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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)

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

AUDITED ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company hereby announces its audited annual consolidated results (“Audited Results”) for the year ended 31 March 2024, together with the corresponding comparative figures for the year ended 31 March 2023 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations			
Revenue	4	2,934,565	2,462,942
Cost of sales and services		<u>(2,849,631)</u>	<u>(2,450,160)</u>
Gross profit		84,934	12,782
Other income		8,568	10,614
Other gains and losses		25	72
Reversal of/(allowance) for trade and bills receivables		1,993	(4,114)
Selling expenses		(4,327)	(8,769)
Administrative expenses		<u>(43,020)</u>	<u>(46,841)</u>
Profit/(loss) from operations		48,173	(36,256)
Finance costs	6	<u>(25,889)</u>	<u>(35,163)</u>
Profit/(loss) before tax		22,284	(71,419)
Income tax expenses	7	<u>(4,078)</u>	<u>(4,152)</u>
Profit/(loss) for the year from continuing operations	8	18,206	(75,571)
Discontinued operations			
Loss for the year from discontinued operations		<u>—</u>	<u>(9,866)</u>
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		<u>—</u>	<u>(5,407)</u>
Other comprehensive income for the year, net of tax		<u>(6,877)</u>	<u>(17,512)</u>
Total comprehensive income for the year		<u>11,329</u>	<u>(102,949)</u>

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		18,221	(85,348)
Non-controlling interests		<u>(15)</u>	<u>(89)</u>
		<u>18,206</u>	<u>(85,437)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		11,344	(102,860)
Non-controlling interests		<u>(15)</u>	<u>(89)</u>
		<u>11,329</u>	<u>(102,949)</u>
		2024	2023 (Re-presented)
Earnings/(loss) per share	<i>10</i>		
From continuing and discontinued operations			
Basic (HK cents per share)		<u>4.89</u>	<u>(26.93)</u>
Diluted (HK cents per share)		<u>4.89</u>	<u>(26.93)</u>
From continuing operations			
Basic (HK cents per share)		<u>4.89</u>	<u>(23.82)</u>
Diluted (HK cents per share)		<u>4.89</u>	<u>(23.82)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		620	1,122
Goodwill		320	320
Right-of-use assets		2,728	4,072
Financial assets at fair value through profit or loss ("FVTPL")		<u>4,379</u>	<u>—</u>
		<u>8,047</u>	<u>5,514</u>
Current assets			
Inventories		70,787	32,850
Trade and other receivables	11	237,308	299,532
Contract assets		194,090	179,495
Amount due from a related party		19,591	19,591
Pledged bank deposits		63,349	60,997
Bank and cash balances		<u>86,688</u>	<u>66,278</u>
		<u>671,813</u>	<u>658,743</u>
Current liabilities			
Trade and other payables	12	300,534	334,010
Lease liabilities		2,480	2,004
Contract liabilities		41,030	3,203
Amounts due to related parties		11,573	11,945
Amount due to a director		2,330	2,330
Loans from a related party	13	102,124	102,124
Other loan		200	—
Current tax liabilities		<u>9,455</u>	<u>8,678</u>
		<u>469,726</u>	<u>464,294</u>
Net current assets		<u>202,087</u>	<u>194,449</u>
Total assets less current liabilities		<u>210,134</u>	<u>199,963</u>
Non-current liabilities			
Accruals and other payables	12	487	487
Lease liabilities		411	1,569
Loans from a related party	13	<u>105,000</u>	<u>105,000</u>
		<u>105,898</u>	<u>107,056</u>
NET ASSETS		<u><u>104,236</u></u>	<u><u>92,907</u></u>

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	4,500	18,000
Reserves		<u>103,795</u>	<u>78,951</u>
		<u>108,295</u>	<u>96,951</u>
Non-controlling interests		<u>(4,059)</u>	<u>(4,044)</u>
TOTAL EQUITY		<u><u>104,236</u></u>	<u><u>92,907</u></u>

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”).

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.

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) 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) the Group has 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 that is subject to annual review by the banks; and
- (c) as set out in note 15(a), upon the completion of 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.

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 the consolidated financial statements.

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.

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

(b) Revised HKFRSs in issue but not yet effective

The Group has not early applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2023. The 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 other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4. 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 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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	<u>2,167,991</u>	<u>1,599,685</u>
	<u><u>2,934,565</u></u>	<u><u>2,462,942</u></u>

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:

	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Transportation service income		Total	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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 ("PRC") except Hong Kong	—	—	—	—	—	—	<u>2,009,408</u>	1,561,610	<u>32,641</u>	2,181	<u>2,042,049</u>	1,563,791
Revenue from external customers	<u>1,963</u>	<u>5,140</u>	<u>116,177</u>	<u>260,297</u>	<u>615,793</u>	<u>595,639</u>	<u>2,167,991</u>	<u>1,599,685</u>	<u>32,641</u>	<u>2,181</u>	<u>2,934,565</u>	<u>2,462,942</u>
Timing of revenue recognition												
Goods transferred at a point in time	—	—	—	—	—	—	2,167,991	1,599,685	—	—	2,167,991	1,599,685
Services transferred over time	<u>1,963</u>	<u>5,140</u>	<u>116,177</u>	<u>260,297</u>	<u>615,793</u>	<u>595,639</u>	—	—	<u>32,641</u>	<u>2,181</u>	<u>766,574</u>	<u>863,257</u>
Total	<u>1,963</u>	<u>5,140</u>	<u>116,177</u>	<u>260,297</u>	<u>615,793</u>	<u>595,639</u>	<u>2,167,991</u>	<u>1,599,685</u>	<u>32,641</u>	<u>2,181</u>	<u>2,934,565</u>	<u>2,462,942</u>

(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	2023
	HK\$'000	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
	<u>741,686</u>	<u>1,217,963</u>

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.

5. 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.

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, 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.

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)

	Building construction and other construction related business <i>HK\$'000</i>	Alterations, renovation, upgrading and fitting- out works <i>HK\$'000</i>	Property maintenance <i>HK\$'000</i>	Trading of materials <i>HK\$'000</i>	Transportation service <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,092</u>	<u>—</u>	<u>2,092</u>
At 31 March 2023						
Segment assets	—	44,235	208,796	252,589	7,434	513,054
Segment liabilities	<u>(4,904)</u>	<u>(70,312)</u>	<u>(126,769)</u>	<u>(118,368)</u>	<u>(1,008)</u>	<u>(321,361)</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
Consolidated revenue from continuing operations	<u>2,934,565</u>	<u>2,462,942</u>
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	<u>(25,889)</u>	<u>(35,163)</u>
Consolidated profit/(loss) before tax from continuing operations	<u>22,284</u>	<u>(71,419)</u>

Reconciliation of segment assets and liabilities:

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

(iii) Geographical information:

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

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

(iv) Revenue from major customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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	<u>627,068</u>	<u>606,635</u>

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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	<u>218</u>	<u>117</u>
	<u>25,889</u>	<u>35,163</u>

7. INCOME TAX EXPENSES

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

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

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 year ended 31 March 2024.

8. 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 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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

9. DIVIDENDS

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

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

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 15(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 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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	<u>—</u>	<u>9,866</u>
Earnings/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share from continuing operations	<u>18,221</u>	<u>(75,482)</u>

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.

11. TRADE AND OTHER RECEIVABLES

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

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.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
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 (<i>note</i>)	630	22,441
	<u>81,724</u>	<u>190,565</u>

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

12. TRADE AND OTHER PAYABLES

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

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

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

	2024	2023
	HK\$'000	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

13. LOANS FROM A RELATED PARTY

The loans from a related party were advanced by Mr. Wong to the Company's wholly-owned subsidiaries, namely 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 is 9.8% per annum. The maturity dates of the loans to Magic Choice and Wan Chung are 18 September 2023 and 18 September 2024, respectively. The interests on both loans are 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 are 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.

14. 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)	<u>20,000</u>	<u>20,000</u>
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)	<u>4,500</u>	<u>18,000</u>

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 (<i>note (a)</i>)	<u>1,499,999,000</u>	<u>3,000</u>
At 31 March 2023 and 1 April 2023	8,999,998,994	18,000
Shares consolidation (<i>note (b)</i>)	(8,549,999,045)	—
Share cancellation	(5)	—
Capital reduction (<i>note (c)</i>)	<u>—</u>	<u>(13,500)</u>
At 31 March 2024	<u>449,999,944</u>	<u>4,500</u>

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 2024 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 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.

15. 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 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.

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.

(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.

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.

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.

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).

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 announcement.

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 bond		
Other receivables	92	3,131
Bank deposits	<u>63,349</u>	<u>60,997</u>
Total	<u><u>63,441</u></u>	<u><u>64,128</u></u>

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 or capital investment 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.
- (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

- (i) 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

- (i) 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.

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.

At the end of each reporting period, the Group 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	<u>12,796</u>	<u>12,796</u>

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
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>278,116</u>	<u>8,610</u>	<u>(147,688)</u>	<u>139,038</u>
	<u>2,655,225</u>	<u>8,610</u>	<u>(1,295,010)</u>	<u>1,368,825</u>

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

The Board does not recommend the payment of final dividend in respect of the year ended 31 March 2024 (2023: Nil). No interim dividend was declared for the six months ended 30 September 2023 (30 September 2022: Nil).

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.

CORPORATE GOVERNANCE PRACTICE

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 and Corporate Governance Report (the "CG Code") in 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 14 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 was unable to attend the Company's annual general meeting held on 28 September 2023.

Roles of the chairman and the chief executive

Under the code provision C.2.1, the roles of chairman and CEO 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, Mr. Chau Chit during the year.

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

The Company has engaged internal control consultant to conduct internal control reviews, 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.

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 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.

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 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.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

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

EXTRACT OF AUDITOR’S REPORT (EMPHASIS OF MATTER)

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.

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, 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.

AUDIT COMMITTEE

The audit committee of the Company (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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.greeneconomy.com.hk>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The 2024 Annual Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites on or before 31 July 2024.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, business partners, bankers and other business associates for their trust and support.

By Order of the Board
Green Economy Development Limited
CHAU CHIT
Chairman and Chief Executive Officer

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Chau Chit, Mr. Fung Ka Lun, Mr. Tang Hongyang, Mr. Zhu Feng and Mr. Zhu Xiaodong; and three independent non-executive directors, namely Mr. Wong Wai Kwan, Mr. Zhang Shengman and Ms. Li Xiaoting.