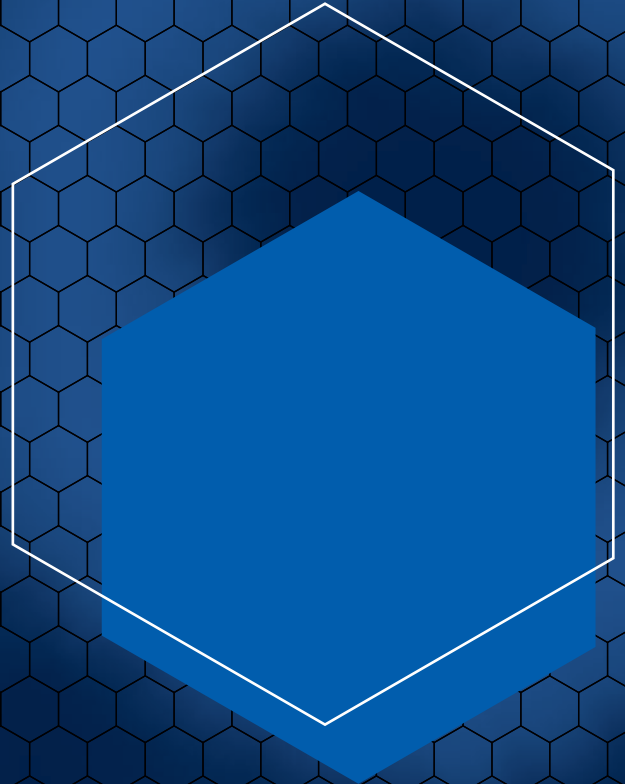


Green Economy Development Limited 綠色經濟發展有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1315



ANNUAL REPORT 2024

CONTENTS

- 02** Corporate Information
- 04** Chairman's Statement
- 07** Management Discussion and Analysis
- 18** Biographical Details of Directors and Senior Management
- 22** Directors' Report
- 32** Corporate Governance Report
- 42** Independent Auditor's Report
- 48** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 50** Consolidated Statement of Financial Position
- 52** Consolidated Statement of Changes in Equity
- 53** Consolidated Statement of Cash Flows
- 55** Notes to the Consolidated Financial Statements
- 126** Five Year Financial Summary

CORPORATE INFORMATION

PRESIDENT

Michael Ngai Ming Tak

EXECUTIVE DIRECTORS

Chau Chit (*Chairman and Chief Executive Officer*)

Fung Ka Lun

Tang Hongyang (*appointed on 10 November 2023*)

Zhu Feng (*appointed on 13 October 2023*)

Zhu Xiaodong

Zhu Dashu (*resigned on 10 November 2023*)

Zhu Kai (*resigned on 13 October 2023*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Wong Wai Kwan

Zhang Shengman

Li Xiaoting (*appointed on 3 May 2024*)

Wong Lee Ping (*resigned on 3 May 2024*)

COMPLIANCE OFFICER

Zhang Wan

COMPANY SECRETARY

Cheung Yiu Kuen

AUDIT COMMITTEE

Wong Wai Kwan (*Chairman*)

Zhang Shengman

Li Xiaoting (*appointed on 3 May 2024*)

Wong Lee Ping (*resigned on 3 May 2024*)

REMUNERATION COMMITTEE

Zhang Shengman (*Chairman*)

Chau Chit

Zhu Feng (*appointed on 13 October 2023*)

Wong Wai Kwan

Li Xiaoting (*appointed on 3 May 2024*)

Wong Lee Ping (*resigned on 3 May 2024*)

RISK MANAGEMENT COMMITTEE

Chau Chit

Zhu Feng (*appointed on 13 October 2023*)

Zhu Xiaodong

Wong Wai Kwan

NOMINATION COMMITTEE

Chau Chit (*Chairman*)

Zhu Feng (*appointed on 13 October 2023*)

Wong Wai Kwan

Zhang Shengman

Li Xiaoting (*appointed on 3 May 2024*)

Wong Lee Ping (*resigned on 3 May 2024*)

REGISTERED OFFICE

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

CORPORATE INFORMATION (Continued)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1001, 10/F,
China Huarong Tower
60 Gloucester Road, Wan Chai
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F, Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with
the Financial Reporting Council Ordinance

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock code: 1315

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Limited
Chong Hing Bank Limited

COMPANY WEBSITE

www.greeneconomy.com.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual results of Green Economy Development Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2024 ("Fy2024").

The Group recorded total turnover from continuing operations of approximately HK\$2,935 million for the financial year ended 31 March 2024 ("Fy2024"), compared to turnover of approximately HK\$2,463 million for the financial year ended 31 March 2023 ("Fy2023"). There was increase in gross profit of approximately HK\$72 million, from approximately HK\$13 million in Fy2023 to approximately HK\$85 million in Fy2024.

Profit from operations was approximately HK\$48 million in Fy2024 compared to loss from operations of approximately HK\$36 million in Fy2023. The increase in profit from operations was mainly attributable to the increase in gross profit of approximately HK\$72 million and decrease in expenses (selling expenses, administrative expenses and allowance for trade receivables) of approximately HK\$14 million.

Basic earnings per share from continuing operations for Fy2024 is approximately HK4.89 cents (Fy2023: basis loss per share (re-presented) of approximately HK23.82 cents).

Further analysis of the Group's results is set out in the "Management Discussion and Analysis" section.

BUSINESS OVERVIEW AND PROSPECT

Construction related businesses

In the first quarter of 2024, the local economy recorded a steady growth. However, after a market bloom in 2023, the construction industry growth is slowing down and will possibly experience a short period of contraction.

The continuing elevated interest rate and the tight finance conditions, together with the soaring costs for maintaining quality and safe operation have made the construction market challenging. Due to the highly competitive environment, the profit margin has consistently remained on the low side.

Adoption of latest technology in the construction industry is one of the ways to further improve the works management and enhance the overall cost control.

In the long run, the building sector will pick up sustainable growth again. The Company holds an optimistic but cautious outlook to the immediate future. We will focus on operational costs control to maintain liquidity and competitiveness in the market. Additionally, we will leverage our accumulated experience and understanding in the industry to selectively explore other opportunities to lower our business risks.

CHAIRMAN'S STATEMENT (Continued)

Trading of materials business

I. **Rationality of the existence of trade agent market:** Given that domestic iron and steel enterprises purchase iron ore from foreign iron ore enterprises through a dual system, some qualified large steel enterprises implement the Benchmark Prices, while small unqualified steel enterprises adopt the Spot Prices that is higher than the Benchmark Prices. The international trade of iron ore is characterized by strong professionalism, frequent market fluctuations and unstable supply, which is extremely risky for buyers. Therefore, most small iron and steel enterprises entrust trader agents to import iron ore, and some large iron and steel enterprises with direct purchase agreements also entrust reputable trader agents to import iron ore, so as to ensure the stability of iron ore supply. This is the value of the existence of the iron ore trade agent market.

II. Industry Status and Trend

1. Policy factor: according to the Outline of 14th Five-Year Plan for the Development of Iron Ore Industry issued by China, it is clearly required that the growth of iron ore industry shall increase 70% by 2021, which have made each local government correspondingly introduce local policies to improve the industry penetration.
2. Economic factor: currently, the market size of iron ore has reached RMB500 billion, with a steady upward trend of the overall market. With the effective control of the epidemic, the demand for the iron and steel industry has increased, which was driven by gradual implementation of major national infrastructure projects and the recovery of the demand of downstream markets like automobile. It has increased the profit of the steel and improved the enthusiasm of the iron and steel enterprises to increase production, thereby generating strong demand for iron ores. The trade of iron ore and even the steel industry will continuously have a strong development under the effect of China's macro policies.

III. Development plan of the Company's business (partly selected from the business plan)

The Company's corporate development goal: we will establish a port of ore blending integration platform based on modern supply chain management. Through scientific blending of ore, the final blended ore products can meet the production demand of various steel enterprises, so as to provide stable raw material supply guarantee for iron and steel enterprises. The Company will strive to develop into a core supply chain enterprise of large domestic iron and steel enterprises. Through the advantages of call auction, the Company will save logistics costs in multiple logistics links such as import order, shipping, port yard, scientific ore blending and inland transshipment. In the future, the Company will become a professional iron ore product and service integrator and service and product agent in iron ore industry. It will develop a supply chain management software system with independent intellectual property rights, by using modern network information technology and listed company platform, so as to realize the integration of supply chain in the industry, optimize the cost, and achieve the smooth coordination of logistics, capital flow and information flow, as well as obtaining greater revenue from management services for the Company.

In the long run, the trading business will continue to generate income and contribute profit to the Group. Looking forward, the Group would continue to explore and strive to diversify and develop its trading businesses in 2024.

Transportation business

The Group commenced transportation service business during Fy2023 and expects the continuing development of the business would generate constable revenue and profit to the Group.

CHAIRMAN'S STATEMENT (Continued)

APPRECIATION

Finally, I would like to take this opportunity to express my gratitude to our Shareholders and business partners for their support to and trust in the Board. My gratitude also extends to our management and staff for their loyalty and diligence in the achievements of the Group.

Chau Chit

Chairman and Chief Executive Officer

Green Economy Development Limited

28 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF THE GROUP

The Group recorded total turnover from continuing operations of approximately HK\$2,935 million for the financial year ended 31 March 2024 ("Fy2024"), compared to turnover of approximately HK\$2,463 million for the financial year ended 31 March 2023 ("Fy2023"). There was increase in gross profit of approximately HK\$72 million, from approximately HK\$13 million in Fy2023 to approximately HK\$85 million in Fy2024.

Profit from operations was approximately HK\$48 million in Fy2024 compared to loss from operations of approximately HK\$36 million in Fy2023. The increase in profit from operations was mainly attributable to the increase in gross profit of approximately HK\$72 million and decrease in expenses (selling expenses, administrative expenses and allowance for trade receivables) of approximately HK\$14 million.

The fluctuations in revenue and segment results are further discussed in the Results of Operations section below.

Basic earnings per share from continuing operations for Fy2024 is approximately HK4.89 cents (Fy2023: basis loss per share (re-presented) of approximately HK23.82 cents).

The Board does not recommend any payment of dividends for Fy2024 (Fy2023: Nil).

RESULTS OF OPERATIONS

(i) Building Construction

Revenue for the building construction segment in Fy2024 was approximately HK\$2.0 million (Fy2023: approximately HK\$5.1 million).

Segment result decreased from segment profit of approximately HK\$6.6 million for Fy2023 to segment profit of approximately HK\$1.7 million for Fy2024.

The decrease in segment profit was mainly attributed to more profit was recognized from a completed project in Fy2023.

(ii) Alterations, Renovation, Upgrading and Fitting-out ("A&A") Works

Revenue for the A&A works segment in the Fy2024 was approximately HK\$116.2 million (Fy2023: approximately HK\$260.3 million) and segment profit was approximately HK\$13.5 million (Fy2023: segment loss approximately HK\$32.8 million).

The decrease in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from several large scale A&A works projects in Hong Kong which were in full swing operation in the Fy2023.

Segment result changed from segment loss in the Fy2023 to segment profit in Fy2024. The change was mainly contributed by additional construction costs in the Fy2023 for operation of several large scale A&A works projects.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(iii) Property Maintenance

Revenue for the property maintenance segment increased from approximately HK\$595.6 million in the Fy2023 to approximately HK\$615.8 million in the Fy2024 and segment profit decreased from approximately HK\$52.7 million in the Fy2023 to approximately HK\$34.0 million in the Fy2024.

The property maintenance projects included maintenance works for public sectors. The increase in segment revenue was mainly attributable to a large scale long term property maintenance contract had contributed more segment revenue in the Fy2024.

The decrease in segment profit was mainly attributable to substantial increase in operating cost in Fy2024 including safety precaution and quality control cost and also substantial increase in subcontracting cost of the large scale property maintenance projects in Fy2024.

(iv) Trading of Materials

Revenue for this segment for Fy2024 included sales of materials of approximately HK\$2,168.0 million (Fy2023: HK\$1,599.7 million).

During the year, the Group mainly conducted trading of iron ores, cast iron and coal.

Segment profit was approximately HK\$35.9 million (Fy2023: segment loss of approximately HK\$26.8 million).

Segment loss for Fy2023 was mainly attributable to the drop in market selling prices of materials affected by decreasing demand during Fy2023.

(v) Transportation service

Revenue for this segment for Fy2024 included transportation of materials of approximately HK\$32.6 million (Fy2023: HK\$2.2 million).

Segment profit was approximately HK\$1.7 million (Fy2023: HK\$0.3 million).

Further to the commencement of transportation service business segment during the second half of the year of 2023, this business segment generated more revenue and profit for the year ended 31 March 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the current assets and current liabilities were stated at approximately HK\$671.8 million (as at 31 March 2023: approximately HK\$658.7 million) and approximately HK\$469.7 million (as at 31 March 2023: approximately HK\$464.3 million), respectively. The current ratio maintained at 1.43 times as at 31 March 2024 (as at 31 March 2023: 1.42 times). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period. As at 31 March 2024, the Group had total cash and bank deposits of approximately HK\$150.0 million (as at 31 March 2023: approximately HK\$127.3 million).

As at 31 March 2024, total interest-bearing loans amounted to approximately HK\$207.3 million (as at 31 March 2023: approximately HK\$207.1 million). The Group's net cash balance as at 31 March 2024 (the sum of pledged bank deposits, restricted cash and bank and cash less interest-bearing bank and other borrowings in current portion) was approximately HK\$47.7 million (as at 31 March 2023: approximately HK\$25.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2024, the Group had obtained credit facilities and trade finance facilities from various banks up to a maximum amount of approximately HK\$69.5 million and US\$50 million respectively (31 March 2023: approximately HK\$69.5 million) and approximately HK\$12.8 million (31 March 2023: approximately HK\$12.8 million) of the credit facilities has been utilized.

As at 31 March 2024, the gearing ratio of the Group was approximately 30.5% (as at 31 March 2023: approximately 31.1%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%. With its available bank balances and cash and existing available bank credit facilities for operating use, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

Reference should also be made to the “going concern basis” in Note 2 to the consolidated financial statements for the year ended 31 March 2024 in this report.

USE OF PROCEEDS FROM SUBSCRIPTION OF NEW SHARES

On 10 February 2023, the Company, one independent corporate subscriber and five independent individual subscribers (the “Subscribers”) entered into a subscription agreement in respect of the placement of 1,499,999,000 ordinary shares of HK\$0.002 each at a price of HK\$0.015 per share. The placement was completed on 23 February 2023.

The gross proceeds from the subscriptions amount to approximately HK\$22.5 million, while the net proceeds from the subscriptions, after deducting the related expenses, are approximately HK\$22.3 million, and the Company intends to apply the net proceeds from the subscriptions for the repayment of the outstanding indebtedness and accrued interests thereon.

As of 31 March 2024, the net proceeds received were utilised as follows:

Intended application of the net proceeds	Amount to be utilized (HK\$ million)	Amount		Amount	
		utilized for the year ended 31 March 2023 (HK\$ million)	Unutilized as at 31 March 2023 (HK\$ million)	utilized for the year ended 31 March 2024 (HK\$ million)	Unutilized as at 31 March 2024 (HK\$ million)
Repayment of the outstanding indebtedness and accrued interest	22.3	12.6	9.7	9.7	—
Total	22.3	12.6	9.7	9.7	—

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PLEDGE OF ASSETS

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the banking facilities and performance bonds granted to the Group:

	31 March 2024 HK\$'000	31 March 2023 HK\$'000
Pledged for securing the Group's banking facilities and performance bonds		
Other receivables	92	3,131
Bank deposits	63,349	60,997
Total	63,441	64,128

MAJOR CORPORATE EVENTS

A. Share consolidation, change in board lot size, share premium reduction and capital reorganization involving capital reduction of issued shares and sub-division of unissued shares

On 17 February 2023, the board of directors of the Company (the "Board") proposed to implement:

- (i) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 ("Existing Share") each to be consolidated into one (1) consolidated shares at par value of HK\$0.04 ("Consolidated Share");
- (ii) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares;
- (iii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; and
- (iv) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK\$0.01 each.

