Group.

Other expenses

The Group's other expenses decreased by approximately RMB681.1 million from approximately RMB692.1 million for the year ended 31 March 2025 to approximately RMB11.0 million for the year ended 31 March 2026, mainly attributable to the write-down of properties under development and impairment loss on assets associated with disposal group classified as held for sale in respect of the Fusong Property Project of approximately RMB637.9 million and RMB47.1 million respectively for the year ended 31 March 2025. There were no such write-downs and impairment during the year ended 31 March 2026.

Finance costs

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000 (Restated)
Interest on bank and other borrowings	34,012	52,538
Interest on Convertible Bonds	7,733	7,523
Interest on lease liabilities	1,165	1,983
Interests on loan from a substantial shareholder	—	517
	<u>42,910</u>	<u>62,561</u>
Less: interest capitalised into properties under development	<u>—</u>	<u>(13,111)</u>
	<u>42,910</u>	<u>49,450</u>

The finance costs for the year ended 31 March 2026 decreased by RMB6.6 million from approximately RMB49.5 million for the year ended 31 March 2025 to approximately RMB42.9 million for the year ended 31 March 2026, which was mainly attributable to less interest expenses incurred due to the decrease in bank borrowings and bank borrowings under liabilities associated with disposed group classified as held for sale.

Gain on initial recognition of the ginseng assets held for sale and change in fair value of ginseng assets held for sale

During the year ended 31 March 2026, the Group purchased ginseng assets located in Ji'an City, Jilin Province at a consideration of RMB52.3 million. A gain on initial recognition amounting to approximately RMB45.7 million was recorded in profit or loss mainly reflecting a bulk discount after arm's length negotiations. For the year ended 31 March 2026, the ginseng assets held for sale had a further increase in the fair value of RMB3.7 million.

Change in fair value of derivative financial instruments

The derivative financial instruments represented the Company's early redemption right feature of the Convertible Bonds. A loss in fair value of approximately RMB0.2 million was recorded for the year ended 31 March 2026 as a result of deterioration of its time value.

Income tax

	Year ended 31 March	
	2026	2025
	RMB'000	RMB'000
		<i>(Restated)</i>
Current tax		
PRC CIT	280	94
Overprovision of PRC CIT from the previous year	(2,310)	–
	(2,030)	94
Deferred tax		
Origination and reversal of temporary differences	12,343	(70,610)
Total charge (credit)	10,313	(70,516)

Current tax

The Group's current income tax represents Land Appreciation Tax (LAT) and Corporate Income Tax (CIT). For the year ended 31 March 2026, the Group recognised a reversal of CIT provision relating to the project company on Guangze Jiuxi Red House. No LAT provision was made for the year ended 31 March 2026 because the Group did not meet for LAT levy requirement set forth in the relevant PRC tax laws and regulations.

Deferred tax

A tax charge from deferred tax of HK\$12.3 million was recorded for the year ended 31 March 2026 mainly attributable to the gain on initial recognition and change in fair value of ginseng assets.

A tax credit from deferred tax of RMB70.6 million was recorded for the year ended 31 March 2025 was mainly attributable to the reversal of taxable temporary difference resulting from the write-down of the properties under development in respect of the Fusong Property Project made. No such items were recorded during the current financial year.

Key changes to financial position

Investment properties

As at 31 March 2025, the Group's investment properties are primarily certain shopping mall units in Baishan City, Jilin Province, namely Guangze International Shopping Centre, which include self-owned portion and leased portion. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Service Company Limited (independent professional qualified valuers) and reassessed by the management with a fair value of RMB338.6 million. These investment properties were reclassified to assets associated with disposal group classified as held for sale in September 2025 and were derecognised upon the completion of the disposal in March 2026.

Properties under development and completed properties held for sale

As at 31 March 2026, the Group's properties under development was mainly Guangze Jiuxi Red House – Phase II; and the completed properties held for sale were mainly unsold units of Guangze Jiuxi Red House – Phase I. The remaining residential and commercial units and car parking spaces at projects completed in prior years including those relating to Baishan and Yanji Property Projects were reclassified to assets associated with disposal group classified as held for sale in September 2025 and were derecognised upon the completion of the disposal in March 2026.

Ginseng assets held for sale

As at 31 March 2026, the Group's ginseng assets held for sale were stated at fair value and were valued by Colliers Appraisal and Advisory Service Company Limited (independent professional qualified valuers) with a fair value of RMB101.7 million.