The aforesaid proposed changes can be implemented are subject to shareholder's approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. On 8 December 2023, all conditions precedent for the implementation of the proposed change (iv) have been fulfilled.

The proposed changes (i), (ii), (iii) and (iv) have been implemented as at 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

B. Amendments to the memorandum and articles of association

On 31 August 2023, the Board proposed to make certain amendments to the memorandum and articles of association of the Company (the “Memorandum and Articles of Association”) to reflect a uniform set of 14 core standards for shareholder protections for issuers regardless of their place of incorporation set out in Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and to incorporate certain housekeeping amendments. The Board also proposes to adopt the amended and restated Memorandum and Articles of Association in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association in their entirety. The proposed amendments to the Memorandum and Articles of Association were adopted with effect from the conclusion of the annual general meeting of the Company held on 28 September 2023 in which the proposed amendments to the Memorandum and Articles of Association were passed as a special resolution by the shareholders of the Company.

MATERIAL ACQUISITIONS

On 26 January 2024, Hong Kong Dakyun International Trade Company Limited, a wholly-owned subsidiary of the Company, entered into two agreements with certain independent third parties of the Company for the sale and purchase of 115,000 shares and 22,000 shares (together 137,000 shares) of R-TECHO Co., Ltd. (“Target Company”), a company incorporated in South Korea with limited liability and principally engaged in the wholesale and retail of steel and the collection and manufacturing of steel scrap., respectively representing approximately 5.75% and 1.10% (together 6.85%) of the total issued share capital of the Target Company (the “Acquisition”). The aggregate consideration of the Acquisition is KRW741,500,000 (equivalent to approximately HK\$4.4 million) and the Acquisition was completed in March 2024. Details of the Acquisition could be referred to the announcement of the Company dated 26 January 2024.

Save as disclosed above, there was no material acquisition, disposal or loss of control of subsidiaries or associated companies by the Group in Fy2024.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group’s businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks relating to constructions related segments

- (i) The Group’s construction works are labour-intensive in nature. In the event that there is a significant increase in the costs and demand of labour, the Group’s staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group’s existing labour and/or recruit sufficient labour in a timely manner to cope with the Group’s existing or future projects, the Group may not be able to complete the Group’s projects on schedule and within budget, the Group’s operations and profitability may be adversely affected.
- (ii) The Group needs to estimate the time and costs involved in projects in order to determine the fee. There is no guarantee that the actual amount of time and costs would not exceed the Group’s estimation during the performance of the jobs. The actual amount of time and costs involved in completing the jobs may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- (iii) The projects undertaken by the Group are mostly on a case by case basis. As such, our revenue derived from such projects is not recurring in nature and we cannot guarantee that our customers will provide us with new business after the completion of the current projects. The Group has to go through the competitive tendering process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender competitively, our business and hence our revenue will be adversely affected.

Risks relating to trading segment

The trading profit margin is relatively low and hence any significant impairment of trade receivables, and abnormal fluctuations of trading prices and exchange rates would affect the operating result of the Company.

Risks relating to transportation services segment

Given that the shipping industry is a highly cyclical industry, and as a professional logistics operator, the Group undertakes various functions such as customer receipt, shipment, transportation, and distribution, it will accordingly bear transportation risks such as restrictions on navigation areas, cargo detention, and harsh weather conditions, as well as market price fluctuations. The management of the Company will minimise risks by strengthening relevant risk management.

Financial Risk

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar and Renminbi. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required. Similarly, the Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

The financial risk management objectives and policies of the Group are shown in note 6 to the consolidated financial statements.

CONTINGENT LIABILITIES

Compensation to banks or insurance companies due to satisfactory performance to customers

Performance bonds amounting to approximately HK\$12,979,000 (2023: approximately HK\$28,411,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers. At the end of the reporting period, the directors do not consider it will be probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group at the end of the reporting period under such guarantees is the outstanding amount at that date.

Apart from as disclosed above, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

At the end of each reporting period, the Company had provided the following guarantees:

	31 March 2024 HK\$'000	31 March 2023 HK\$'000
Guarantees in respect of performance bonds in favor of its clients	12,796	12,796

MOVEMENT OF INCOMPLETE CONTRACTS FOR THE YEAR ENDED 31 MARCH 2024

	31 March 2023 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	31 March 2024 HK\$'000
Building Construction	—	—	—	—
Property Maintenance	2,377,109	—	(1,147,322)	1,229,787
Alterations, Renovation, Upgrading and Fitting-Out Works	278,116	8,610	(147,688)	139,038
	2,655,225	8,610	(1,295,010)	1,368,825

Building Construction segment

Contracts secured for the year ended 31 March 2024

Contract	Commencement date	Contract value HK\$'000
N/A	N/A	N/A
Total	N/A	N/A

Property Maintenance segment

Contracts secured for the year ended 31 March 2024

Contract	Commencement date	Contract value HK\$'000
N/A	N/A	N/A
Total	N/A	N/A

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured for the year ended 31 March 2024

Contracts	Commencement Date	Contract value HK\$'000
Enhancement works of Skill Assessment Centre for EMSD, Hong Kong	June 2023	654
Renovation of New JC STEM Lab of Energy and Material Physics of Yeung Kin Man Academic Building for City University of Hong Kong	March 2024	1,994
Provision of builder's works for renovation works of SVSD offices at Electrical and Mechanical Services Department, Hong Kong	March 2024	5,962
Total		8,610

Building Construction segment

Contract completed for the year ended 31 March 2024

Contract	Commencement date	Completion date	Contract value HK\$'000
N/A	N/A	N/A	N/A
Total			N/A

Property Maintenance segment

Contracts completed for the year ended 31 March 2024

Contracts	Commencement date	Completion date	Contract value HK\$'000
Term Contract for Alterations, Additions, Maintenance & Repair of Buildings and Lands and Other Properties for ASD at Sham Shui Po, Tsuen Wan and Kwai Tsing	April 2020	March 2024	1,147,322
Total			1,147,322

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed for the year ended 31 March 2024

Contracts	Commencement date	Completion date	Contract value HK\$'000
Renovation and modernization of Electric Tower Warehouse for The Hong Kong Electric Co Ltd, Hong Kong	December 2019	August 2023	42,098
Residential development at York Road, Kowloon, Hong Kong	January 2021	April 2023	43,589
Civil modification works at Mei Foo Sun Chuen Substation for CLP Power Hong Kong Limited, Hong Kong	September 2022	July 2023	6,380
Fitting — out works at Airport Freight Forwarding Centre for EMSD Hong Kong	February 2023	September 2023	6,087
Alterations and additions works at Pat Chun Building at Tseung Kwan O, Hong Kong	December 2021	November 2023	48,880
Enhancement works of Skill Assessment Centre for EMSD, Hong Kong	June 2023	November 2023	654
Total			147,688

Overall

Contracts secured subsequent to 31 March 2024 and up to the date of the report

Contracts	Commencement date	Contract value HK\$'000
N/A	N/A	N/A
Total		N/A

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of 189 staff (as at 31 March 2023: 211 staff) which included Hong Kong and Mainland China employees. The total remuneration for staff was approximately HK\$90.8 million for Fy2024 (Fy2023: approximately HK\$87.0 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package consist of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

DIVIDEND POLICY

The Board has adopted a dividend policy (the “Dividend Policy”). Under the Dividend Policy, the Board may declare dividends to the Shareholders from time to time but no dividends shall exceed the amount recommended by the Board subject to approval at general meeting, the Company’s articles of association and the Companies Law of the Cayman Islands.

In accordance with the applicable requirements of the Company’s articles of association and the Companies Law of the Cayman Islands, no dividend shall be declared or paid otherwise than out of profits. No distribution or dividend may be paid to the Shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

- (a) the Group’s actual and expected financial performance and conditions and liquidity position;
- (b) the shareholder’s interests;
- (c) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (d) any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- (e) the Group’s expected working capital requirements and future expansion plans;
- (f) statutory and regulatory restrictions;

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- (g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy from time to time.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

- (a) On 21 February 2024, the Board proposed to raise approximately HK\$36.2 million before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) rights shares for every one (1) share in issue (the "Rights Shares") at the subscription price of HK\$0.161 per share (the "Rights Issue").

Upon the completion of the Rights Issue on 16 April 2024, the number of shares in issue of the Company was increased by 171,876,373, resulting in a credit to share capital and share premium by HK\$1.72 million and HK\$24.25 million, respectively after netting of the related cost of approximately HK\$1.7 million. Details of the Rights Issue are disclosed in the Company's announcements dated 21 February 2024 and 15 April 2024.

- (b) On 26 June 2024, Magic Choice Holdings Limited ("Magic Choice"), Wan Chung Construction Company Limited ("Wan Chung") and Mr. Wong Law Fai entered into agreements to extend the maturity date of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2025 and 30 September 2026, respectively.

Save as disclosed above, there is no other event after the reporting period that should be notified to the shareholders of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

PRESIDENT

Mr. Michael Ngai Ming Tak (“Mr. Ngai”), aged 57, is Chairman of The Red Group, Chairman of Asia GreenTech Fund. Mr Ngai is an External Director of China COSCO Shipping Corporation, Independent Non-executive Directors of CRRC Corporation Limited, China Longyuan Power Group Corporation Limited, Starlight Culture Entertainment Group Limited, True Partner Capital Holding Limited, Sanergy Group Limited.

Mr Ngai is Member of the 12th, 13th and 14th National Committee of the Chinese People’s Political Consultative Conference, Chairman of Hong Kong Finance Association, Fellow Commoner of Clare Hall, University of Cambridge, Council Member of The Hong Kong University of Science and Technology, Court Member of Hong Kong Metropolitan University, Honorary Fellow of Lingnan University, Honorary Citizen of Harbin City, Heilongjiang Province.

Mr Ngai graduated from University of Cambridge.

EXECUTIVE DIRECTORS

Mr. Chau Chit (“Mr. Chau”), aged 59, was appointed as an executive Director of the Company on 22 July 2015 and the Chairman of the Board on 23 September 2015. On 1 March 2017, he was re-designated as co-chairman of the Board and was appointed as the chief executive officer of the Company. On 7 September 2018, he was re-designated as chairman of the Board. Mr. Chau is also the chairman of the nomination committee, a member of each of the remuneration committee and the risk management committee, one of the authorised representatives and the director of certain subsidiaries of the Company. Mr. Chau currently serves as the chairman of the Hong Kong Jiangyin Trade Association and the vice president of Federation of HK Jiangsu Community Organisations Limited. He holds a bachelor’s degree in Chemistry from Zhejiang University and an EMBA degree (Executive Master of Business Administration) from Zhejiang University. Mr. Chau has extensive experience in operation management. He was an executive director, the managing director, and the chairman of the executive committee and a member of the investment committee of Shougang Concord Technology Holdings Limited (Now known as CWT International Limited) (stock code: 0521) during June 2006 to October 2013. Mr. Chau was an executive director of Starlight Culture Entertainment Group Limited (“Starlight Culture”, formerly known as Jimei International Entertainment Group Limited) (stock code: 1159) from July 2013 to September 2023 and was the chairman of the nomination committee of Starlight Culture from May 2017 to September 2023 and was the deputy chairman of Starlight Culture from June 2017 to September 2023.

Mr. Fung Ka Lun (“Mr. Fung”), aged 48, was appointed as an executive Director of the Company on 13 August 2021. Mr. Fung has extensive experience in corporate management, development and finance, financial management and accounting. Mr. Fung is currently the Chief Financial Officer and Company Secretary of Richly Field China Development Limited, whose shares are listed on the Stock Exchange (stock code: 313) and a partner of Asia GreenTech Fund. Previously, Mr. Fung worked in the Investment Banking Division of UBS AG and Audit Division of KPMG respectively. From June 2010 to August 2013, Mr. Fung was an executive director of China Metal Recycling (Holdings) Limited, whose shares were listed on the Main Board of the Stock Exchange, subsequently under liquidation and cancellation of listing in February 2016. Mr. Fung is a member of the Chinese People’s Political Consultative Conference of Heilongjiang Province. Mr. Fung graduated from the Imperial College of Science, Technology and Medicine, the University of London, with a Master of Science degree in Finance and is a member of the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Mr. Tang Hongyang (“Mr. Tang”), aged 61, was appointed as an executive Director on 10 November 2023. Mr. Tang obtained his undergraduate degree in metal corrosion and protection engineering at the Chemistry and Chemical Engineering Department from Hunan University (湖南大學) in July 1982. Mr. Tang has more than 20 years’ experience in banking, risk management and asset management. Mr. Tang worked as various senior positions at headquarter and different branches, including its Hong Kong branch, of China Minsheng Banking Corp., Ltd. from September 1997 to December 2021. Prior to joining the Company, he worked at WallStone Partners & Company Limited and was assigned to work at China Minsheng Banking Corp., Ltd., Hong Kong Branch as Special Assets Management Consultant from January 2022 to September 2023.

Mr. Zhu Feng (“Mr. Zhu Feng”), aged 52, was appointed as an executive Director, a member of the nomination committee, a member of the remuneration committee and a member of the risk management committee of the Company on 13 October 2023. Mr. Zhu Feng obtained his postgraduate degree in business administration from Central China Normal University (華中師範大學) in July 2004. Prior to joining the Company, he joined Jiangsu Suzhou Steel Group Company Limited* (江蘇蘇鋼集團有限公司) working in different roles for over 10 years from 2003 to 2016 including serving as the chief executive. Mr. Zhu Feng was then appointed in 2017, and continues to serve as, the chairman and the chief executive of Baize Group Co., Ltd* (佰澤集團有限公司), which is involved in businesses across various sectors including hospital management, import and export of goods and construction project management.

Mr. Zhu Xiaodong (“Mr. Zhu Xiaodong”), aged 52, was appointed as an executive Director on 2 September 2019. On 20 April 2020, he was appointed as a member of the risk management committee. Mr. Zhu Xiaodong obtained a bachelor degree in Russian language from Beijing Foreign Studies University in July 1995. Mr. Zhu Xiaodong has extensive experience in the iron and steel industry, including the import and export of steel products, the trading of raw materials for iron and steel making, and developing business relations with suppliers and customers in China and wider Asia regions. He was the trading manager of Baoshan Iron & Steel Company Ltd, a company established in the People’s Republic of China engaging in the steel-making business, from July 1995 to May 2009. Mr. Zhu worked as the trading manager of H&C S Holdings Pte Ltd, a company incorporated in Singapore engaging in the iron and steel industry, from June 2009 to April 2011. He was the trading manager of SPR Resources Pte Ltd, a company incorporated in Singapore engaging in the iron and steel industry, from May 2011 to April 2012. Mr. Zhu Xiaodong served as the deputy general manager of H&C S Holding Pte Ltd. from May 2012 to August 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Wai Kwan (“Mr. WK Wong”), aged 56, was appointed as an independent non-executive Director, a member of the audit committee, remuneration committee and the nomination committee of the Company on 22 July 2015. On 20 April 2020, he was appointed as a member of the risk management committee. On 7 May 2021, he was designated as the chairman of the audit committee. Mr. WK Wong holds a bachelor’s degree in Accountancy from City University of Hong Kong and a master’s degree in Business Administration from Washington University in St. Louis, U.S.A. He is a member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a fellow member of Certified Practising Accountants (Australia). Mr. WK Wong has extensive working experience in auditing and consulting areas, particularly in IPO exercise, risk management and mergers and acquisitions. During the period from August 1992 to March 2000 Mr. WK Wong was first employed by Ernst & Young’s Hong Kong office as Senior Accountant in its Assurance Department and then served in Ernst & Young’s Shanghai office as Manager in its Assurance Department. Mr. WK Wong served as the General Manager of the Financial Audit Department and the Managing Director of the Internal Audit Department of Shanghai Fosun High Technology (Group) Co., Ltd., a wholly-owned subsidiary of Fosun International Limited (Stock Code: 0656) from December 2011 to June 2016. Mr. WK Wong was a consultant of VideoMobile Co., Ltd (a former holding company of Vobile Group Limited (Stock Code: 3738), which is listed on the Stock Exchange) from July 2016 to June 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Mr. WK Wong was an independent non-executive director, and a member of the audit committee, nomination committee and remuneration committee of Shougang Concord Technology Holdings Limited (Now known as CWT International Limited) (Stock code: 0521) during the period from June 2010 to October 2013. Mr. WK Wong was an independent non-executive director and member of the audit committee, nomination committee, remuneration committee, and the investment steering committee of Starlight Culture Entertainment Group Limited (“Starlight Culture”) from September 2013 to November 2014. On 31 May 2017, he was again an independent non-executive director of Starlight Culture and was the chairman of the audit committee, a member of the nomination committee, the remuneration committee, the investment steering committee and the anti-money laundering committee of that company from May 2017 to September 2023. Mr. WK Wong was a non-executive Director of Vobile Group Limited (Stock Code: 3738) since June 2017 and was re-designated as an executive Director in June 2023.

Mr. Zhang Shengman (“Mr. Zhang”), aged 66, was appointed as an independent non-executive Director, the chairman of remuneration committee, and a member of the audit committee and the nomination committee of the Company on 28 February 2023. Mr. Zhang has over 30 years of experience in corporate and financial matters. Prior to joining the Company, from August 2016 to March 2018, Mr. Zhang served as a director of Future Land Holdings Co., Ltd.* (新城控股集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange. Future Land Holdings Co., Ltd. is a subsidiary of Future Land Development Holdings Limited 新城發展控股有限公司, a company listed on the Main Board of the Stock Exchange (stock code: 1030), where Mr. Zhang has served as an independent non-executive director since March 2018. From May 1981 to October 1992, Mr. Zhang served various positions in the Ministry of Finance of the People’s Republic of China, including as a deputy director. From November 1992 to October 2005, Mr. Zhang took up various roles in the World Bank, namely executive director for China, vice president and secretary and senior vice president, where he was responsible for the World Bank’s corporate and support functions. Mr. Zhang was then promoted as managing director of the World Bank and chairman of the World Bank’s operations committee, sanctions committee and corporate committee on fraud and corruption policy from January 2001 to December 2006. Subsequently, Mr. Zhang joined Citigroup (listed on the NYSE with stock code: C) in February 2006 as the chairman of the Public Sector. From February 2006 to May 2016, Mr. Zhang was the vice chairman of Global Banking and chief operating officer, president and chairman of Citigroup’s Asia Pacific Region. Since December 2006, Mr. Zhang has also been an independent non-executive director of Fosun International Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 656). Mr. Zhang obtained a bachelor’s degree in English literature from Fudan University in 1978 and a master’s degree in public administration from University of the District of Columbia in 1986. Mr. Zhang completed the Harvard Advanced Management Program from Harvard University in June 1997.

Ms. Li Xiaoting (“Ms. Li”), aged 41, was appointed as an independent non-executive Director, a member of each of remuneration committee, the audit committee and the nomination committee of the Company on 3 May 2024.

Ms. Li obtained her undergraduate degree in economics from Fudan University in July 2005, followed by master’s degrees in science obtained from École Nationale des Ponts et Chaussées (now renamed École des Ponts ParisTech) and the University of Paris X (also known as Paris Nanterre University) in May 2009, majoring in (i) Finance Engineering, and (ii) Project Finance and Structured Finance, respectively. Ms. Li has accumulated more than 17 years’ experience in banking, risk management and corporate finance. Ms. Li worked at various positions including at the investment banking or corporate finance department at Daiwa Capital Markets (HK) Limited between February 2011 and June 2015, at ADS Securities Hong Kong Limited between June 2015 and May 2019 and at Quam Capital Limited (formerly known as China Tonghai Capital Limited) between May 2019 and June 2021. Prior to joining the Company, Ms. Li worked as Managing Director, Head of Greater China Coverage at Vantage Capital Markets HK Limited between June 2021 and April 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

SENIOR MANAGEMENT

Mr. Wong Law Fai (“Mr. LF Wong”), aged 65, is the managing director of Wan Chung Construction Company Limited. Mr. LF Wong was appointed as a director of the Company on 31 May 2011 and redesignated as an executive Director of the Company on 19 December 2011. Later Mr. LF Wong resigned as an executive Director, the chairman of the Board and authorised representative of the Company on 28 May 2013, and the chief executive officer of the Company on 10 September 2013. Mr. LF Wong has over 30 years of experience in the building construction industry of Hong Kong. Mr. LF Wong is a registered professional engineer (building) in Hong Kong, a registered professional surveyor (quantity surveying) in Hong Kong, a member of The Hong Kong Institution of Engineers, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building (the United Kingdom) and a member of The Royal Institution of Chartered Surveyors (the United Kingdom).

Mr. So Siu Cheong (“Mr. So”), aged 56, is the director of Wan Chung Construction Company Limited. Mr. So joined our Group in 2006 and has over 25 years of experience in the construction industry of Hong Kong. He also has 7 years of experience of the construction industry in Taiwan from 1999 to 2006. Mr. So is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors (the United Kingdom). He obtained a bachelor degree of laws from the University of Wolverhampton in 2006 and a bachelor degree of science in quantity surveying from The University of Hong Kong in 1991.

Ms. Lee Wai King (“Ms. Lee”), aged 47, is the director of Wan Chung Construction Company Limited. Ms. Lee joined our Group in 1998 and has over 24 years of experience in the construction industry of Hong Kong. Ms. Lee obtained a professional diploma in occupational safety & health from the School of Continuing Education of Hong Kong Baptist University in 2010 and a bachelor degree of arts from The Chinese University of Hong Kong in 1998.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2024.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group comprise (i) provision of building construction services, property maintenance services, alterations, renovation, upgrading and fitting-out works services, (ii) trading of materials and (iii) transportation business. The principal activities and other particulars of the subsidiaries of the Company are set out in note 22 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and the Management Discussion and Analysis set out on pages 4 to 6 and pages 7 to 17 of this annual report, respectively. This discussion forms part of this Directors' report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out in the five year financial summary on page 126 of this annual report. The summary does not form part of the audited consolidated financial statements.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 March 2024 and the Group's financial position as at 31 March 2024 are set out in the consolidated financial statements on pages 48 to 51.

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2024 (2023: Nil).

DIRECTORS' REPORT (Continued)

SHARE REORGANIZATION

On 17 February 2023, the board of directors of the Company (the "Board") proposed to implement:

- (v) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 ("Existing Share") each to be consolidated into one (1) consolidated shares at par value of HK\$0.04 ("Consolidated Share");
- (vi) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares;
- (vii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; and
- (viii) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK\$0.01 each.

The aforesaid proposed changes can be implemented are subject to shareholder's approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. On 8 December 2023, all conditions precedent for the implementation of the proposed change (iv) have been fulfilled.

The proposed changes (i), (ii), (iii) and (iv) have been implemented as at 31 March 2024.

SHARE CAPITAL AND SHARE OPTION

The movement in the Company's share capital and share option during the year could be referred to note 36 and note 39 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES

In addition to the retained earnings, the share premium account of the Company is distributable to its Shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business pursuant to the Companies Law of the Cayman Islands and the Companies Articles. As at 31 March 2024, the distributable reserves available for distribution to Shareholders amounted to approximately HK\$30,344,000.

DIRECTORS' REPORT (Continued)

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 80.68% of the total sales. The top five suppliers accounted for approximately 36.29% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 37.98% of the total sales and the Group's largest supplier accounted for approximately 10.01% of the total purchases for the year.

At no time during the year ended 31 March 2024 have the then and current Directors of the Company, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

CHARITABLE DONATIONS

During the year ended 31 March 2024, the Group made charitable donations amounting to approximately HK\$27,000 (Year ended 31 March 2023: HK\$32,000).

DIRECTORS

The Directors of the Company during the year ended 31 March 2024 and up to the date of this Directors' report are:

Executive Directors:

Mr. Chau Chit (*Chairman and Chief Executive Officer*)
Mr. Fung Ka Lun
Mr. Tang Hongyang (*appointed on 10 November 2023*)
Mr. Zhu Feng (*appointed on 13 October 2023*)
Mr. Zhu Xiaodong
Dr. Zhu Dashu (*resigned on 10 November 2023*)
Mr. Zhu Kai (*resigned on 13 October 2023*)

Independent Non-executive Directors:

Mr. Wong Wai Kwan
Mr. Zhang Shengman
Ms. Li Xiaoting (*appointed on 3 May 2024*)
Dr. Wong Lee Ping (*resigned on 3 May 2024*)

By virtue of articles 108(a), 108(b) and 112 of the articles of association of the Company, Mr. Tang Hongyang, Mr. Zhu Feng, Mr. Zhu Xiaodong, Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting will retire. All retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

PERMITTED INDEMNITY PROVISION

Permitted indemnity provisions (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company are currently in force and was in force during the year and at the date of this report.

DIRECTORS' REPORT (Continued)

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year ended 31 March 2024 are set out in notes 16 and 15(b) to the consolidated financial statements. The remuneration policy for Directors and senior management is set out in the Corporate Governance Report on page 36 of this annual report.

SHARE OPTION SCHEMES

On 19 December 2011, the sole shareholder of the Company adopted the share option scheme (the "2011 Scheme") by way of written resolution which would be valid for a period of ten years. On 30 September 2021, the Shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of a new share option scheme (the "2021 Scheme"), which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme. The share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme. Details of 2011 Scheme and 2021 Scheme are as follows:

2011 Scheme

The 2011 Scheme was adopted by the sole Shareholder by way of written resolution on 19 December 2011 and was terminated on 7 October 2021. The terms of the 2011 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

The total number of shares of the Company which may be issued as at 31 March 2024 upon exercise of all outstanding share options granted under the 2011 Scheme is 6,664,556 (Note), which represents approximately 1% of the shares of the Company in issue as at 31 March 2024 and up to the date of the report. The 2011 Scheme was terminated on 7 October 2021, no further options can be granted under the 2011 Scheme. However, the share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme.

Each of the grantees was required to pay HK\$1.00 as a consideration for the grant of share options in accordance with the 2011 Scheme. The offer of share options must be accepted within 7 days from the date of the offer.

Save as disclosed above, there is no material difference in the terms, which shall be disclosed pursuant to Rule 17.09 of the Listing Rules, between the 2011 Scheme and the 2021 Scheme.

DIRECTORS' REPORT (Continued)

149,999,998 share options were granted on 13 August 2021 in accordance with the terms of the 2011 Scheme. There are 6,664,556 share options as at 31 March 2024 (31 March 2023: 149,999,998 share options) (Note). No share option was exercised or cancelled in accordance with the terms of the 2011 Scheme. Details of movements in the share options under the 2011 Scheme for the year ended 31 March 2024 and up to the date of this report are as follows:

Name of grantees	Options to subscribe for shares of the Company			Date of grant	Exercise period	Exercise price per share (Note)
	At the beginning of the period (Note)	Options granted during the period	At the end of the period (Note)			
President of the Company						
Mr. Michael Ngai Ming Tak	3,332,278	—	3,332,278	13 August 2021	13 August 2021 — 12 August 2026	HK\$0.6752
Director of the Company						
Mr. Fung Ka Lun	3,332,278	—	3,332,278	13 August 2021	13 August 2021 — 12 August 2026	HK\$0.6752
	6,664,556	—	6,664,556			

Note:

The number of share options and the exercise price above have been adjusted pursuant to the share consolidation of the Company effective on 6 April 2023 and the rights issue of the Company completed on 16 April 2024.

The number of share options as at 31 March 2024 not adjusted for the rights issue of the Company completed on 16 April 2024 would be 7,499,998 (3,749,999 share options for each of Mr. Michael Ngai Ming Tak and Mr. Fung Ka Lun).

2021 Scheme

On 30 September 2021, the Shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of the 2021 Scheme, which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme.

The terms of the 2021 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the 2021 Scheme is to replace the 2011 Scheme and to continue to enable the Company to grant share options to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

There is no option outstanding, granted, exercised, cancelled or lapsed under the 2021 Scheme since its adoption and for the year ended 31 March 2024.

DIRECTORS' REPORT (Continued)

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2024 are set out in note 15(a) to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Directors	Capacity	Number of shares held (note 1)	Percentage of the issued share capital of the Company (note 1)
Mr. Zhu Feng (note 2)	Beneficial owner and Interest of Controlled Corporation	69,865,100 (L)	15.53%
Mr. Chau Chit (note 3)	Interest of Controlled Corporation	37,500,000 (L)	8.33%
Mr. Fung Ka Lun (note 4)	Beneficial owner	3,749,999 (L)	0.83%
Mr. Wong Wai Kwan	Beneficial owner	312,500 (L)	0.07%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2024 and the percentage of the issued share capital of the Company is calculated on the basis of 449,999,944 shares in issue as at 31 March 2024.
2. Mr. Zhu Feng is directly interested in 52,347,300 Shares and is the ultimate beneficial owner of Ensure Prestige Limited. By virtue of the SFO, Mr. Zhu Feng is deemed to be interested in all the 17,517,800 Shares held by Ensure Prestige Limited. Therefore, Mr. Zhu Feng is deemed to be interested in 69,865,100 Shares.
3. Mr. Chau Chit, the executive Director, is the ultimate beneficial owner of Mega Start Limited ("Mega Start"). By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 37,500,000 Shares held by Mega Start.
4. The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 19 December 2011 (the "2011 Scheme"). Upon exercise of the share options in accordance with the 2011 Scheme, ordinary shares in the share capital of the Company are issuable. The share options are personal to the Director. Further details of the share options are set out in the section headed "Share Options Schemes" and its note above.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT (Continued)

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year ended 31 March 2024 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the following persons (other than Directors or chief executives of the Company as disclosed above) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name of Shareholders	Capacity	Number of Shares held (note 1)	Percentage of the issued share capital of the Company (note 1)
Fount Holdings Limited (note 2)	Beneficial owner	23,750,000 (L)	5.28%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2024 and the percentage of the issued share capital of the Company is calculated on the basis of 449,999,944 shares in issue as at 31 March 2024.
2. Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 23,750,000 Shares held by Fount Holdings Limited.

Save as disclosed above, as at 31 March 2024, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2024.

DIRECTORS' REPORT (Continued)

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in note 43 to the consolidated financial statements, no contract of significance in relation to the Group's in which the Company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2024, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each of the independent non-executive Directors during the reporting period pursuant to Rule 3.13 of the Listing Rules and considers all of them were independent during the year ended 31 March 2024.

CONNECTED TRANSACTIONS

The related party transactions of the Group during the year as set out in note 43 to the consolidated financial statements also constitute connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules, and the Group has complied with the requirement in Chapter 14A of the Listing Rules.

Save as disclosed above, there was no connected transaction during the year.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 32 to 41. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 (previously Appendix 27) to the Listing Rules will be published on 30 July 2024 on the websites of the Company and the Stock Exchange.

DIRECTORS' REPORT (Continued)

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year ended 31 March 2024 and as at the date of this annual report as required under the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

- (a) On 21 February 2024, the Board proposed to raise approximately HK\$36.2 million before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) rights shares for every one (1) share in issue (the "Rights Shares") at the subscription price of HK\$0.161 per share (the "Rights Issue").

Upon the completion of the Rights Issue on 16 April 2024, the number of shares in issue of the Company was increased by 171,876,373, resulting in a credit to share capital and share premium by HK\$1.72 million and HK\$24.25 million, respectively after netting of the related cost of approximately HK\$1.7 million. Details of the Rights Issue are disclosed in the Company's announcements dated 21 February 2024 and 15 April 2024.

- (b) On 26 June 2024, Magic Choice, Wan Chung and Mr. Wong Law Fai entered into agreements to extend the maturity date of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2025 and 30 September 2026, respectively.

Save as disclosed above, there is no other event after the reporting period that should be notified to the Shareholders of the Company.

AUDITORS

RSM Hong Kong ("RSM") will retire at the conclusion of the forthcoming annual general meeting ("AGM") and being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of RSM as auditor of the Company will be proposed at the forthcoming AGM.

Extract of Independent Auditor's Report on the Company's Consolidated Financial Statements for the year ended 31 March 2024

Opinion

We have audited the consolidated financial statements of Green Economy Development Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

DIRECTORS' REPORT (Continued)

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, as at 31 March 2024, the Group had bank and cash balances of approximately HK\$86,688,000, while loans from a related party amounted to approximately HK\$207,124,000, of which approximately HK\$102,124,000 and HK\$105,000,000 were originally due on 31 October 2024 and 30 September 2025, respectively.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

The Directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 15 months ending 30 June 2025. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 15 months ending 30 June 2025, as the maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2025 and 30 September 2026, respectively. After taking into account of the Group's bank deposits and cash balances amounting to HK\$86,688,000 as at 31 March 2024, the Group's ability to generate operating cashflow and the extension arrangements with Mr. Wong Law Fai, the available unutilised banking facilities of approximately HK\$447,954,000, of which HK\$45,204,000 is available be drawn down for working capital need, as at 31 March 2024, and the funds of approximately HK\$25.97 million raised from the Company's right issue in April 2024, the Directors therefore considered it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

The audit committee has discussed with the Company, reviewed the consolidated financial statements for the year ended 31 March 2024, and agreed with the going concern basis of preparation of the consolidated financial statements.

On behalf of the Board

Chau Chit

Chairman and Chief Executive Officer

Hong Kong, 28 June 2024

CORPORATE GOVERNANCE REPORT

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the Shareholders, customers and employees of the Company. During the year ended 31 March 2024, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code (the “CG Code”) in Appendix C1 (previously Appendix 14) of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2024, the Company had complied with the CG Code as set out in Appendix C1 to the Listing Rules.

Code Provision C.1.6

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, one of the independent non-executive directors were unable to attend the Company’s annual general meeting held on 28 September 2023.

Roles of the chairman and the chief executive

According to the code provision C.2.1 of the CG Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing.

The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, during the year ended 31 March 2024.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

Financial reporting, Risk management and internal control

Auditors’ opinion related to going concern and remedial actions

According to the independent auditor’s report (page 42 to 47) of this annual report, the Company’s auditors drew attention to material uncertainty related to going concern on the consolidated financial statements of the Company for the year ended 31 March 2024.

The followings are further information regarding the above matters:

The management’s position and basis on the going concern assumption has been referred to in note 2 to the consolidated financial statements for the year ended 31 March 2024 in this Report dated 28 June 2024.

CORPORATE GOVERNANCE REPORT (Continued)

Referring to independent auditor's report (page 42 to 47) of this annual report, the management of the Company noted that the Company's auditors (the "Auditors") considered that as at 31 March 2024, the Group had bank and cash balances of approximately HK\$86,688,000, while loans from a related party amounted to approximately HK\$207,124,000, of which approximately HK\$102,124,000 and HK\$105,000,000 were originally due on 31 October 2024 and 30 September 2025, respectively.

The Directors have estimated the Group's cash requirements by preparing a group cashflow forecast for the 15 months ending 30 June 2025. The Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 15 months ending 30 June 2025, as the maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2025 and 30 September 2026, respectively. After taking into account of the Group's bank deposits and cash balances amounting to HK\$86,688,000 as at 31 March 2024, the Group's ability to generate operating cashflow and the extension arrangements with Mr. Wong Law Fai, the available unutilised banking facilities of approximately HK\$447,954,000, of which HK\$45,204,000 is available be drawn down for working capital need, as at 31 March 2024, and the funds of approximately HK\$25.97 million raised from the Company's right issue in April 2024, the Directors therefore considered it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

The audit committee has discussed with the management of the Company, reviewed the consolidated financial statements for the year ended 31 March 2024, and agreed with the going concern basis of preparation of the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (previously Appendix 10) to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2024.

BOARD OF DIRECTORS

Composition of the Board of Directors

As at the date of this annual report, the Board consisted eight Directors comprising five executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Chau Chit (*Chairman and Chief Executive Officer*)

Mr. Fung Ka Lun

Mr. Tang Hongyang

Mr. Zhu Feng

Mr. Zhu Xiaodong

Independent non-executive Directors

Mr. Wong Wai Kwan

Mr. Zhang Shengman

Ms. Li Xiaoting

CORPORATE GOVERNANCE REPORT (Continued)

The biographical details of all current Directors and senior management of the Company are set out on pages 18 to 21 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed “Biographical Details of Directors and Senior Management”, there is no financial, business, family or other material or relevant relationships among the members of the Board and/or the senior management during the reporting period.

Functions of the Board

The principal functions of the Board are to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group’s business, the Board delegates the authority and responsibility for implementing the Group’s policies and strategies.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company’s articles of association. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

Directors’ Re-election

By virtue of article 112 of the articles of association of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision B.2.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Independent non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) and 3.10A of the Listing Rules. The three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance to Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmation, considers, the independent non-executive Directors to be independent.

According to the code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. During the year ended 31 March 2024, the chairman had met the independent non-executive Directors without the presence of other executive Directors.

CORPORATE GOVERNANCE REPORT (Continued)

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management needs to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

According to the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

All Directors during the reporting period have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contribution to the Board remains informed and relevant.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 19 December 2011 with written terms of reference which were revised on 23 September 2015 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information and risk management of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Wai Kwan (the chairman of the Audit Committee), Mr. Zhang Shengman, and Ms. Li Xiaoting.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2023 and the consolidated financial statements and annual results for the year ended 31 March 2024.

During the year ended 31 March 2024, the Audit Committee held 3 meetings.

CORPORATE GOVERNANCE REPORT (Continued)

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine the remuneration packages of individual executive Directors and senior management including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

As at the date of this report, the Remuneration Committee comprised three independent non-executive Directors, namely, Mr. Zhang Shengman (the chairman of the Remuneration Committee), Mr. Wong Wai Kwan and Ms. Li Xiaoting, and two executive Directors, namely Mr. Chau Chit and Mr. Zhu Feng.

During the year ended 31 March 2024, the Remuneration Committee held 3 meetings to, inter alia, review the remuneration packages of all Directors and senior management of the Company.

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries, allowances and share options granted. The Group’s remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group’s profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The current share option scheme of the Company (the “Share Option Scheme”) was adopted by the Shareholders in the extraordinary general meeting held on 30 September 2021. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons will have additional incentives to improve the Company’s performance.

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year ended 31 March 2024 are set out in notes 16 and 15(b) to the consolidated financial statements.

The remuneration paid and payable to the senior management excluding Directors by band for the year ended 31 March 2024 is set out below:

Remuneration of band	Number of individuals
HK\$1,500,001 to HK\$2,000,000	1
HK\$2,000,001 to HK\$2,500,000	1
HK\$2,500,001 to HK\$3,000,000	0
HK\$3,000,001 to HK\$3,500,000	1

CORPORATE GOVERNANCE REPORT (Continued)

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 and 26 August 2013 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession.

The Board is empowered under the Company’s articles of association to appoint any person as a Director either to fill a casual vacancy or, as an additional member of the Board. The Company has formulated the nomination policy, and factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for Director include, inter alia, professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company’s business. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group’s business.

The Nomination Committee formulated the board diversity policy of the Company (the “Board Diversity Policy”). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board’s composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

As at the date of this report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting, and two executive Directors, namely Mr. Chau Chit (the chairman of the Nomination Committee) and Mr. Zhu Feng.

During the year ended 31 March 2024, the Nomination Committee held 3 meetings to, inter alia, review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board on the appointment of Directors and assess the Board Diversity Policy.

Risk Management Committee

A Risk Management Committee was established on 20 April 2020. At the date of this report, members composed of three executive Directors and one independent non-executive Director. The Committee is responsible for assisting the Board to oversee the design, implementation and monitoring of the risk management system carried out by the management on an ongoing basis and to analyse and independently assess whether the system in managing risks is sufficient, efficient and effective.

CORPORATE GOVERNANCE REPORT (Continued)

Corporate Governance Functions

According to code provision A.2 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management; and
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and meetings of Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and the general meetings of the Company held during the year ended 31 March 2024 is set out in the table below:

Name of Director	Number of meetings attended/entitled to attend					Annual General Meeting	Extraordinary General Meeting	Type of training
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee			
Executive Directors								
Mr. Chau Chit	8/8	n/a	3/3	3/3	0/0	1/1	1/1	B
Mr. Fung Ka Lun	8/8	n/a	n/a	n/a	n/a	0/1	1/1	B
Dr. Zhu Dashu (<i>resigned on 10 November 2023</i>)	3/4	n/a	n/a	n/a	n/a	1/1	1/1	B
Mr. Zhu Kai (<i>resigned on 13 October 2023</i>)	2/3	n/a	n/a	n/a	n/a	0/1	0/1	B
Mr. Tang Hongyang (<i>appointed on 10 November 2023</i>)	4/4	n/a	n/a	n/a	n/a	0/0	0/0	B
Mr. Zhu Feng (<i>appointed on 13 October 2023</i>)	5/5	n/a	1/1	1/1	n/a	0/0	0/0	B
Mr. Zhu Xiaodong	8/8	n/a	n/a	n/a	0/0	0/1	0/1	B
Independent Non-executive Directors								
Mr. Wong Wai Kwan	8/8	3/3	3/3	3/3	0/0	1/1	1/1	A and B
Mr. Zhang Shengman	8/8	3/3	3/3	3/3	n/a	0/1	1/1	A and B
Dr. Wong Lee Ping (<i>resigned on 3 May 2024</i>)	8/8	3/3	3/3	3/3	n/a	1/1	1/1	A and B
Ms. Li Xiaoting (<i>appointed on 3 May 2024</i>)	0/0	0/0	0/0	0/0	n/a	0/0	0/0	A and B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Apart from regular Board meetings, the Chairmen also held meetings with the independent non-executive Directors without the presence of executive Directors during the year ended 31 March 2024.

CORPORATE GOVERNANCE REPORT (Continued)

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2024, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Auditor's Remuneration

During the year ended 31 March 2024, the remuneration paid or payable to the auditor of the Company, RSM Hong Kong, in respect of their audit and non-audit services was as follows:

	HK\$
Audit service fee	1,722,000
Non-audit service fee	
– Agreed upon procedures service	220,000
– Being reporting accountant for the prospectus	300,000
Total	2,242,000

Risk Management and Internal Control Responsibility

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained. Management is responsible for designing, implementing and monitoring the risk management and internal control systems to manage risks. Sound and effective risk management and internal control systems are designed to identify and manage the risk of failure to achieve business objectives. The Group's risk management process include risk assessment, which constitutes the sub-processes of risk identification, analysis, evaluation, mitigation, reporting and monitoring. The Group also adopt a risk whistle-blowing policy to uphold honesty, integrity and fair play as our core values of the Group at all times.

The Company has set up Risk Management Committee to assist the Board to oversee the risk management system carried out by the management on an ongoing basis, and has appointed a compliance officer to advise on and assist the Board in overseeing the compliance of laws and regulations by the Group.

Review of Risk Management and Internal Control System

The Company has engaged an internal control consultant ("Internal Control Consultant") to conduct an internal control review on, among other things, the Company's controls in place for particular risk management processes of the Group's businesses.

Following the review process, the Company has continued to implement/enhance internal control measures/systems and the Internal Control Consultant will further perform follow-up review on the remedial actions taken by the Company.

CORPORATE GOVERNANCE REPORT (Continued)

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the company secretary of the Company (the “Company Secretary”):

1. By mail to the Company’s principal place of business at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong;
2. By telephone number 2238 0238;
3. By fax number 2562 8278; or
4. By email at kencheung@1315.com.hk

The Company uses a number of formal communications channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company’s website offering communication channels between the Company and its Shareholders and investors; and (v) the Company’s share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely mannered and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders’ views and inputs, and address Shareholders’ concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days’ notice shall be given. The Chairmen of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders’ questions on the Group’s businesses at the meeting. To comply with code provision F.2.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 64 of the articles of association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings may request an extraordinary general meeting. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

CORPORATE GOVERNANCE REPORT (Continued)

If a shareholder wishes to propose a person for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's head office and principal place of business of the Company at Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company at Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong:

- a notice in writing by the Shareholder indicating the intention to propose a person for election as a Director; and
- a notice in writing by the person proposed by the Shareholder for election as a Director indicating his/her willingness to be elected.

The minimum length of the period, during which such notices may be given, will be at least 7 days.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The Board has established a Shareholders' communication policy on 28 March 2012 and reviews it on a regular basis to ensure its effectiveness.

In order to promote effective communication, the Company also maintains a website (<http://www.greeneconomy.com.hk>) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY'S TRAINING

During the year ended 31 March 2024, Mr. Cheung Yiu Kuen has received no less than 15 hours of relevant professional training to refresh his skills and knowledge.

INDEPENDENT AUDITOR'S REPORT



RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

T +852 2598 5123

F +852 2598 7230

www.rsmhk.com

羅申美會計師事務所

香港銅鑼灣恩平道二十八號
利園二期二十九字樓

電話 +852 2598 5123

傳真 +852 2598 7230

www.rsmhk.com

TO THE SHAREHOLDERS OF GREEN ECONOMY DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Green Economy Development Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 48 to 125, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, as at 31 March 2024, the Group had bank and cash balances of approximately HK\$86,688,000, while loans from a related party amounted to approximately HK\$207,124,000, of which approximately HK\$102,124,000 and HK\$105,000,000 were originally due on 31 October 2024 and 30 September 2025, respectively.

INDEPENDENT AUDITOR'S REPORT (Continued)

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

1. Revenue recognition for construction contracts; and
2. Allowance for expected credit losses on trade and bills receivables and contract assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Revenue recognition for construction contracts</p> <p>Refer to notes 4(h), 5(i)(b), 5(ii)(a), and 8 to the consolidated financial statements.</p> <p>The Group provides construction services which include building construction, alterations, renovation, upgrading and fitting-out works and property maintenance.</p> <p>The Group recognised contract revenue from construction contracts of approximately HK\$733,933,000 for the year ended 31 March 2024.</p> <p>The recognition of revenue for the Group's construction contracts is determined based on the progress towards completion of the performance obligation. The input method is used for building construction contracts, while the output method is applied for other construction services including alterations, renovation upgrading and fitting-out works and property maintenance.</p>	<p>Our procedures included:</p> <ol style="list-style-type: none">(i) Understanding the assessment process of revenue recognition of construction contracts, including the determination of percentage of completion for construction contracts and the budget costs;(ii) Assessing the inherent risk of material misstatement of revenue recognition for construction contracts by considering the degree of estimation uncertainty and level of other inherent risk factors;(iii) Evaluating the design and implementation of key controls over the revenue recognition for construction contracts;

INDEPENDENT AUDITOR'S REPORT (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Revenue recognition for construction contracts (Continued)</p> <p>Significant management's judgement and estimates were needed to estimate the value of services delivered to date and the final outcome of each contract, including forecasting the costs to complete a contract.</p> <p>We identified the revenue recognition of construction contracts as a key audit matter because of the significance of the revenue to the consolidated financial statements and the significant management judgements and estimates in estimating the value of the construction works completed to date and final outcome of each contract.</p>	<p>Our procedures included (Continued):</p> <p>(iv) Testing the revenue recognised from construction contracts, on a sample basis, by:</p> <p>For revenue from building construction contract:</p> <ul style="list-style-type: none"> — Reviewing key contract terms and agreeing the expected contract sum to signed contracts; — Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts; — Agreeing total budgeted costs to approved budgets, and challenging the reasonableness of key management judgements in preparing the budget; — Examining the contract costs incurred by tracing to related documents on a sample basis; — Performing cut-off testing procedures to check if the costs had been recognised in the appropriate accounting period; and — Re-calculating the proportion of the actual cost incurred relative to the estimated total cost and the revenue recognised under the input method. <p>For revenue from alterations, renovation, upgrading and fitting-out works and property maintenance:</p> <ul style="list-style-type: none"> — Reviewing key contract terms and agreeing the expected contract sum to signed contracts; — Agreeing the progress towards fulfilling the performance obligation to the certifications from the surveyors appointed by the customers for contract revenue recognised; and — Re-calculating the proportion of the revenue recognised during the year.

INDEPENDENT AUDITOR'S REPORT (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>2. Allowance for expected credit losses (“ECLs”) on trade and bills receivables and contract assets</p> <p>Refer to notes 4(y), 5(i)(c), 5(ii)(b), 6(b), 25 and 26 to the consolidated financial statements.</p> <p>The Group has recognised reversal of allowance for ECLs of HK\$1,993,000 in aggregate on trade and bills receivables and contract assets in the current year.</p> <p>As set out in note 4(y) to the consolidated financial statements, the Group always recognises lifetime ECL for all trade and bills receivables and contract assets. Management assessed the allowance for ECLs with reference to the historical observed default rate, loss given default rates and forward-looking economic factors.</p> <p>Management was required to exercise significant judgements in grouping debtors with similar loss pattern. The impact of economic factors, both current and future, historical experience and forward-looking factors specific to the debtors were also considered in management’s assessment of the likelihood of recovery from debtors. Accordingly, these areas are considered a key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> – Understanding of the Group’s credit risk management and the assessment process of ECLs of trade and bills receivables and contract assets, evaluating the design and implementation of relevant internal controls, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Performing a retrospective review to evaluate the outcome of prior period assessment of ECLs of trade and bills receivables and contract assets to assess the effectiveness of management’s estimation process; – Challenging the judgements made by management, including the grouping of trade and bills receivables and contract assets by considering the nature of the debtors and credit risk characteristics; – Assessing with the assistance of our valuation expert, the appropriateness of the impairment loss methodology, the relevance and reliability of the data used to determine loss rates and the appropriateness of any adjustments for forward-looking factors; – Testing the accuracy and completeness of the data used by management including the ageing of trade and bills receivables on a sample basis; and – Testing the calculation of ECLs applying the provision rates to the age categories of the trade and bills receivables and contract assets outstanding as at 31 March 2024.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (Continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Wo Cheung.

RSM Hong Kong

Certified Public Accountants

28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	8	2,934,565	2,462,942
Cost of sales and services		(2,849,631)	(2,450,160)
Gross profit		84,934	12,782
Other income	9	8,568	10,614
Other gains and losses	10	25	72
Reversal of/(allowance) for trade and bills receivables	6(b)	1,993	(4,114)
Selling expenses		(4,327)	(8,769)
Administrative expenses		(43,020)	(46,841)
Profit/(loss) from operations		48,173	(36,256)
Finance costs	12	(25,889)	(35,163)
Profit/(loss) before tax		22,284	(71,419)
Income tax expenses	13	(4,078)	(4,152)
Profit/(loss) for the year from continuing operations	14	18,206	(75,571)
Discontinued operations			
Loss for the year from discontinued operations	17	—	(9,866)
Profit/(loss) for the year		18,206	(85,437)
Other comprehensive income for the year, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(6,877)	(12,105)
Exchange differences reclassified to profit or loss on deconsolidation of foreign operations		—	(5,407)
Other comprehensive income for the year, net of tax		(6,877)	(17,512)
Total comprehensive income for the year		11,329	(102,949)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		18,221	(85,348)
Non-controlling interests		(15)	(89)
		18,206	(85,437)
Total comprehensive income for the year attributable to:			
Owners of the Company		11,344	(102,860)
Non-controlling interests		(15)	(89)
		11,329	(102,949)
	Note	2024	2023 (Re-presented)
Earnings/(loss) per share			
From continuing and discontinued operations			
Basic (HK cents per share)	19	4.89	(26.93)
Diluted (HK cents per share)		4.89	(26.93)
From continuing operations			
Basic (HK cents per share)		4.89	(23.82)
Diluted (HK cents per share)		4.89	(23.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	20	620	1,122
Goodwill		320	320
Right-of-use assets	21	2,728	4,072
Financial assets at fair value through profit or loss ("FVTPL")	23	4,379	—
		8,047	5,514
Current assets			
Inventories	24	70,787	32,850
Trade and other receivables	25	237,308	299,532
Contract assets	26	194,090	179,495
Amount due from a related party	31(a)	19,591	19,591
Pledged bank deposits	27	63,349	60,997
Bank and cash balances	27	86,688	66,278
		671,813	658,743
Current liabilities			
Trade and other payables	28	300,534	334,010
Lease liabilities	29	2,480	2,004
Contract liabilities	30	41,030	3,203
Amounts due to related parties	31(b)	11,573	11,945
Amount due to a director	32	2,330	2,330
Loans from a related party	33	102,124	102,124
Other loan	34	200	—
Current tax liabilities		9,455	8,678
		469,726	464,294
Net current assets		202,087	194,449
Total assets less current liabilities		210,134	199,963
Non-current liabilities			
Accruals and other payables	28	487	487
Lease liabilities	29	411	1,569
Loans from a related party	33	105,000	105,000
		105,898	107,056
NET ASSETS		104,236	92,907

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	36	4,500	18,000
Reserves	38	103,795	78,951
		108,295	96,951
Non-controlling interests		(4,059)	(4,044)
TOTAL EQUITY		104,236	92,907

Approved by the Board of Directors on 28 June 2024 and are signed on its behalf by:

Chau Chit
Director

Tang Hongyang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Foreign currency translation reserve	Capital Reserve	Legal reserve	Statutory surplus reserve	Other reserve	(Accumulated losses)/ retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(note 38(b)(i))	(note 39)	(note 38(b)(ii))	(note 38(b)(iii))	(note 38(b)(iv))	(note 38(b)(v))	(note 38(b)(vi))				
At 1 April 2022	15,000	326,299	1,746	20,956	3,642	12	1,562	22,000	(213,744)	177,473	(3,955)	173,518
Total comprehensive income for the year	–	–	–	(17,512)	–	–	–	–	(85,348)	(102,860)	(89)	(102,949)
De-registration of a subsidiary	–	–	–	–	–	(12)	–	–	–	(12)	–	(12)
Issuance of shares (note 36 (a))	3,000	19,350	–	–	–	–	–	–	–	22,350	–	22,350
Transfer to statutory surplus reserve	–	–	–	–	–	–	14	–	(14)	–	–	–
Changes in equity for the year	3,000	19,350	–	(17,512)	–	(12)	14	–	(85,362)	(80,522)	(89)	(80,611)
At 31 March 2023 and 1 April 2023	18,000	345,649	1,746	3,444	3,642	–	1,576	22,000	(299,106)	96,951	(4,044)	92,907
Total comprehensive income for the year	–	–	–	(6,877)	–	–	–	–	18,221	11,344	(15)	11,329
Capital reduction (note 36(c))	(13,500)	–	–	–	–	–	–	–	13,500	–	–	–
Transfer (note)	–	(345,649)	–	–	–	–	–	–	345,649	–	–	–
Changes in equity for the year	(13,500)	(345,649)	–	(6,877)	–	–	–	–	377,370	11,344	(15)	11,329
At 31 March 2024	4,500	–	1,746	(3,433)	3,642	–	1,576	22,000	78,264	108,295	(4,059)	104,236

Note: On 6 April 2023, an extraordinary general meeting was held and approved to reduce the share premium account to offset the accumulated losses at the share consolidation effective date.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax		
Continuing operations	22,284	(71,419)
Discontinued operations	—	(9,866)
	22,284	(81,285)
Adjustments for:		
Finance costs	25,889	35,163
Interest income from bank deposits	(4,383)	(2,095)
Interest income from sub-contractors	(4,027)	(3,250)
Gain on disposals of property, plant and equipment	(125)	(129)
Gain on de-registration of a subsidiary	—	(12)
Provision for compensation	—	139,746
Gain on deconsolidation of subsidiaries	—	(182,100)
Dividend income	—	(134)
Reversal of provision of annual leaves	—	(90)
Waiver of other payables	—	(570)
Fair value losses on financial assets at FVTPL	—	269
Depreciation of property, plant and equipment	621	1,434
Depreciation of right-of-use assets	3,570	2,968
Early termination of lease	—	8
(Reversal of)/allowance for trade and bills receivables	(1,993)	4,114
Write-off of other receivables	—	70
	41,836	(85,893)
Operating profit/(loss) before working capital changes	41,836	(85,893)
(Increase)/decrease in inventories	(40,070)	41,142
Decrease/(increase) in trade and bills receivables	104,512	(11,558)
(Increase)/decrease in contract assets	(14,594)	91,761
Increase in amount due from a related party	—	(19,591)
Increase in prepayments, deposits and other receivables	(46,203)	(10,266)
(Decrease)/increase in trade and other payables	(29,150)	10,719
Increase/(decrease) in contract liabilities	38,257	(16,188)
	54,588	126
Cash generated from operations	54,588	126
Income tax paid	(2,769)	(15,075)
	51,819	(14,949)
Net cash generated from/(used in) operating activities	51,819	(14,949)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(119)	(251)
Proceeds from disposals of property, plant and equipment	125	677
Bank interest received	4,383	2,095
Acquisition of a subsidiary	—	(2,077)
Disposal of an associate	—	281
Deconsolidation of subsidiaries	—	(18,804)
Acquisition of financial assets at FVTPL	(4,379)	—
Proceeds from redemption of financial assets at FVTPL	—	4,341
Increase in time deposits with original maturity of within three months when acquired, pledged as security for bank facilities	(2,352)	(1,165)
Net cash used in investing activities	(2,342)	(14,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new ordinary shares, net of	—	22,350
Borrowings raised	14,500	—
Repayment of interest expenses on bank loans and other loans	(129)	—
Repayment of other loans	(14,300)	(4,105)
Repayment of principal element of lease liabilities	(2,908)	(3,058)
Repayment of interest expenses on lease liabilities	(218)	(121)
Decrease in amount due to a director	—	(350)
Repayment of loans from a related party	—	(16,925)
Repayment of interest expenses on loan from a related party	(25,774)	(35,405)
Net cash used in financing activities	(28,829)	(37,614)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,648	(67,466)
Effect of foreign exchange rate changes	(238)	836
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	66,278	132,908
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	86,688	66,278
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	17,888	12,218
Non-pledged time deposits with original maturity of less than three months when acquired	68,800	54,060
	86,688	66,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Green Economy Development Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law (Revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wan Chai, Hong Kong. The Company’s shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company are investment holding. The principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

As at 31 March 2024, the Group had bank and cash balances of approximately HK\$86,688,000, while loans from Mr. Wong Law Fai (“Mr. Wong”), a director of certain subsidiaries of the Company, amounted to approximately HK\$207,124,000, of which approximately HK\$102,124,000 and HK\$105,000,000 were originally due on 31 October 2024 and 30 September 2025, respectively.

These events and conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

Nevertheless, the directors of the Company had adopted the going concern basis in the preparation of these consolidated financial statements of the Group based on the measures including but not limited to the following:

- (a) as set out in note 33 and note 44(b), on 26 June 2024, the Group entered into agreements with Mr. Wong to extend the maturity date of the loans from Mr. Wong for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans are extended to 31 October 2025 and 30 September 2026, respectively;
- (b) as set out in note 35, as at 31 March 2024, the Group has available unutilised banking facilities of approximately HK\$447,954,000, of which HK\$45,204,000 is available to be drawn down for working capital purpose that is subject to annual review by the banks; and
- (c) as set out in note 44(a), upon the completion of the rights issue on 16 April 2024, the Company has raised fund of approximately HK\$25.97 million.

The directors of the Company have estimated the Group's cash requirements by preparing a group cashflow forecast for the 15 months ending 30 June 2025. The directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for 15 months ending 30 June 2025. Accordingly, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Notwithstanding, material uncertainty exists as to whether the Group will be able to continue as a going concern would depend upon the following:

- (a) whether the Group can continue to renew or extend the loans from Mr. Wong when the loans fall due on the extended maturity dates; and
- (b) whether the Group can drawdown loans from available banking facilities provided by the banks as and when needed and whether the Group can continuously fulfil the loan covenants.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

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

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

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the MPF – LSP offsetting mechanism in Hong Kong (Continued)

The application of the amendments has had no material impact on the Group's financial positions and performance.

(b) New and Revised HKFRSs in issue but not yet effective

The Group has not early applied any new standards, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2023. The new standards, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“HK Int 5 (Revised)”))	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Agreements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
HKFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

The directors of the Company anticipate that the application of all the new standard and other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of lease terms or 20% to 33%
Motor vehicles	20%
Furniture, fixture and equipment	10% to 33%
Computers	33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by subsidiaries, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities uses that rate as a starting point to determine the incremental borrowing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Leases (Continued)

(i) The Group as a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECLs") in accordance with the policy set out in note 4(y) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(h) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the input method or output method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Construction contracts (Continued)

Revenue from the building construction contracts is recognised over time, using an input method measure progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the assets is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

The Group becomes entitled to invoice customers for building construction based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade and bills receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is always less than one year.

For revenue from property maintenance works under term contract and revenue from other alterations, renovation, upgrading and fitting-out contracts, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognise revenue over time, using output method by reference to completion of the specific transaction assessed on the basis of the work certified incurred up to the end of the reporting period as a percentage of total contract value for each contract.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Equity investment

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or fair value through other comprehensive income, are recognised in profit or loss as other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(k) Trade and bills and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and bills receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and bills receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(m) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. The accounting policies adopted for specific financial liabilities and equity instruments are set out in notes below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(r) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of materials is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(h) above.

Revenue from transportation services is recognised over time as customer simultaneously receives and consumes the benefit provided by the Group's performance on the delivery of service.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or fair value through other comprehensive income (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and others providing similar services.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Equity-settled share-based payments to others providing similar services are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and bills receivables, other receivables and contract assets, amount due from a related party, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and bills receivables, contract assets and retention receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default;
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets and contracts assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and bills receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets and contracts assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depend upon the successful implementation of financing plans to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position. Details are explained in note 2 to the consolidated financial statements.

(b) Revenue from contracts with customers

The Group applied the judgements that significantly affect the determination of the amount and timing of revenue from contracts with customer.

The Group has recognised revenue from building construction contracts over time, using an input method; the Group has recognised revenue from property maintenance works under term contract and revenue from other alterations, renovation, upgrading and fitting-out contracts over time, using an output method, to measure progress towards complete satisfaction of the service because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. The output method recognises based on direct measurements of the value of units delivered or surveys of work performed. Both methods involve the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred, direct measurements of the value of units delivered or surveys of work performed and forecasts in relation to costs to complete.

(c) Significant increase in credit risk

As explained in note 4(y), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Revenue and profit recognition

As explained in policy note 4(h), revenue from construction contract is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 26 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year, HK\$733,933,000 (2023: HK\$861,076,000) of revenue from construction contracts was recognised.

(b) Impairment of trade and bills receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and bills receivables and contract assets based on the credit risk of trade and bills receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2024, the carrying amount of trade and bills receivables and contract assets were HK\$81,724,000, net of allowance HK\$1,907,000 (2023: HK\$190,565,000, net of allowance HK\$4,091,000) and HK\$194,090,000 (2023: HK\$179,495,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(c) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2024 were HK\$620,000 (2023: HK\$1,122,000) and HK\$2,728,000 (2023: HK\$4,072,000) respectively.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. During the year, HK\$4,078,000 (2023: HK\$4,152,000) of income tax was charged to profit or loss based on the estimated profit from continuing operations.

The carrying amount of current tax liabilities as at 31 March 2024 was HK\$9,455,000 (2023: HK\$8,678,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, United States dollar ("USD") and Renminbi ("RMB"), of which HK\$ and RMB are the functional currencies of the Group's entities.

Since HK\$ is pegged to US\$, it is not likely that there will be material fluctuation in HK\$/US\$ exchange rate, hence the Group does not expect any significant exposure to foreign currency risk.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and bills receivables, retention receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade and bills receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group's trading terms with its customers are mainly based on the contract. Normally, the Group does not obtain collateral from customers.

Trade and bills receivables are mainly related to trading of material and construction businesses while contract assets are mainly related to construction business of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

(i) Trade and bills receivables from trading of materials business

The Group measures loss allowances for trade and bills receivables for trading of material business at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECL for trade and bills receivables for trading of material business as at 31 March 2024:

	2024		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.00%	10,657	—
1–30 days past due	0.13%	58,292	76
31–90 days past due	0.13%	709	—
More than 90 days past due	14.69%	13,973	1,831
		83,631	1,907

	2023		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	1.22%	142,514	1,575
1–30 days past due	—	—	—
31–90 days past due	1.22%	6	—
More than 90 days past due	5.54%	27,692	2,516
		170,212	4,091

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

(i) Trade and bills receivables from trading of materials business (Continued)

Movement in the loss allowance account in respect of trade and bills receivables for trading of material business during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	4,091	—
(Reversal of)/allowance recognised for the year	(1,993)	4,114
Exchange differences	(191)	(23)
At end of the year	1,907	4,091

The loss allowance decreased because of lower trade and bills receivables balance caused by more customers arranged earlier settlement of trade and bills receivables.

(ii) Trade and bills receivables and contract assets from construction business

The expected loss rates for trade and bills receivables and contract assets under construction business are remote since trade and bills receivables and contract assets are due from several major customers which are mainly from public sector in Hong Kong and no default from these customers has happened in the past. Therefore, no loss allowance has been made with respect to trade and bills receivables and contract assets from construction business as at 31 March 2024 (2023: same).

At 31 March 2024, the Group has certain concentration of credit risk as 71% (2023: 20%) and 96% (2023: 87%) of the total trade and bills receivables was due from the largest trade customer and five largest trade customers respectively.

Other financial assets at amortised cost

Other financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include other receivables, amount due from a related party, pledged bank deposits and bank and cash balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 year HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 March 2024					
Trade and retention payables	—	89,986	8,002	—	97,988
Accruals and other payables	—	202,546	487	—	203,033
Amounts due to related parties	11,573	—	—	—	11,573
Amount due to a director	2,330	—	—	—	2,330
Loans from a related party	—	123,521	111,825	—	235,346
Other loan	200	—	—	—	200
Lease liabilities	—	2,566	421	—	2,987
At 31 March 2023					
Trade and retention payables	—	141,254	7,663	—	148,917
Accruals and other payables	—	185,093	487	—	185,580
Amounts due to related parties	11,945	—	—	—	11,945
Amount due to a director	2,330	—	—	—	2,330
Loans from a related party	—	117,130	109,736	—	226,866
Lease liabilities	—	2,274	1,044	695	4,013

(d) Interest rate risk

The Group's pledged deposits, time deposits and other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest rate risk arises from its bank deposits other than above. These deposits bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2024, if interest rates had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been HK\$1,293,000 lower (2023: consolidated loss after tax for the year ended would have been HK\$1,074,000 higher), arising mainly as a result of lower interest income from bank. If interest rates had been 10 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK\$1,293,000 higher (2023: consolidated loss after tax for the year ended would have been HK\$1,074,000 lower), arising mainly as a result of higher interest income from bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Categories of financial instruments at 31 March

	2024 HK\$'000	2023 HK\$'000
Financial assets:		
Financial assets at FVTPL	4,379	—
Financial assets at amortised cost	511,153	533,120
Financial liabilities:		
Financial liabilities at amortised cost	522,248	559,099

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using:			Total 2024 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
– Unlisted equity investment	–	–	4,379	4,379

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTPL-unlisted equity securities HK\$'000
At 1 April 2023	–
Purchases	4,379
At 31 March 2024	4,379

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2024:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least once a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					2024 HK\$'000	2023 HK\$'000
Assets						
Private equity investments classified as financial assets at FVTPL	Market approach	Discount for lack of marketability	5.2%	Decrease	4,379	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

8. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Building construction and other construction related business	1,963	5,140
– Alterations, renovation, upgrading and fitting-out works	116,177	260,297
– Property maintenance	615,793	595,639
– Transportation service income	32,641	2,181
– Trading of materials	2,167,991	1,599,685
	2,934,565	2,462,942

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products or service lines and geographical regions:

For the year ended 31 March	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Transportation service income		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets												
Hong Kong	1,963	5,140	116,177	260,297	615,793	595,639	158,583	38,075	–	–	892,516	899,151
The People's Republic of China (the "PRC") except Hong Kong	–	–	–	–	–	–	2,009,408	1,561,610	32,641	2,181	2,042,049	1,563,791
Revenue from external customers	1,963	5,140	116,177	260,297	615,793	595,639	2,167,991	1,599,685	32,641	2,181	2,934,565	2,462,942
Timing of revenue recognition												
Goods and services transferred at a point in time	–	–	–	–	–	–	2,167,991	1,599,685	–	–	2,167,991	1,599,685
Services transferred over time	1,963	5,140	116,177	260,297	615,793	595,639	–	–	32,641	2,181	766,574	863,257
Total	1,963	5,140	116,177	260,297	615,793	595,639	2,167,991	1,599,685	32,641	2,181	2,934,565	2,462,942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

8. REVENUE (Continued)

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2024 and the expected timing of recognising revenue as follows:

	Construction contracts	
	2024 HK\$'000	2023 HK\$'000
Within one year	706,227	846,365
More than one year but not more than two years	35,459	338,739
More than two years	—	32,859
	741,686	1,217,963

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for trading of materials and transportation services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts trading of materials and transportation services that had an original expected duration of one year or less.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 such that the Group need not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

9. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Interest income from:		
Bank deposits	4,383	2,095
Sub-contractors	4,027	3,250
Total interest income	8,410	5,345
Gain on disposal of financial assets at FVTPL	—	3
Government grants [#]	27	4,028
Dividend income	—	134
Reversal of provision of annual leaves	—	90
Waiver of other payables	—	570
Others	131	444
	8,568	10,614

[#] During the year ended 31 March 2024, the Group recognised government grants of HK\$27,000 (2023: HK\$3,706,000) in respect of COVID-19 related subsidies. The remaining government grants for the year ended 31 March 2023 represented government subsidy granted to enterprise, who had fulfilled certain requirements such as employing specific type of workers and operating in high tech industrial development zone, by the local government of the region that the subsidiary operates.

10. OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Gain on disposal of property, plant and equipment	125	—
Net foreign exchange (loss)/gain	(100)	60
Gain on de-registration of a subsidiary	—	12
	25	72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

11. SEGMENT INFORMATION

As at 31 March 2024, the Group has five (2023: five) reportable segments as follows:

- (a) Building construction and other construction related business
- (b) Alterations, renovation, upgrading and fitting-out works
- (c) Property maintenance
- (d) Trading of materials
- (e) Transportation service

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

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated administrative expenses, certain other income, other gains and losses, finance costs and income tax expenses. Segment assets do not include certain property, plant and equipment, certain right-of-use assets, financial assets at FVTPL, certain other receivables, amount due from a related party, pledged bank deposits and bank and cash balances. Segment non-current assets do not include financial assets at FVTPL. Segment liabilities do not include certain lease liabilities, amounts due to related parties, amount due to a director, loans from a related party, certain trade and other payables and current tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

11. SEGMENT INFORMATION (Continued)

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) Information about reportable segments profit or loss, assets and liabilities from continuing operations:

	Building construction and other construction related business HK\$'000	Alterations, renovation, upgrading and fitting-out works HK\$'000	Property maintenance HK\$'000	Trading of materials HK\$'000	Transportation service HK\$'000	Total HK\$'000
Year ended 31 March 2024						
Revenue from external customers	1,963	116,177	615,793	2,167,991	32,641	2,934,565
Segment profit	1,711	13,508	33,979	35,902	1,678	86,778
Interest revenue	—	716	3,317	14	—	4,047
Depreciation	—	—	378	931	—	1,309
(Reversal of)/allowance for trade and bills receivables	—	—	—	(1,993)	—	(1,993)
Capital expenditure	—	—	—	1,022	—	1,022
At 31 March 2024						
Segment assets	7,570	37,829	189,695	260,824	6,867	502,785
Segment liabilities	(2,783)	(51,128)	(150,383)	(113,630)	(1,682)	(319,606)
Year ended 31 March 2023						
Revenue from external customers	5,140	260,297	595,639	1,599,685	2,181	2,462,942
Segment profit/(loss)	6,611	(32,822)	52,659	(26,814)	265	(101)
Interest revenue	—	677	3,434	—	1	4,112
Depreciation	—	18	792	20	—	830
Allowance for trade and bills receivables	—	—	—	4,114	—	4,114
Capital expenditure	—	—	—	2,092	—	2,092
At 31 March 2023						
Segment assets	—	44,235	208,796	252,589	7,434	513,054
Segment liabilities	(4,904)	(70,312)	(126,769)	(118,368)	(1,008)	(321,361)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

11. SEGMENT INFORMATION (Continued)

(ii) Reconciliations of segment revenue and profit or loss from continuing operations:

	2024 HK\$'000	2023 HK\$'000
Revenue		
Consolidated revenue from continuing operations	2,934,565	2,462,942
Profit or loss		
Total profit or loss of reportable segments	86,778	(101)
Unallocated amounts:		
Other income	4,390	10,614
Other gains and losses	25	72
Administrative expenses	(43,020)	(46,841)
Finance costs	(25,889)	(35,163)
Consolidated profit/(loss) before tax from continuing operations	22,284	(71,419)

Reconciliation of segment assets and liabilities:

	2024 HK\$'000	2023 HK\$'000
Assets		
Total assets of reportable segments	502,785	513,054
Unallocated amounts:		
Unallocated head office and corporate assets	177,075	151,203
Consolidated total assets	679,860	664,257
Liabilities		
Total liabilities of reportable segments	319,606	321,361
Unallocated amounts:		
Unallocated head office and corporate liabilities	256,018	249,989
Consolidated total liabilities	575,624	571,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

11. SEGMENT INFORMATION (Continued)

(iii) Geographical information:

Information about the Group's non-current assets by location of assets are detailed below:

	Non-current assets	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	3,344	5,187
The PRC except Hong Kong	324	327
Consolidated total	3,668	5,514

(iv) Revenue from major customers:

	2024 HK\$'000	2023 HK\$'000
Trading of materials segment		
Customer A	1,114,477	359,929
Customer C	—	445,229
Building construction and other construction related business and property maintenance segments		
Customer B	627,068	606,635

12. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Interest expenses on loans from a related party	25,402	35,042
Interest expenses on bank loans and other loans	269	4
Interest expenses on lease liabilities (note 21)	218	117
	25,889	35,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

13. INCOME TAX EXPENSES

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	2024 HK\$'000	2023 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	3,957	4,316
Under-provision in prior years	—	3
	3,957	4,319
Current tax — PRC Enterprise Income Tax		
Provision for the year	132	157
Over-provision in prior years	(11)	(324)
	121	(167)
	4,078	4,152

Pursuant to the rules and regulations of the Cayman Islands, Republic of Seychelles and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in these regions.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying group entity established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profit Tax has been provided at a rate 16.5% (2023: 16.5%) on the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the “EIT”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%). Pursuant to relevant laws and regulations in the PRC, the effective EIT rate for a subsidiary which qualified as small and micro enterprises is 2.5% for assessable profits below RMB1 million and 5% for assessable profits between RMB1 million and RMB3 million for the years ended 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

13. INCOME TAX EXPENSES (Continued)

The reconciliation between the income tax expenses and the product of profit/(loss) before tax from continuing operations multiplied by the applicable tax rates is as follows:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before tax (from continuing operations)	22,284	(71,419)
Notional tax on profit/(loss) before tax, calculated at the rates applicable to profits in the jurisdictions concerned	6,456	(15,006)
Tax effect of income that is not taxable	(321)	(879)
Tax effect of expenses that are not deductible	4,766	5,929
Tax effect of tax losses not recognised	1,925	14,803
Tax effect of utilisation of tax losses not previously recognised	(8,127)	—
Tax effect on two-tiered profits tax regime	(165)	(165)
Tax effect of temporary difference	66	(181)
Tax reduction	(511)	(28)
Over-provision in prior years	(11)	(321)
Income tax expenses (relating to continuing operations)	4,078	4,152

At the end of the reporting year the Group has unused tax losses of HK\$88,619,000 (2023: HK\$112,236,000) available for offset against future profits. No deferred tax asset has been recognised in respect of HK\$88,619,000 (2023: HK\$112,236,000) due to the unpredictability of future profit streams. The unrecognised tax losses of approximately HK\$82,662,000 (2023: HK\$73,614,000) may be carried forward indefinitely while HK\$5,957,000 (2023: HK\$38,622,000) unrecognised tax losses will expire in five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

14. PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit/(loss) for the year from continuing operations is stated after charging/(crediting) the following:

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
– Audit services	1,722	1,780
– Non-audit services	520	220
	2,242	2,000
Cost of services provided	719,434	836,543
Cost of inventories sold	2,130,197	1,613,617
Depreciation of property, plant and equipment	621	1,161
Depreciation of right-of-use assets	3,570	2,093
Gain on disposal of property, plant and equipment	(125)	–
Net foreign exchange loss/(gain)	100	(60)
Write-off of other receivables	–	70
Expenses relating to short-term lease and leases of low value assets	246	115

15. EMPLOYEE BENEFITS EXPENSE

	2024 HK\$'000	2023 HK\$'000
Staff costs (including directors' emoluments)		
– Salaries, bonuses and allowances	88,871	84,764
– Retirement benefit scheme contributions	1,974	2,202
	90,845	86,966

(a) Pensions – defined contribution plans

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the People's Republic of China, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

15. EMPLOYEE BENEFITS EXPENSE (Continued)

(a) Pensions — defined contribution plans (Continued)

The Group operates a Mandatory Provident Fund scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000.

During the years ended 31 March 2024 and 2023, the Group had no forfeited contributions under the PRC Retirement Scheme and MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 March 2024 and 2023 under the PRC Retirement Scheme and MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

Contributions totalling HK\$1,974,000 (2023: HK\$2,202,000) were payable to the fund at the year-end.

(b) Five highest paid individuals

The five (2023: five) highest paid individuals in the Group during the year included one director (2023: one director) whose emolument is reflected in the analysis presented in note 16. The emoluments of the remaining four (2023: four) individuals are set out below:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, bonuses and allowances	8,860	8,259
Retirement benefit scheme contributions	72	72
	8,932	8,331

The emoluments fell within the following band:

	Number of individuals	
	2024	2023
HK\$1,000,000 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,000,001 to HK\$3,500,000	1	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director is set out below:

	For the year ended 31 March 2024			
	Fees HK\$'000	Salaries, bonuses and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Name of director				
Executive directors				
Mr. Chau Chit (Chief Executive)	—	2,400	—	2,400
Mr. Zhu Xiaodong	—	1,200	—	1,200
Mr. Fung Ka Lun	1,200	—	—	1,200
Dr. Zhu Dashu (note (a))	240	—	—	240
Mr. Zhu Kai (note (b))	192	—	—	192
Mr. Zhu Feng (note (c))	—	309	9	318
Mr. Tang Hongyang (note (d))	—	280	8	288
Independent non-executive directors				
Mr. Wong Wai Kwan	228	—	—	228
Dr. Wong Lee Ping (note (e))	228	—	—	228
Mr. Zhang Shengman	228	—	—	228
Total for 2024	2,316	4,189	17	6,522
	For the year ended 31 March 2023			
	Fees HK\$'000	Salaries, bonuses and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Name of director				
Executive directors				
Mr. Chau Chit (Chief Executive)	—	2,400	—	2,400
Mr. Zhu Xiaodong	—	1,200	—	1,200
Mr. Fung Ka Lun	1,200	—	—	1,200
Dr. Zhu Dashu (note (f))	31	—	—	31
Mr. Zhu Kai (note (f))	31	—	—	31
Independent non-executive directors				
Mr. Tam Tak Tei, Raymond (note (g))	209	—	—	209
Mr. Wong Wai Kwan	228	—	—	228
Dr. Wong Lee Ping	228	—	—	228
Mr. Zhang Shengman (note (f))	20	—	—	20
Total for 2023	1,947	3,600	—	5,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

16. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Notes:

- (a) Dr. Zhu Dashu resigned on 10 November 2023.
- (b) Mr. Zhu Kai resigned on 13 October 2023.
- (c) Mr. Zhu Feng was appointed on 13 October 2023.
- (d) Mr. Tang Hongyang was appointed on 10 November 2023.
- (e) Dr. Wong Lee Ping resigned on 3 May 2024.
- (f) Dr. Zhu Dashu, Mr. Zhu Kai and Mr. Zhang Shengman were appointed on 28 February 2023.
- (g) Mr. Tam Tak Kei Raymond resigned on 28 February 2023.

Neither the chief executive nor any of the director waived any emoluments during the year (2023: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

Save for those disclosed in note 43 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

17. DISCONTINUED OPERATIONS

On 13 September 2022, Samba Sky Investments Limited (“Samba Sky”), an indirect wholly-owned subsidiary of the Company, informed Wan Chung Construction (Singapore) Pte. Ltd. (“Wan Chung Singapore”, a direct wholly-owned subsidiary of Samba Sky and an indirect wholly-owned subsidiary of the Company) that it authorised the directors of Wan Chung Singapore to proceed to take steps to place Wan Chung Singapore in liquidation (the “Liquidation”) and to appoint liquidator of Wan Chung Singapore. On 19 September 2022, the board of directors of Wan Chung Singapore passed the resolutions to appoint the provisional liquidators of Wan Chung Singapore.

On 18 October 2022, an extraordinary general meeting of Wan Chung Singapore regarding resolution for creditors’ voluntary winding-up has been passed and a meeting of the creditors of Wan Chung Singapore being held for the purposes of the Liquidation. As such, the Group lost its control on Wan Chung Singapore since 18 October 2022. The analysis of the results of discontinued operations is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss for the year from discontinued operations:		
Revenue — Contracts with customers	—	102,035
Cost of services	—	(151,052)
Other income	—	4,018
Other (losses) and gain, net	—	(857)
Administrative expenses	—	(6,360)
Provision for compensation*	—	(139,746)
Finance costs	—	(4)
	—	(191,966)
Gain on deconsolidation of subsidiaries (note 40(a))	—	182,100
Loss for the year from discontinued operations (attributable to owners of the Company)	—	(9,866)

* The provision for compensation represented compensation to customers regarding the non-performance of ongoing incomplete projects prior to the Liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

17. DISCONTINUED OPERATIONS (Continued)

Loss for the year from discontinued operations include the following:

	2024 HK\$'000	2023 HK\$'000
Cost of services provided	—	151,052
Depreciation of property, plant and equipment	—	273
Depreciation of right-of-use assets	—	875
Fair value losses on financial assets at FVTPL	—	272
Net foreign exchange loss	—	715
Gain on disposals of property, plant and equipment	—	(129)
Expenses relating to short-term lease and leases of low value assets	—	532
Employee benefits expenses	—	20,434
Cash flows from discontinued operations:		
Net cash inflows from operating activities	—	(11,397)
Net cash inflows from investing activities	—	422
Net cash outflows from financing activities	—	(454)
Net cash outflows	—	(11,429)

18. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2024 (2023: Nil).

19. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	2024 HK\$'000	2023 HK\$'000
Earnings/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	18,221	(85,348)
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	372,736	316,911 (Re-presented)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

19. EARNINGS/LOSS PER SHARE (Continued)

From continuing and discontinued operations (Continued)

As the effect of the Company's outstanding share options were anti-dilutive, the Company did not include the effect of such dilutive potential ordinary shares arising from the outstanding share options in the weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share during the years ended 31 March 2024 and 2023.

The weighted average numbers of ordinary shares for the purpose of basic and diluted earnings/(loss) per share for both years presented have been adjusted retrospectively to reflect the effect of the bonus element of the rights issue after reporting period mentioned in note 44(a). Basic and diluted loss per shares for the year ended 31 March 2023 has been re-presented.

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations is based on the following:

	2024 HK\$'000	2023 HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	18,221	(85,348)
Loss for the year from discontinued operations	—	9,866
Earnings/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share from continuing operations	18,221	(75,482)

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings/(loss) per share are the same as those detailed above the calculation of the basic and diluted earnings/(loss) per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted loss per share from the discontinued operations was HK3.11 cents per share (re-presented) and based on the loss for the year ended 31 March 2023 from discontinued operations attributable to the owners of the Company of approximately HK\$9,866,000 and the denominators used were the same as those as those detailed above the calculation of the basic and diluted loss per share from continuing and discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixture and equipment HK\$'000	Computers HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2022	2,458	5,207	4,464	7,450	19,579
Additions	—	17	234	—	251
Disposals	—	(502)	—	(1,218)	(1,720)
Deconsolidation of subsidiaries	(781)	(3,198)	—	(825)	(4,804)
Exchange differences	(44)	(194)	(7)	(65)	(310)
At 31 March 2023 and 1 April 2023	1,633	1,330	4,691	5,342	12,996
Additions	4	82	33	—	119
Disposals	—	—	—	(824)	(824)
Written off	(6)	(66)	(577)	—	(649)
Exchange differences	—	—	(4)	—	(4)
At 31 March 2024	1,631	1,346	4,143	4,518	11,638
Accumulated depreciation					
At 1 April 2022	2,445	4,561	3,822	5,220	16,048
Charge for the year	—	162	634	638	1,434
Disposals	—	(502)	—	(670)	(1,172)
Deconsolidation of subsidiaries	(781)	(2,855)	—	(612)	(4,248)
Exchange differences	(44)	(62)	(5)	(77)	(188)
At 31 March 2023 and 1 April 2023	1,620	1,304	4,451	4,499	11,874
Charge for the year	6	47	162	406	621
Disposals	—	—	—	(824)	(824)
Written off	(6)	(66)	(577)	—	(649)
Exchange differences	—	—	(4)	—	(4)
At 31 March 2024	1,620	1,285	4,032	4,081	11,018
Carrying amount					
At 31 March 2024	11	61	111	437	620
At 31 March 2023	13	26	240	843	1,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

21. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
At 1 April 2022	5,199
Additions	2,092
Early termination of lease	(115)
Deconsolidation of subsidiaries	(119)
Depreciation	(2,968)
Exchange differences	(17)
At 31 March 2023 and 1 April 2023	4,072
Additions	1,300
Lease modifications	926
Depreciation	(3,570)
At 31 March 2024	2,728

	2024 HK\$'000	2023 HK\$'000
Depreciation expenses on right-of-use assets		
from continuing operations	3,570	2,093
from discontinued operations	—	875
	3,570	2,968
Interest expense on lease liabilities (included in finance costs)		
from continuing operations	218	117
from discontinued operations	—	4
	218	121
Expenses relating to short-term lease (included in cost of sales and services and administrative expenses)		
from continuing operations	27	115
from discontinued operations	—	506
	27	621
Expenses relating to leases of low value assets (included in cost of sales and services and administrative expenses)		
from continuing operations	219	—
from discontinued operations	—	26
	219	26
Early termination of lease		
from continuing operations	—	8
from discontinued operations	—	—
	—	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

21. RIGHT-OF-USE ASSETS (Continued)

Details of total cash outflow for leases is set out in note 40(d).

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term from 2 to 3 years (2023: 2 to 3 years), but may have extension options to extend the lease contract of properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Warehouses — Hong Kong	—	—	5,598	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

22. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2024 are as follows:

Name	Place of incorporation/ registration and business/kind of legal entity	Issued/ registered and paid up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Prosper Ace Investments Limited	BVI/Company limited by shares	US\$10,000	100%	—	Investment holding
Wan Chung Construction Co., Ltd (“Wan Chung”)	Hong Kong/Limited liability company	HK\$130,000,000	—	100%	(note (i))
Wan Chung Engineering Company Limited	Hong Kong/Limited liability company	HK\$11,010,000	—	100%	(note (ii))
Ki Ngai Construction Engineering Limited	Hong Kong/Limited liability company	HK\$10,000	—	51%	Provision of property maintenance services
Great Genius Ventures Limited	BVI/Company limited by shares	US\$1	—	100%	Investment holding
Hong Kong Dakyun International Trade Company Limited	Hong Kong/Limited liability company	HK\$100	—	100%	Trading of iron ores
江蘇允順供應鏈管理有限公司 Jiangsu Yun Shun Supply Chain Management Co., Ltd (note (iv))	The PRC/ (note (iii))	RMB 100,000,000	—	100%	Trading of iron ores
江蘇建澤物流有限公司 (“江蘇建澤”) Jiangsu Jianze Logistics Co., Ltd (note (iv))	The PRC/Limited liability company	RMB 10,000,000	—	100%	Provision of transportation and related services
Glorious Cosmos Limited	Republic of Seychelles/ Company limited by shares	US\$1	—	100%	Investment holding

Notes:

- (i) The principal activities of these subsidiaries consisted of the provision of property maintenance services, building construction works, and alterations, renovation, upgrading and fitting-out works.
- (ii) The principal activities of this subsidiary consisted of the provision of building construction works and alterations, renovation, updating and fitting-out works.
- (iii) Wholly-foreign-owned enterprises under laws of the PRC.
- (iv) For identification purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

23. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investments, analysed as non-current assets	4,379	—

On 26 January 2024, the Group acquired 6.85% equity interests in a private limited company, established in South Korea, from two independent shareholders at an aggregate consideration of KRW741,500,000 (equivalent to HK\$4,379,000). The equity investments are not held for trading, and the directors do not designate which to be recognised at fair value through other comprehensive income (non-recycling). Therefore, the carrying amounts of the above financial assets are mandatorily measured at FVTPL in accordance with HKFRS.

The carrying amount of the financial assets at FVTPL is denominated in KRW.

24. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Trading inventories	70,787	32,850

25. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade and bills receivables	83,631	194,656
Less: allowance (note 6(b))	(1,907)	(4,091)
	81,724	190,565
Prepayments	89,873	92,773
Deposits and other receivables (note)	65,711	16,194
	155,584	108,967
	237,308	299,532

Note: As at 31 March 2024, approximately HK\$92,000 (2023: HK\$3,131,000) of deposits were pledged to certain insurance companies to secure the performance bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

25. TRADE AND OTHER RECEIVABLES (Continued)

The Group's trading terms with other customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	2024 HK\$'000	2023 HK\$'000
0 to 90 days	70,453	165,299
91 to 180 days	448	1,658
181 to 365 days	10,193	1,167
Over 365 days (note)	630	22,441
	81,724	190,565

Note: Amount of HK\$22,114,000 have been subsequently settled before the date of authorising of consolidated financial statements of 2023.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	10,278	24,446
RMB	61,256	132,045
USD	10,190	34,074
	81,724	190,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

26. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Arising from performance under		
– Alterations, renovation, upgrading and fitting-out works	5,526	5,633
– Building construction	7,597	148,645
– Property maintenance	165,980	4,032
	179,103	158,310
Retention receivables	14,987	21,185
	194,090	179,495

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group has right to receive consideration for work completed and not yet billed because the rights are conditional upon certification. The contract assets are transferred to the trade and bills receivables when the rights become unconditional.

No revenue was recognised during the year from performance obligations satisfied (or partially satisfied) in previous period.

The amount of contract assets that is expected to be recovered after more than one year is HK\$10,211,000 (2023: HK\$15,338,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

27. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	2024 HK\$'000	2023 HK\$'000
Bank and cash balances	7,840	12,218
Time deposits at bank mature within three months	78,848	54,060
	86,688	66,278
Pledged bank deposits	63,349	60,997

As at 31 March 2024, the Group's time deposits and pledged deposits borne fixed interest rates ranging from 3.05% to 4.40% (2023: 2.24% to 3.45%) and with fixed maturity which expose the Group to fair value interest rate risk.

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	80,185	61,742
RMB	6,267	4,354
Others	236	182
	86,688	66,278

All pledged bank deposits are denominated in HK\$.

As at 31 March 2024, the bank and cash balances of the Group denominated in RMB amounted to HK\$6,267,000 (2023: HK\$4,061,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

28. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	78,744	125,488
Retention payables	19,244	23,429
	97,988	148,917
Accruals and other payables (note)	203,033	185,580
Less: non-current portion	(487)	(487)
	202,546	185,093
	300,534	334,010

Note: Included in balance of which HK\$140,000 (2023: nil) represents the interest payable on the other loans as set out in note 34.

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

	2024 HK\$'000	2023 HK\$'000
0 to 90 days	48,224	101,968
91 to 180 days	—	—
181 to 365 days	15,026	7,365
Over 365 days	15,494	16,155
	78,744	125,488

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	26,666	38,642
RMB	37,052	63,072
USD	15,026	23,774
	78,744	125,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

29. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	2,566	2,274	2,480	2,004
More than one year, but not exceeding two years	421	1,044	411	900
More than two years, but not more than five years	—	695	—	669
	2,987	4,013	2,891	3,573
Less: Future finance charges	(96)	(440)	N/A	N/A
Present value of lease obligations	2,891	3,573	2,891	3,573
Less: Amount due for settlement within 12 months (shown under current liabilities)			(2,480)	(2,004)
Amount due for settlement after 12 months			411	1,569

The weighted average incremental borrowing rates applied to lease liabilities range from 3.63% to 7.00% (2023: from 3.63% to 14.16%).

Lease liabilities are denominated in HK\$.

30. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Contract liabilities		
— Construction services	791	2,678
— Delivery of materials	40,239	525
	41,030	3,203

Contract liabilities relating to construction services and delivery of materials are related short-term advances received to render construction services and receipts in advance from customers for purchasing iron ores, cast iron and coal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

30. CONTRACT LIABILITIES (Continued)

Movements in contract liabilities:

	2024 HK\$'000	2023 HK\$'000
Balance at 1 April	3,203	41,486
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(2,727)	(16,239)
Decrease upon loss of control of subsidiaries	—	(19,852)
Increase in contract liabilities as a result of billing in advance of delivery of materials/construction services	40,984	51
Exchange difference	(430)	(2,243)
Balance at 31 March	41,030	3,203

31. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Due from a related party

The amount represented the amount paid by the Group on behalf of Mr. Wong for the compensation recharged by insurance companies regarding the performance bonds issued for securing construction projects of Wan Chung Singapore, which are back-to-back guaranteed by Mr. Wong. Since Wan Chung Singapore went into liquidation and certain on-going incomplete projects were also suspended during the year ended 31 March 2023, the customers of those incomplete projects demanded insurance companies to compensate for those unsatisfactory performance of Wan Chung Singapore.

(b) Due to related parties, which are:

	2024 HK\$'000	2023 HK\$'000
Mega Start Limited ("Mega Start") (note (i))	(2,600)	(2,600)
Mr. Wong (note (ii))	(8,973)	(9,345)
	(11,573)	(11,945)

Notes:

- (i) The balance is unsecured, interest-free and repayable on demand.
- (ii) Included in the balance of which HK\$295,000 (2023: HK\$667,000) represents the interest payable on the loans from Mr. Wong, a director of certain subsidiaries of the Company, as set out in note 33. The remaining balance of HK\$8,678,000 (2023: HK\$8,678,000) is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

32. AMOUNT DUE TO A DIRECTOR

The balance is unsecured, interest-free and has no fixed repayment term.

33. LOANS FROM A RELATED PARTY

As at 31 March 2022, the loans from a related party were advanced by Mr. Wong to the Company's wholly-owned subsidiaries, namely Magic Choice Holdings Limited ("Magic Choice") and Wan Chung. The loans were unsecured and bear interest at 3.8% per annum and repayable in September 2021. In the event of default of repayment, the amounts in default were interest bearing at 2% per month.

On 19 September 2022, Magic Choice, Wan Chung and Mr. Wong entered into new agreements to refinance the balances of the aforementioned outstanding loans, under which Mr. Wong agreed to grant new loans in the amounts of approximately HK\$102,124,000 and HK\$105,000,000 to Magic Choice and Wan Chung, respectively. The applicable interest rate for each of the aforesaid loans was 9.8% per annum. The maturity dates of the loans to Magic Choice and Wan Chung were 18 September 2023 and 18 September 2024, respectively. The interests on both loans were repayable on the 18th day of each month (or the immediate following business day if such day is not a business day) until the maturity date of the loans.

On 28 June 2023, Magic Choice, Wan Chung and Mr. Wong entered into agreements to extend the maturity dates of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung were extended to 31 October 2024 and 30 September 2025, respectively.

On 26 June 2024, Magic Choice, Wan Chung and Mr. Wong entered into agreements to further extend the maturity dates of loans to Magic Choice and Wan Chung for further one year to 31 October 2025 and 30 September 2026, respectively.

34. OTHER LOAN

The loan borrowed from an independent third party is unsecured, interest bearing at 8.00% per annum with maturity date of 26 March 2024.

35. BANKING FACILITIES

As at 31 March 2024, the Group had available banking facilities of approximately HK\$460,750,000 (2023: HK\$69,500,000), which were utilised to the extent of approximately HK\$12,796,000 (2023: HK\$12,796,000). These banking facilities are related to overdraft, revolving term loan, letter of credit, trust receipts, performance bond and foreign exchange contracts, and are secured by pledged bank deposits of a subsidiary and guarantees provided by the Company and Mr. Wong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

36. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each (2023: 10,000,000,000 ordinary shares of HK\$0.002 each)	20,000	20,000
Issued and fully paid:		
449,999,944 ordinary shares of HK\$0.01 each (2023: 8,999,998,994 ordinary shares of HK\$0.002 each)	4,500	18,000

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued	Nominal value of shares issued HK\$'000
At 1 April 2022	7,499,999,994	15,000
Shares issued (note (a))	1,499,999,000	3,000
At 31 March 2023 and 1 April 2023	8,999,998,994	18,000
Shares consolidation (note (b))	(8,549,999,045)	—
Share cancellation	(5)	—
Capital reduction (note (c))	—	(13,500)
At 31 March 2024	449,999,944	4,500

Note:

- (a) On 10 February 2023, the Company, one independent corporate subscriber and five independent individual subscribers entered into a subscription agreement in respect of the placement of 1,499,999,000 ordinary shares of HK\$0.002 each at a price of HK\$0.015 per share. The placement was completed on 23 February 2023 and the premium on the issued shares, amounting to approximately HK\$19,350,000 net of share issue expenses of approximately HK\$150,000, was credited to the Company's share premium account and approximately HK\$3,000,000 was credited to share capital.
- (b) On 6 April 2023, an extraordinary general meeting was held and approved the share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 ("Existing Shares") each to be consolidated into one (1) consolidated share at par value of HK\$0.04.
- (c) On 8 December 2023, the capital reduction by every one (1) share to be sub-divided into four (4) shares at par value of HK\$0.01 each was implemented upon all conditions precedent for the implementation as disclosed in the circular dated 3 March 2023, the announcements on 17 February 2023, 24 February 2023, 15 June 2023, 14 September 2023, 16 November 2023, 1 December 2023 and 7 December 2023 have been fulfilled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

36. SHARE CAPITAL (Continued)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt comprises other loan, trade and other payables, loans from a related party, amounts due to related parties and a director and lease liabilities (2023: trade and other payables, loans from a related party, amounts due to related parties and a director and lease liabilities). Adjusted capital comprises all components of equity (i.e. share capital, accumulated losses and other reserves) plus net debt.

	2024 HK\$'000	2023 HK\$'000
Total debt	525,139	559,469
Less: bank and cash balances pledged bank deposits	(86,688) (63,349)	(66,278) (60,997)
Net debt	375,102	432,194
Total equity	104,236	92,907
Debt-to-adjusted capital ratio	78%	82%

The debt-to-adjusted capital ratio decreased from 82% to 78% resulted primarily from the decrease in debts caused by settlement of trade and other payables, and increase in equity caused by profit generated for the year.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investments in subsidiaries		—	—
Current assets			
Prepayments and deposits		75	543
Amount due from a related party		19,591	19,591
Amounts due from subsidiaries		117,127	124,788
Bank and cash balances		13	12
		136,806	144,934
Current liabilities			
Other payables		18,095	13,221
Amount due to a director		2,330	2,330
Amount due to a related party		2,600	2,600
Amounts due to subsidiaries		77,191	77,391
		100,216	95,542
Net current assets		36,590	49,392
NET ASSETS		36,590	49,392
Capital and reserves			
Share capital		4,500	18,000
Reserves	37(b)	32,090	31,392
TOTAL EQUITY		36,590	49,392

Approved by the Board of Directors on 28 June 2024 and are signed on its behalf by:

Chau Chit
Director

Tang Hongyang
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium account HK\$'000 (note 38(b)(i))	Share option reserve HK\$'000 (note 39)	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000
At 1 April 2022	326,299	1,746	(310,371)	17,674
Loss for the year	—	—	(5,632)	(5,632)
Issuance of shares (note 36(a))	19,350	—	—	19,350
At 31 March 2023 and 1 April 2023	345,649	1,746	(316,003)	31,392
Loss for the year	—	—	(12,802)	(12,802)
Capital reduction (note 36(c))	—	—	13,500	13,500
Transfer (note)	(345,649)	—	345,649	—
At 31 March 2024	—	1,746	30,344	32,090

Note: On 6 April 2023, an extraordinary general meeting was held and approved to reduce the share premium account to offset the accumulated losses at the share consolidation effective date.

38. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law, Cap. 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

38. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) Capital reserve

Capital reserve comprises the following in prior years:

- Wan Chung acquired the entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK\$2,776,000 which was deemed to be capital contribution from the owners of the Company.
- Wan Chung recovered indemnified taxation of approximately HK\$866,000 from its former shareholder pursuant to the deed of indemnity which was deemed to be capital contribution from the owners of the Company.

(iv) Legal reserve

In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

(v) Statutory surplus reserve

The statutory surplus reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiary under the applicable laws and regulations in the PRC.

(vi) Other reserve

Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganisation in preparation for the listing of the Company's shares on the Stock Exchange in January 2012.

39. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 19 December 2011, the Company adopted a share option scheme (the "2011 Scheme") to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

On 30 September 2021, an ordinary resolution was passed to terminate the 2011 Scheme. A new share option scheme (the "2021 Scheme") become in force for ten years.

Eligible participants of the 2021 Scheme include employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, and business partners or service providers of the Group.

The total number of shares in respect of which options may be granted under the 2021 Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

39. SHARE OPTION SCHEME (Continued)

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the directors of the Company may determine, which shall not exceed ten years from the date of grant. The exercise price is determined by the directors of the Company, and will be at least higher than (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

As at 31 March 2024, there are 6,664,556 share options (2023: 149,999,998 share options (note) of the Company granted under the 2011 Scheme, representing approximately 1.67% of the issued share capital of the Company. Unless otherwise determined by the Directors, there is no minimum period required under the 2011 Scheme for the holding of an option before it can be exercised. The remaining life of the 2011 Scheme is approximately 10 years and to be expired on 29 September 2031.

Details of specific categories of options are as follows:

Year	Date of grant	Vesting period	Exercise period	Exercise price
2021	13 August 2021	N/A	13 August 2021 to 12 August 2026	HK\$0.6752 (note)

If the option remains unexercised after a period of 5 years from the date of grant, the option expires. Options are forfeited if the employees leaves the Group after 3 months.

Year	Outstanding at 1 April 2023	(Exercised)/granted during the Period	Outstanding at 31 March 2024
2021 (note)	6,664,556	—	6,664,556
Exercisable at the end of the period			6,664,556
Weighted average exercise price (note)	HK\$0.675	N/A	HK\$0.675

Year	Outstanding at 1 April 2022 (note)	(Exercised)/granted during the Period	Outstanding at 31 March 2023 (note)
2021	6,664,556	—	6,664,556
Exercisable at the end of the period			6,664,556
Weighted average exercise price (note)	HK\$0.675	N/A	HK\$0.675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

39. SHARE OPTION SCHEME (Continued)

The options outstanding at the end of the period have a weighted average remaining contractual life of 2.37 years (2023:3.37 years).

Note: The number of share options and the exercise price have been adjusted pursuant to the share consolidation effective on 6 April 2023 and the rights issue completed on 16 April 2024.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Loss of control of subsidiaries

As referred to in note 17 to the consolidated financial statements, on 18 October 2022, the Group discontinued Wan Chung Singapore at the time of the appointment of liquidator to process the Liquidation.

Aggregated net liabilities at the date of loss of control were as follows:

	Total HK\$'000
Property, plant and equipment	556
Right-of-use assets	119
Financial assets at FVTPL	752
Trade and other receivables	31,523
Contract assets	1,670
Bank and cash balances	18,804
Lease liabilities	(122)
Contract liabilities	(19,852)
Trade and other payables	(70,397)
Provision for compensation	(139,746)
Net liabilities disposed of	(176,693)
Release of foreign currency translation reserve	(5,407)
Gain on deconsolidation of subsidiaries (note 17)	182,100
Total consideration	—
Consideration satisfied by	
Cash	—
Net cash outflow arising on deconsolidation:	
Cash consideration received	—
Cash and cash equivalents deconsolidated of	(18,804)
	(18,804)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Acquisition of a subsidiary

On 5 January 2023, the Group acquired 100% of the equity interest of 江蘇建澤 for a total consideration of RMB7,350,000 (equivalent to HK\$8,318,000). 江蘇建澤 was engaged in transportation and logistic services during the year. The acquisition is for the purpose of lower the transportation cost from the sales of iron ores and related products.

The fair value of the identifiable assets and liabilities of acquired as at the date of acquisition are as follows:

	Total HK\$'000
Investment in an associate	277
Trade and other receivables	4,412
Financial assets at FVTPL	4,274
Bank and cash balances	17
Trade and other payables	(982)
	7,998
Goodwill	320
Total consideration	8,318
Consideration satisfied by	
Cash	2,094
Consideration payable	6,224
	8,318
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,094)
Cash and cash equivalents acquired	17
	(2,077)

The fair value of trade and other receivables acquired is approximately to its gross carrying amount.

The goodwill arising on the acquisition of 江蘇建澤 is attributable to the anticipated future operating synergies from the combination.

江蘇建澤 contributed approximately HK\$2,181,000 and HK\$247,000 to the Group's revenue and profit for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2022, the Group's revenue for the year from continuing operations would have been HK\$2,469,297,000, and the loss for the year from continuing operations would have been HK\$73,601,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2022, nor is intended to be a projection of future results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Addition of					31 March 2024 HK\$'000
	1 April 2023 HK\$'000	leased properties HK\$'000	Lease modifications HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	
	Lease liabilities	3,573	1,300	926	(3,126)	
Amounts due to related parties	11,945	–	–	(25,774)	25,402	11,573
Amount due to a director	2,330	–	–	–	–	2,330
Loans from a related party	207,124	–	–	–	–	207,124
Other loan	–	–	–	200	–	200
Interest on other loans	–	–	–	(129)	269	140
	224,972	1,300	926	(28,829)	25,889	224,258

	Addition of		Derecognition	Cash flows HK\$'000	Interest expenses HK\$'000	Deconsolidation of subsidiaries HK\$,000	Transfer of balances HK\$,000	Exchange differences HK\$'000	31 March 2023 HK\$'000
	1 April 2022 HK\$'000	leased properties HK\$'000	of lease liabilities HK\$'000						
	Lease liabilities	4,786	2,092						
Amounts due to related parties	17,479	–	–	(35,405)	35,042	–	(5,171)	–	11,945
Amount due to a director	2,680	–	–	(350)	–	–	–	–	2,330
Loans from a related party	218,878	–	–	(16,925)	–	–	5,171	–	207,124
Other loans	4,105	–	–	(4,105)	–	–	–	–	–
	247,928	2,092	(107)	(59,964)	35,163	(122)	–	(18)	224,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	2024 HK\$'000	2023 HK\$'000
Within operating cash flows	246	647
Within financing cash flows	3,126	3,179
	3,372	3,826

These amounts relate to the following:

	2024 HK\$'000	2023 HK\$'000
Lease rental paid	3,372	3,826

41. CONTINGENT LIABILITIES

Compensation to banks or insurance companies due to unsatisfactory performance to customers

Performance bonds amounting to approximately HK\$12,979,000 (2023: approximately HK\$28,411,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers. At the end of the reporting period, the directors do not consider it will be probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group at the end of the reporting period under such guarantees is the outstanding amount at that date.

Apart from as disclosed above, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

42. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices. As at 31 March 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 21.

43. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2024 HK\$'000	2023 HK\$'000
Interest expenses paid to a director of certain subsidiaries of the Company (note)	25,402	35,042

Note: The amount represented the interest expense charged on loans from Mr. Wong pursuant to the loan agreements dated 19 September 2022 and 28 June 2023 respectively. The term of the loans from a related party are detailed in note 33.

- (b) Compensation of key management personnel

The details of remuneration of the directors of the Company paid during the year and are set out in note 16(a).

The remuneration of directors and other members of key management during the year was as follow:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	13,939	12,286

- (c) Performance bond of approximately HK\$12,979,000 (2023: HK\$28,411,000) was guaranteed by Mr. Wong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

44. EVENT AFTER REPORTING PERIOD

- (a) On 21 February 2024, the Board proposed to raise approximately HK\$36.2 million before deducting professional fee and other related expenses by issuing up to 224,999,972 new shares to the qualifying shareholders on the basis of two (2) rights shares for every one (1) share in issue (the “Rights Shares”) at the subscription price of HK\$0.161 per share (the “Rights Issue”).

Upon the completion of the Rights Issue on 16 April 2024, the number of shares in issue of the Company was increased by 171,876,373, resulting in a credit to share capital and share premium by HK\$1.72 million and HK\$24.25 million, respectively after netting of the related cost of approximately HK\$1.7 million. Details of the Rights Issue are disclosed in the Company’s announcements dated 21 February 2024 and 15 April 2024.

- (b) On 26 June 2024, Magic Choice, Wan Chung and Mr. Wong entered into agreements to further extend the maturity date of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2025 and 30 September 2026, respectively.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000 (re-presented)	2023 HK\$'000	2024 HK\$'000
Revenue	6,246,513	5,236,876	3,991,555	2,462,942	2,934,565
Profit/(loss) before taxation	(4,394)	11,389	30,548	(71,419)	22,284
Income tax expense	(14,571)	(6,282)	(14,987)	(4,152)	(4,078)
Loss for the year from discontinued operations	—	—	(30,978)	(9,866)	—
Profit/(loss) attributable to:					
Owners of the parent	(18,965)	7,216	(13,566)	(85,348)	18,221
Non-controlling interests	—	(2,109)	(1,851)	(89)	(15)

CONSOLIDATED ASSETS AND LIABILITIES

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Total assets	1,038,986	858,846	880,680	664,257	679,860
Total liabilities	(907,162)	(706,791)	(707,162)	(571,350)	(575,624)
Total equity	131,824	152,055	173,518	92,907	104,236