Trade and other receivables

		As at 31 March	
		2026	2025
	<i>Notes</i>	RMB'000	RMB'000
Trade receivables, gross	(i)	18,814	19,697
Less: Provision for impairment		(13,751)	(13,920)
Total receivables, net		5,063	5,777
Other receivables			
– Deposits for land development expenditure	(ii)	–	9,467
– Deposits for construction and pre-sale of property projects	(iii)	–	1,562
– Prepaid business tax and other taxes		11,285	15,557
– Other receivables, prepayments and deposits		28,125	47,585
Less: Provision for impairment		(2,989)	(24,087)
		36,421	50,084
		41,484	55,861

- (i) Trade receivables were mainly related to rental receivable from tenants and property management fee receivables from property unit owners. At 31 March 2026, the trade receivable gross balance remained stable as compared to that at 31 March 2025, which was primarily attributable to the managed units under the property management service business. No significant change on the expected credit loss on trade receivables for the year ended 31 March 2026.

- (ii) Land development expenditure made by certain subsidiaries of the Group represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development respective of whether or not the Group will obtain the land use rights of the land in the future. The decrease in the deposits for land development expenditure was mainly attributable to the derecognition upon the completion of the disposal in March 2026.
- (iii) The balances represented various deposits paid directly attributable to construction and pre-sale of property projects which would be refundable upon completion of the property projects.

Trade and other payables

	<i>Notes</i>	As at 31 March	
		2026	2025
		<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<i>(i)</i>	9,558	33,676
Accrued construction costs	<i>(i)</i>	130,139	276,435
Interest payable		5,657	31,501
Other creditors and accruals		30,632	43,785
Other deposits received		732	50,515
		176,718	435,912
		176,718	435,912

- (i) The changes in trade payables and accrued construction costs from RMB33.7 million and RMB276.4 million as at 31 March 2025 to RMB9.6 million and RMB130.1 million as at 31 March 2026 respectively were mainly attributable to the gradual settlement of construction cost payable balances arising from the completed properties projects and an amount of RMB132.3 million were derecognised upon the completion of the disposal in March 2026.

Contract liabilities

	<i>Notes</i>	As at 31 March	
		2026	2025
		<i>RMB'000</i>	<i>RMB'000</i>
Deposits from sale of properties	<i>(i)</i>	53,664	53,438
Receipt in advance from management services	<i>(ii)</i>	18,823	13,207
		72,487	66,645
		72,487	66,645

- (i) Deposits from sales of properties represent contractual payments received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss upon the Group's revenue recognition criteria are met. The balance remained stable at 31 March 2026 as there was offsetting effect of an increase in pre-sales of Guangze Jiuxi Red House and derecognition of contract liabilities relating to property projects in Baishan City and Yanji City.

- (ii) Receipt in advance from management services represent the property fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

Liquidity and financial resources

Cash position

As at 31 March 2026, the carrying amount of cash and bank deposits of the Group was approximately RMB4.2 million (as at 31 March 2025: approximately RMB5.1 million), representing a decrease of approximately 17.7% as compared with that as at 31 March 2025 which was mainly attributable to the repayment of borrowings, settlement of construction costs, interests, operating expenditure partially offset by the cash receipt from pre-sale.

Debt and gearing

Bank and other borrowings

The Group's bank and other borrowings as at 31 March 2026 decreased by RMB59.7 million to RMB183.4 million which were payable as follows:

	As at 31 March	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Current	<u>183,375</u>	<u>243,090</u>

Bank and other borrowings decreased from RMB243.1 million as at 31 March 2025 to RMB183.4 million as at 31 March 2026 was primarily attributable to the derecognition of certain bank and entrusted loans of RMB240.9 million upon completion of disposals of disposal group classified as held for sale during the year; and partially offset by new other loans from individual third parties to finance the Group's working capital requirement.

Loans from a substantial shareholder

As at 31 March 2026, the balance is unsecured, interest-free, and repayable on demand.

Loans from related parties

Loans from related parties are unsecured, interest-free and repayable within one year or on demand for the primary purpose of financing the Group's daily operation.

Convertible Bonds

The Group's Convertible Bonds as at 31 March 2026 is related to the convertible bonds with principal amount of HK\$60,000,000 issued in June 2023 which is due in June 2026.

The derivative financial instruments are related to the early redemption rights held by the Company and classified as an asset to the Group which is re-measured at fair value at the end of each reporting date. The liability component represents the debt portion and is classified as a liability to the Group which is carried at amortised cost. The equity component represents the conversion rights attached to the convertible bonds and is classified as equity to the Group which is not re-measured subsequently.

The Group's gearing ratio as at 31 March 2026 was as follows:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Loans from a substantial shareholder	369,743	449,363
Loans from related parties	35,750	50,060
Bank and other borrowings	183,375	243,090
Trade and other payables	176,718	435,912
Less: Cash and cash equivalents	(4,152)	(5,103)
Pledged and restricted deposits	(797)	(3,324)
	<hr/>	<hr/>
Net debt	760,637	1,169,998
	<hr/>	<hr/>
Liability component of Convertible Bonds (Deficit)	51,733 (489,493)	48,517 (623,301)
	<hr/>	<hr/>
Adjusted Capital	(437,760)	(574,784)
	<hr/>	<hr/>
Gearing ratio	174%	204%
	<hr/>	<hr/>

The gearing ratio of the Group as at 31 March 2026 which is net debt divided by the adjusted capital, decreased as compared with that as at 31 March 2025 was mainly attributable to the decrease in the Group's net debt as a result of the Group's disposals of non-performing property projects (with net liabilities) during the year.

Cash flows for the Group's operating activities

For the year ended 31 March 2026, the Group recorded net operating cash inflow of RMB12.2 million (year ended 31 March 2025: outflow of RMB40.6 million). The inflow was mainly attributable to the sales proceeds received from the pre-sales of properties during the year.

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 31 March 2026, the Group had contracted but not provided for commitments in respect of properties under development of RMB34.3 million (as at 31 March 2025: RMB64.5 million). The development expenditure was to be funded by the Group's internal resources and/or project loans.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below.

Risks pertaining to the property development and management business

The Group's property projects are located in Jilin Province, the PRC and the related assets accounted for 99% of the Group's total assets as at 31 March 2026 (as at 31 March 2025: 99%). The Group is therefore subject to the risks associated with the PRC property market both nationally and regionally. The Group's property development and management business in the PRC may also be exposed to the risks of policy change, interest rate change, demand-supply imbalance and the overall economic conditions, which may pose an adverse impact on the Group's business, financial conditions or results of operations. Given the current condition and uncertainties in the PRC property market, the Group is monitoring closely on the associated risks and focused on the property market in the northeastern region of the PRC in the short-term where the Group has vast local experience and knowledge.

Risks pertaining to ginseng business

The Group's major resources from Changbaishan region are mainly from Linxia Ginsengs, majority of which are aged 15 years or more. As biological assets, the survival of the Linxia Ginsengs under cultivation in natural environment are subject to various factors, including (i) organic growth and diseases; (ii) damage by animals. All these factors would impact on the mortality rate of the Linxia Ginsengs. Due to specific age of the Linxia Ginsengs focused by the Group's, the supply and replenishment of the Linxia Ginsengs are by far the most important factor to the Group in order to maintain the business's sustainability. The Group will continuously concentrate on replenishing more Linxia Ginseng base (林下参基地) from individual independent third party farmers.

Financial risks

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing activities and does not undertake any speculative derivative trading activities. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed as and when needed.

Currency risk

As at 31 March 2026, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK\$). At 31 March 2026, approximately 26.1% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK\$ respectively (as at 31 March 2025: 2.9%) and 82.7% of the Group's total other borrowings were denominated in RMB (as at 31 March 2025: 100% denominated in RMB). The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises. The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB against HK\$ and US\$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimise the Group's financial risks.

Interest rate risk

As at 31 March 2026, the Group's total other borrowings bore interest at fixed rates of 5% per annum. Therefore, the Group is not exposed to significant interest rate risk.

Credit risk

As at 31 March 2026, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to pledged bank deposits, bank balances and cash and trade and other receivables. Substantially all of the Group's pledged bank deposits and bank balances and cash were deposited in creditworthy global banks and stated-controlled financial institutions in the PRC, which management considers they are without significant credit risks. At the end of the reporting period, the Group has minimal concentration of credit risk as the trade receivables from the largest single customer represented less than 5% (as at 31 March 2025: 5%) of the total trade receivables.

In order to minimise this credit risk relating to trade and other receivables, the management has established credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

In addition, the Group is working closely with various existing and potential financial institutions in order to manage the tenor, interest rate, security pledge and other loan terms.

SIGNIFICANT INVESTMENTS HELD

Other than disclosed elsewhere, the Group did not have any other significant investments held as at 31 March 2026.

CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 31 March 2026, guarantees amounting to RMB85,999,000 were given to banks with respect to mortgage loans procured by purchasers of property units (as at 31 March 2025: RMB158,154,000). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loans by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the year, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is minimal and therefore the financial guarantee measured at fair value initially is immaterial. Also, in case of default in payments, the net realisable value of the related property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

CHARGE ON ASSETS

As at 31 March 2026, the Group had the following assets pledged against bank and other loans (including those associated with disposal group classified as held for sale) granted:

	As at 31 March	
	2026	2025
	RMB'000	RMB'000
Investment properties	–	216,980
Completed properties held for sale	–	8,833
Assets associated with disposal group classified as held for sale	–	494,128
	<u>–</u>	<u>719,941</u>

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2026, the Group had 178 (as at 31 March 2025: 226) full-time employees. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2026 amounted to approximately RMB18.6 million for the whole group (year ended 31 March 2025: RMB23.0 million); the decrease was mainly attributable to the decrease in staff number. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including share options, discretionary bonus, training allowance and provident fund.

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

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries for the year ended 31 March 2026.

CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company’s head office and principal place of business in Hong Kong had changed to Room 1304, 13/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong since 8 May 2026.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2026, the Company endeavors to comply with the Code on Corporate Governance Practices (the “CG Code”) as set out in Part 2 of the Appendix C1 of the Listing Rules. The Company considers that it has complied with the CG Code during the financial year.

During the year, the Company has the following deviations from the CG Code as follows:

On 30 May 2025, Ms. Cui Xintong (“Ms. Cui”) resigned from the position of the executive Director and Chairperson of the Board, the Chairperson and member of nomination committee of the Company and member of remuneration committee of the Company. The Company had a single-gender board, which did not meet the diversity requirement under Rule 13.92 of the Listing Rules.

Following resignation of Mr. Wang Xueguang (“Mr. Wang XG”) from as an independent non-executive Director, a member of the nomination committee, the audit committee of the Company and the remuneration committee on 30 May 2025, there were only two independent non-executive Directors, namely Mr. Tsang Hung Kei and Mr. Wang Xiaochu. Accordingly, the number of independent non-executive Directors fell below the minimum number of three as required under Rule 3.10(1) of the Listing Rules, the number of independent non-executive directors representing at least one-third of the Board under Rule 3.10A of the Listing Rules and the number of members of the audit committee of the Company fell below the number prescribed under Rules 3.21 of the Listing Rules. As a result, the Company was not in compliance with the requirements under Rule 3.10(1), 3.10A and Rule 3.21 of the Listing Rules during that period.

On 21 October 2025, Ms. Wang Meirong appointed as an independent non-executive Director, a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, the Board fully complies with Rule 3.10(1), 3.10A, 3.21 and 13.92 of the Listing Rule.

Details of the above deviations are set out in the Company’s announcement dated 30 May 2025, 29 August 2025 and 21 October 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 March 2026, all Directors have complied with the required standard set out in the Model Code.

EXTRACT FROM DRAFT INDEPENDENT AUDITOR'S REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material Uncertainty Relating to Going Concern

As explained in Note 2.1 to the consolidated financial statements, the Group had net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million respectively, of which RMB183.4 million represented other borrowings and RMB51.7 million represented liability component of convertible bonds as at 31 March 2026 respectively, while the cash and cash equivalents amounted to approximately 4.2 million only as at 31 March 2026. The Group may take longer time than expected to realise cash from the sales of its properties, and/or have cash from external financing to meet its loan repayment obligations. These conditions, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in Note 2.1 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of the going concern basis depends on the assumptions that the Group would be successful in the debt restructuring, future cash inflow from ginseng business and obtaining the future fundings. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the directors of the Company in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. Should the going concern assumption be inappropriate, adjustments may have to be made to reclassify non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise.

Audit Committee's View Towards the Disclaimer of Opinion

The Audit Committee has reviewed the Disclaimer of Opinion relating to going concern. The Audit Committee has also discussed with the auditor the financial position of the Group, the measures taken and to be taken by the Company, and considered the auditor's rationale and understood their consideration in arriving the Disclaimer of Opinion. Based on the work and initial performance performed by the management in relation to the debt restructuring and the financial results for the year ended 31 March 2026, the Audit Committee agreed with the management views on going concern and the action plan of the Group as stated in Note 2 to the consolidated financial statements in this announcement, and concurs with the Board's view. The Audit Committee agree such action plan can effectively dealt with the Disclaimer of Opinion.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 March 2026. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORKS OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2026 as set out in this announcement have been agreed by the Company's auditors, Forvis Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Company's auditors in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Company's auditors on the preliminary results announcement.

By order of the Board
China Changbaishan International Holdings Limited
Xu Yingchuan
Acting Chairperson and Executive Director

Hong Kong, 26 June 2026

As at the date of this announcement, the Executive Directors are Mr. Xu Yingchuan (Acting Chairperson), Mr. Li Junjie and Mr. Cong Peifeng; the Non-executive Directors are Mr. Cui Mindong and Mr. Chiu Sin Nang, Kenny; and the Independent Non-executive Directors are Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong.