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HING MING HOLDINGS LIMITED

興銘控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8425)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Hing Ming Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2023. This announcement, containing the full text of the 2023 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany the preliminary announcement of annual results.

By Order of the Board
Hing Ming Holdings Limited
Tang Hing Keung

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 20 June 2023

As at the date of this announcement, the executive Directors are Mr. Tang Hing Keung (Chairman and Chief Executive Officer) and Mr. Tang Ming Hei; the non-executive Directors are Ms. Au Fung Yee and Mr. Au Lop Wah Edmond; and the independent non-executive Directors are Mr. Kwan Woon Man Boris, Mr. Chiu Chi Wing and Mr. Yeung Chi Fai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.hing-ming.com.

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2023
ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

*This report, for which the directors (the "**Directors**") of Hing Ming Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (*Chairman and Chief Executive Officer*)

Mr. Tang Ming Hei

NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee

Mr. Au Lop Wah Edmond

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

Mr. Yeung Chi Fai

AUDIT COMMITTEE

Mr. Chiu Chi Wing (*Chairman*)

Mr. Kwan Woon Man Boris

Mr. Yeung Chi Fai

REMUNERATION COMMITTEE

Mr. Kwan Woon Man Boris (*Chairman*)

Mr. Chiu Chi Wing

Mr. Yeung Chi Fai

NOMINATION COMMITTEE

Mr. Kwan Woon Man Boris (*Chairman*)

Mr. Chiu Chi Wing

Mr. Yeung Chi Fai

AUTHORISED REPRESENTATIVES

Mr. Tang Hing Keung

Mr. Tang Ming Hei

COMPANY SECRETARY

Mr. Yu Tsz Ngo

COMPLIANCE OFFICER

Mr. Tang Ming Hei

INDEPENDENT AUDITOR

Baker Tilly Hong Kong Limited

Certified Public Accountants

Level 8, K11 Atelier

728 King's Road

Quarry Bay

Hong Kong

LEGAL ADVISER

As to Hong Kong Law

Howse Williams

27/F Alexandra House

18 Chater Road

Central, Hong Kong

PRINCIPAL BANKERS

OCBC Wing Hang Bank Limited

DBS Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

Room 2103B, 21st Floor

148 Electric Road

North Point

Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A4, 2/F., Tsim Sha Tsui Mansion

83-87 Nathan Road

Kowloon

Hong Kong

STOCK CODE

8425

COMPANY WEBSITE

www.hing-ming.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of Hing Ming Holdings Limited (the **"Company"** or **"our Company"**) and its subsidiaries (collectively, the **"Group"** or **"our Group"**) for the year ended 31 March 2023 (**"FY2023"**) on behalf of the board (the **"Board"** or **"our Board"**) of directors (the **"Directors"** or **"our Directors"**) of the Company.

BUSINESS AND FINANCIAL REVIEW

In FY2023, our Group recorded an increase in revenue by approximately 30.2% from approximately HK\$75.4 million for the year ended 31 March 2022 (**"FY2022"**) to approximately HK\$98.2 million for FY2023. Our Group recorded a profit and total comprehensive income of approximately HK\$2.4 million for FY2023 and loss and total comprehensive loss of approximately HK\$3.0 million for FY2022. The change from net loss to net profit was mainly attributable to (i) the recovery of impairment loss on trade receivable of approximately HK\$1.2 million (FY2022: impairment loss on trade receivable of approximately HK\$3.1 million); and (ii) an increase in revenue, which was primarily driven by increase in the rental income generated from new tower cranes and the occupancy rate increased on existing tower crane.

OUTLOOK

At present, the global economic environment is full of uncertainties, such as the resurgence of the COVID-19 pandemic, global supply chain blockages, inflation and fluctuation in currency exchange rates. Despite the extremely challenging business environment and competition, our Group will continue to strive to focus on capturing the potential growth of the Hong Kong construction market with our Group's competitive strengths and will continue to adopt a positive yet prudent approach in its business strategy, with the aim of enhancing our Group's profitability and shareholders' value in the long run.

Furthermore, our Group will also explore other potential investment opportunities in order to diversify our Group's business and create new source of revenue to our Group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our valuable customers, business partners, shareholders and suppliers for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of our Group.

Tang Hing Keung

Chairman and Chief Executive Officer

Hong Kong, 20 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Our Group is principally engaged in (i) providing rental services of temporary suspended working platforms and other equipment, mainly including tower cranes and generators; and (ii) trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope. We have over 20 years of experience in providing rental and related services of temporary suspended working platforms to our customers.

BUSINESS REVIEW AND OUTLOOK

During FY2023, the Group expanded its business by purchasing additional tower cranes to meet the needs of our customers. We believe that housing construction will continue to drive the demand for our machinery in the future. Given that the number of applications for public housing has been increasing in recent years in Hong Kong, the Hong Kong government and related departments are trying to find more locations to build public housing estates in order to cater for the huge demands. In view of the above, we are confident that the demand for tower cranes will remain strong in the years to come.

RENTAL AND RELATED SERVICES

Our Group has been providing temporary suspended working platforms, tower cranes and generators to our customers for housing construction or repair and refurbishment purposes. We also provide related services in installation, dismantling, commissioning, servicing, maintaining, jacking up or down, inspection service and transportation of tower cranes.

TRADING OF EQUIPMENT AND SPARE PARTS

With our established customer and supplier base, we also engage in the trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope, predominantly in Hong Kong which further enhances our capability to satisfy customers' demands. We source our equipment and spare parts from suppliers mainly located in Germany, Belgium, Spain and China, and sell them mainly to construction contractors and trading companies in Hong Kong.

For the long-term and diversified development of our Group, we have been exploring other business opportunities in the construction industry in Hong Kong, in an attempt to create greater sustainable returns for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

RENTAL FLEET

As at 31 March 2023, the machinery which we carried as part of our rental fleet included temporary suspended working platforms, tower cranes and generators. Details of the machinery available for our rental operations are summarised as follows:

	As at	
	31 March 2023	31 March 2022
	Number in fleet	Number in fleet
Temporary suspended working platforms	450	450
Tower cranes	43	40
Generators	16	20

In order to capture the market demand for rental services of tower cranes and to meet the needs of our customers, we purchased 7 tower cranes while transferred 4 tower cranes as inventory during FY2023. Such new tower cranes have been used for building construction projects in Ma On Shan and Ho Man Tin, Hong Kong.

Our Directors will continue to monitor the expansion plan of our rental fleet and the capital requirements of our Group regularly, and will consider rescheduling such expansion according to our operation and needs, the preference of our target customers and the market conditions if necessary. We shall also review regularly the timing for the purchase of additional, and the replacement of existing, construction machineries if, among others, market conditions have changed.

FINANCIAL REVIEW

REVENUE

Our Group recorded an increase in revenue for FY2023, which increased by approximately 30.2% to approximately HK\$98.2 million as compared with the revenue of approximately HK\$75.4 million for FY2022. The increase was mainly due to the increase in the rental income generated from new tower cranes and the occupancy rate increased on existing tower crane.

COST OF SALES AND SERVICES RENDERED

Our Group's cost of sales and services rendered amounted to approximately HK\$72.7 million for FY2023, representing an increase of approximately 28.4% (FY2022: approximately HK\$56.6 million). Cost of sales and services rendered mainly represents the cost of inventories sold and materials consumed, subcontracting fee, staff costs, rental of equipment and depreciation. The increase was in line with the increase in revenue for FY2023.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our Group's gross profit increased by approximately 35.7% from approximately HK\$18.9 million for FY2022 to approximately HK\$25.6 million for FY2023 with gross profit margin remained stable at approximately 26.0% for FY2023 (FY2022: approximately 25.0%). The increase in gross profit was primarily due to the increase in revenue as mentioned above.

OTHER INCOME

Our Group recognised other income of approximately HK\$974,000 and HK\$72,000 for FY2023 and FY2022, respectively. The increase was mainly due to the income received from anti-epidemic fund subsidy scheme of approximately HK\$691,000 (FY2022 : Nil) and exchange gain of approximately HK\$170,000 for FY2023 (FY2022: approximately HK\$55,000).

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Our administrative expenses amounted to approximately HK\$21.8 million and HK\$16.6 million for FY2023 and FY2022, respectively. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staff, depreciation, audit fee and legal and professional fees to ensure on going compliance with relevant rules and regulations. The increase in administrative expenses was mainly due to the performance bonus paid to director and staff of approximately HK\$6.4 million in FY2023 (FY2022: 2.9 million).

FINANCE COSTS

Our finance costs increased by approximately HK\$0.7 million or 65.5% from approximately HK\$1.0 million for FY2022 to approximately HK\$1.7 million for FY2023. The increase was mainly due to the increase in interest on bank loan, interest on lease liabilities of tower cranes and finance charge on sale and leaseback transaction.

PROFIT/LOSS AND TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR

Our Group recorded a profit and total comprehensive income of approximately HK\$2.4 million for FY2023 and loss and total comprehensive loss of approximately HK\$3.0 million for FY2022. The change from net loss to net profit was mainly attributable to (i) the recovery of impairment loss on trade receivable of approximately HK\$1.2 million (FY2022: impairment loss on trade receivable of approximately HK\$3.1 million), (ii) the decrease in net loss on disposal of property, plant and equipment of approximately HK\$0.8 million (FY2022: approximately HK\$2.8 million) and (iii) increase in income from tower crane rental.

CAPITAL EXPENDITURE

Our Group's capital expenditure during FY2023 primarily comprised expenditure on plant and machinery and motor vehicles, amounting to a total of approximately HK\$33.3 million (FY2022: approximately HK\$35.2 million). The vast majority of the capital expenditure was used to purchase additional tower cranes and motor vehicles, which accounted for approximately 94.0% (FY2022: 83.5%), and 6.0% (FY2022: 2.0%), respectively, of the total capital expenditure in FY2023.

LIQUIDITY AND CAPITAL RESOURCES

Our Group financed the operations through a combination of cash flow from operations and finance leases. As at 31 March 2023, our Group had cash and cash equivalents of approximately HK\$14.2 million (FY2022: approximately HK\$30.4 million).

As at 31 March 2023, we had interest-bearing payables for purchase of property, plant and equipment, lease liabilities, loan and borrowing of approximately HK\$31.1 million (FY2022: lease liabilities, loan and borrowing of approximately HK\$30.5 million), which were denominated in Hong Kong Dollars and Euro. Our gearing ratio, calculated based on the interest-bearing payables for purchase of property, plant and equipment, lease liabilities, loan and borrowing divided by the total equity at the end of the year and multiplied by 100%, stood at approximately 26.5% as at 31 March 2023 (FY2022: approximately 25.2%). The increase in gearing ratio was mainly attributable to the increase in interest-bearing payables for purchase of property, plant and equipment.

As at 31 March 2023, our Group had net current assets of approximately HK\$12.6 million (FY2022: approximately HK\$19.9 million).

Our Group's financial position is sound and strong. With available bank balances and cash and banking facilities, our Group has sufficient liquidity to satisfy the funding requirements.

CAPITAL STRUCTURE

As at 31 March 2023, our Company's issued share capital amounted to HK\$3,760,000 (FY2022: HK\$4,000,000) and there were a total of 376,000,000 (FY2022: 400,000,000) issued ordinary shares with a nominal value of HK\$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31 March 2023, the Group had capital commitments amounted to approximately HK\$0.6 million (31 March 2022: approximately HK\$1.1 million).

CONTINGENT LIABILITIES

As at 31 March 2023, the Company issued corporate guarantee to a subsidiary in respect of the plant and machinery under lease arrangement at 5.12–5.18% per annum (FY2022: 5.12%–5.18%) with the carrying amount of approximately HK\$6.2 million (FY2022: approximately HK\$7.5 million).

Save as disclosed above, as at 31 March 2023, our Group had no material contingent liabilities (31 March 2022: Nil).

FOREIGN EXCHANGE EXPOSURE

Our Group's revenue generating operations are mainly transacted in Hong Kong Dollars. Our Directors consider that the impact of foreign exchange exposure to our Group is minimal.

DIVIDEND

Our Board has resolved not to recommend the payment of a final dividend for FY2023 (FY2022: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during FY2023 and was no other plan for material investments or capital assets as at 31 March 2023.

SIGNIFICANT INVESTMENTS

As at 31 March 2023, our Group did not hold any significant investments.

CHARGE ON OUR GROUP'S ASSETS

As at 31 March 2023, our Group had no charges on our Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, our Group employed 37 (FY2022: 39) full-time employees. Staff costs of our Group (including Directors' remuneration) were approximately HK\$26.1 million in FY2023 (FY2022: approximately HK\$17.7 million). The staff cost included the performance bonus paid to directors and staff of approximately HK\$6.4 million paid during FY2023. We determine the employees' remuneration based on factors such as qualification, responsibilities, contributions and years of experience. In addition to the basic salary and discretionary bonus that may be granted to staff by reference to the Group's financial results, individual staff member's performance and the market conditions, we provide a defined contribution to the mandatory provident fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. The key principle of our remuneration policy is to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluation to assess their performance. Furthermore, our Company has adopted a share option scheme to reward the participants (as defined thereunder) for their contribution to our Group. The Group also arranges on-the-job trainings relevant to the employees' current job duties to update and further develop their skills and knowledge.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

During FY2023, the Company repurchased an aggregate of 24,000,000 Shares on GEM of the Stock Exchange, which have been cancelled by the Company on 14 October 2022. Following such cancellation of Shares and as at the date of this report, the number of issued Shares is 376,000,000. The Directors believe that such share repurchases could enhance the value of the Shares and improve the return to the shareholders of the Company, and were exercised in the interests of the Company and the shareholders of the Company as a whole. Details of the repurchase of Shares by the Company are as follows:

Date of repurchase	Number of Shares repurchased	Highest purchase Price per Share (HK\$)	Lowest purchase Price per Share (HK\$)	Aggregate consideration (HK\$)
20 September 2022	800,000	0.28	0.28	225,878
21 September 2022	400,000	0.27	0.27	108,924
27 September 2022	2,000,000	0.275	0.27	547,126
28 September 2022	1,200,000	0.26	0.26	314,723
29 September 2022	2,500,000	0.275	0.265	681,111
30 September 2022	7,700,000	0.25	0.249	1,942,161
3 October 2022	4,212,000	0.27	0.265	1,130,839
5 October 2022	5,188,000	0.255	0.242	1,312,620
	<u>24,000,000</u>			<u>6,263,382</u>

Save as disclosed above, neither the Company nor any member of the Group purchased, sold or redeemed any of the listed securities of the Company during FY2023.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the prospectus of the Company dated 28 February 2017 (the "Prospectus") with actual business progress from 15 March 2017 (the "Listing Date") to 31 March 2023.

Business objectives	Actual progress
Strengthen our market position in the suspended working platform industry	Our Group has acquired new motors and other necessary components for replacement of old temporary suspended working platforms.
Diversify our income stream and capture the market demand of rental services of tower cranes	Our Group acquired six tower cranes in order to capture the market demand of rental services of tower crane and meet the needs of our customers. Our Group retained two general technicians and a sales manager to support our operation in the tower crane rental business.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE SHARE OFFER

The issued shares of our Company (the “**Shares**”) were initially listed on GEM of the Stock Exchange on the Listing Date by way of share offer of a total of 100,000,000 new Shares at an offer price of HK\$0.75 each (the “**Share Offer**”) and the net proceeds raised from the Share Offer were approximately HK\$53.3 million after deducting the listing expenses.

As disclosed in the Company’s announcement dated 28 August 2020, the use of the net proceeds (the “**Net Proceeds**”) from the listing of the Shares on GEM of the Stock Exchange by way of placing of new Shares has changed. Details of the actual utilisation of the Net Proceeds up to 31 March 2023 is set out below:

Use of Net Proceeds	Planned use of	Revised	Net Proceeds	Net Proceeds
	Net Proceeds	allocation of Net	utilised as at	unutilised as at
	as disclosed in	Proceeds as per	31 March 2023	31 March 2023
	the Prospectus	announcement		
	HK\$ (million)	dated	HK\$ (million)	HK\$ (million)
		28 August 2020		
Strengthen the Group’s market position in the suspended working platform industry	14.0	6.8	6.8	–
Diversify the Group’s income stream and capture the market demand of rental services of tower cranes	35.2	42.4	42.4	–
General working capital	4.1	4.1	4.1	–
	53.3	53.3	53.3	–

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board is responsible for and has general powers for management and conduct of our Group's business. Our senior management consists of our director of engineering. Our senior management is responsible for the day-to-day management of our business.

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (鄧興強)

Executive Director, Chairman and Chief Executive Officer

Mr. Tang Hing Keung, aged 65, was appointed as our Director on 8 April 2016 and designated as our executive Director on 24 June 2016. Mr. Tang Hing Keung also holds directorships in all the subsidiaries of the Company. He is one of the founders of our Group, the chairman of our Board and the chief executive officer of the Company, responsible for strategic planning and the overall management and supervision of operations of our Group. Mr. Tang Hing Keung has been a director of Hing Ming Gondola (HK) Company Limited ("**Hing Ming Gondola**") and Trend Novel Limited, both wholly-owned subsidiaries of the Company since September 1997 and April 2016, respectively. Mr. Tang Hing Keung is a director of Hing Gut Limited, which holds approximately 31.9% of the issued Shares as at the date of this annual report.

Mr. Tang Hing Keung has over 25 years of experience in the construction industry, in particular the suspended working platform industry and the tower crane industry in Hong Kong. Prior to incorporating Hing Ming Gondola, he worked in a number of construction companies in Hong Kong. From 1979 to 1983, Mr. Tang Hing Keung worked as a technician in Hopewell Construction Company Limited, mainly responsible for (i) operating tower cranes, welding machines and hydraulic machines, and (ii) repairing tower cranes, suspended working platforms and security cages for workers. From 1983 to 1988, Mr. Tang Hing Keung worked as a technician in Hip Hing Construction Company Limited, mainly responsible for (i) operating tower cranes and welding machines, (ii) installing and repairing construction equipment and (iii) installing security cages for workers. In 1988 and 1989, he worked in Gammon Construction Limited, mainly responsible for operating tower cranes. In February 1990, he established Hing Ming Engineering Co. as a sole proprietorship to start up his own business of machinery engineering in Hong Kong. Mr. Tang Hing Keung completed a three-year prevocational course in Caritas St. Joseph Prevocational School in November 1974.

Mr. Tang Hing Keung was conferred the title of honorary principal of 龍潭興銘雁心小學 (Longtan Hing Ming Hearts Hope Primary School) and 興銘雁心希望小學 (Hing Ming Hearts Hope Primary School) in September 2010 and March 2013, respectively. Both of the schools are in Hunan, the People's Republic of China (the "**PRC**").

Mr. Tang Hing Keung is the husband of Ms. Au Fung Yee, a non-executive Director, the father of Mr. Tang Ming Hei, an executive Director, and the brother-in-law of Mr. Au Lop Wah Edmond, a non-executive Director.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Ming Hei (鄧銘禧)

Executive Director

Mr. Tang Ming Hei, aged 35, was appointed as our Director on 24 May 2016 and designated as our executive Director on 24 June 2016. He was also appointed as the compliance officer of the Company on 23 June 2016. He is responsible for advising on compliance matters of our Group.

Mr. Tang Ming Hei had worked as a part-time compliance consultant of Hing Ming Gondola since December 2015 until he joined our Group as a full-time compliance consultant in April 2016. He worked in CACEIS Hong Kong Trust Company Limited, a member of Crédit Agricole Group, from December 2014 to April 2016. From November 2013 to December 2014, he worked as a tax consultant in KPMG Tax Limited.

Mr. Tang Ming Hei obtained a dual degree of Bachelors of Laws and Commerce from The University of Queensland, Australia in July 2012. In July 2013, he obtained the Graduate Diploma in Legal Practice from The Australian National University, Australia and obtained a degree of Master of Commerce in Financial Econometrics from the University of New South Wales, Australia.

Mr. Tang Ming Hei was admitted as a Lawyer of the Supreme Court of New South Wales by The Supreme Court of New South Wales in July 2013. He was also admitted as an associate member of CPA Australia in June 2014.

Mr. Tang Ming Hei is the son of Mr. Tang Hing Keung and Ms. Au Fung Yee, an executive Director and a non-executive Director, respectively and the nephew of Mr. Au Lop Wah Edmond, a non-executive Director.

NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee (區鳳怡)

Non-executive Director

Ms. Au Fung Yee, aged 60, was appointed as our Director on 8 April 2016 and designated as our non-executive Director on 24 June 2016. She is one of the founders of our Group and is responsible for the strategic planning and financial planning of our Group. Ms. Au F. Y. has been a director of Hing Ming Gondola and Trend Novel Limited since September 1997 and April 2016, respectively. Ms. Au F. Y. is a director of Hing Gut Limited, which holds approximately 31.9% of the issued Shares as at the date of this annual report.

Ms. Au F. Y. has more than 20 years of experience in the business of suspended working platforms-related business. She founded Hing Ming Gondola together with Mr. Tang Hing Keung in September 1997 and has been a director thereof since then, mainly responsible for handling financial matters. She was also the company secretary of Hing Ming Gondola during the period between September 1997 and June 2006.

Ms. Au F. Y. is the wife of Mr. Tang Hing Keung, the chairman of the Board, an executive Director and the chief executive officer of the Company, the mother of Mr. Tang Ming Hei, an executive Director, and the younger sister of Mr. Au Lop Wah Edmond, a non-executive Director.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Au Lop Wah Edmond (區立華)

Non-executive Director

Mr. Au Lop Wah Edmond, aged 67, was appointed as our Director on 24 May 2016 and designated as our non-executive Director on 24 June 2016. He is primarily responsible for advising on opportunities for business development and expansion of our Group.

Mr. Au has more than 25 years of experience in engineering and corporation management. From April 1999 to April 2017, he was a director of Alstom Power Service (Hong Kong) Limited (currently known as GE Power Service (Hong Kong) Limited), mainly responsible for the development of the company. From January 1996 to April 1999, he worked as a construction engineer in Mass Transit Railway Corporation, mainly responsible for project management. In October 1973, he joined China Light & Power Company, Limited as a student apprentice, and left as a mechanical maintenance engineer in November 1994.

Mr. Au obtained a Certificate in Supervisory Management from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) in November 1980. He was also awarded the Associateship in Mechanical Engineering by Hong Kong Polytechnic in November 1988. In September 1989, he obtained a Diploma in Management Studies awarded jointly by Hong Kong Polytechnic and Hong Kong Management Association.

Mr. Au was admitted as a member and was registered as a Chartered Mechanical Engineer with The Institution of Mechanical Engineers in June 1990 in the UK. He was also admitted as a member of The Hong Kong Institution of Engineers in November 1994.

Mr. Au is the elder brother of Ms. Au Fung Yee, a non-executive Director, the brother-in-law of Mr. Tang Hing Keung, the chairman of the Board, an executive Director and the chief executive officer of the Company, and the uncle of Mr. Tang Ming Hei, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Woon Man Boris (關煥民)

Independent Non-executive Director

Mr. Kwan Woon Man Boris, aged 64, was appointed as our independent non-executive Director on 23 February 2017. He is also the chairman of each of the nomination committee of the Board (the "**Nomination Committee**") and the remuneration committee of the Board (the "**Remuneration Committee**") as well as a member of the audit committee of the Board (the "**Audit Committee**"). He is primarily responsible for providing independent advice to our Board.

Mr. Kwan is a principal security manager of Megastrength Security Services Company Limited, mainly responsible for management of the company. He joined the Hong Kong Police Force in 1978 and retired in 2014 with his last position being the chief inspector. During his service with the Hong Kong Police Force, he was awarded the Hong Kong Police Medal for Meritorious Service in the Hong Kong Special Administrative Region 2014 Honours List in July 2014.

Mr. Kwan completed a Diploma Programme in Police Studies organised by the School of Continuing Studies, The Chinese University of Hong Kong in January 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chiu Chi Wing (趙志榮)

Independent Non-executive Director

Mr. Chiu Chi Wing, aged 59, was appointed as our independent non-executive Director on 23 February 2017. He is also the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Chiu has over 25 years of experience in accounting, auditing and taxation. He is a co-founder and is currently a director of Lixin C.P.A. Limited which was founded in May 2002, mainly responsible for reviewing and providing technical advice and providing training to staff for audit, taxation, accounting and company secretarial matters. From November 1990 to March 1991, he worked as the internal auditor of The Po Leung Kuk, mainly responsible for carrying out internal audit works. From August 1986 to October 1990, Mr. Chiu worked in KPMG, mainly responsible for audit works.

Mr. Chiu obtained an Honours Diploma in Accountancy from Lingnan College (currently known as Lingnan University) in November 1986. He was admitted as an associate and a fellow of the Hong Kong Institute of Certified Public Accountants in February 1990 and September 1997, respectively. Mr. Chiu was appointed as a member of the Court of Lingnan University from October 2001 to October 2005, and a member of the Council of Lingnan University from August 2006 to August 2009.

On 18 November 2016, Mr. Chiu was appointed as an independent non-executive director of Gudou Holdings Limited, a company listed on GEM (stock code: 8308).

Mr. Yeung Chi Fai (楊志輝)

Independent non-executive director

Mr. Yeung Chi Fai (楊志輝), aged 73, was appointed as our independent non-executive Director on 5 March 2021. He is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He is primarily responsible for providing independent advice to the Board.

Mr. Yeung joined the Hong Kong Police Force in August 1972 and retired from the Hong Kong Police Force in June 2005 with his last position being station sergeant. During his service with the Hong Kong Police Force, he was awarded the Police Long Service Medal in August 1990, the 1st Clasp in August 1997 and the 2nd Clasp in August 2002. On the occasion of his retirement, he was awarded the Certificate of Exemplary Service from the Commissioner of Hong Kong Police in May 2004 which further recognised his diligence, efficiency and high standard of duty performance during his service with the Hong Kong Police Force.

Save as disclosed in the sections headed "Directors and Senior Management" on pages 10 to 13 and "Report of the Directors" on pages 14 to 25 of this annual report, none of the Directors is a director or employee of a company which has an interest in the share capital of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

SENIOR MANAGEMENT

Mr. Leung She Lit (梁社列)

Director of Engineering

Mr. Leung She Lit (梁社列), aged 67, is the director of engineering of our Group. He joined our Group in September 1997 as construction site controller and is primarily responsible for monitoring the installation, operations and maintenance of suspended working platforms, as well as providing training and issuing the operation certificate of suspended working platforms. Mr. Leung has over 25 years of experience in the construction industry. He is a registered skilled worker under the trade division of Plant & Equipment Mechanic (construction work) (Master) with the Hong Kong Construction Industry Council under the Senior Workers Registration Arrangement. Only senior workers with at least 10 years' experience of relevant trade divisions are allowed to register as skilled workers under such arrangement.

REPORT OF THE DIRECTORS

The Board is pleased to present to the shareholders the annual report together with the audited consolidated financial statements of our Group for FY2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and details including the principal activities of its subsidiaries are set out in note 27 to the consolidated financial statements. There was no significant change in our Group's principal activities during FY2023.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability under the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation for the listing of the Shares on GEM, the companies now comprising our Group underwent a corporate reorganisation (the "Reorganisation"), pursuant to which the Company became the holding company of our Group on 23 February 2017. For details of the Reorganisation, please refer to the section headed "History, Development and Reorganisation" in the Prospectus.

The issued Shares have been listed on GEM of the Stock Exchange since 15 March 2017.

RESULTS AND APPROPRIATIONS

The results of our Group for FY2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 66 of this annual report. No dividend was paid or proposed by the Company during FY2023.

The Board has resolved not to recommend the payment of a final dividend for FY2023 (FY2022: Nil).

CHARITABLE DONATIONS

Charitable donations made by the Group during FY2023 amounted to HK\$6,000 (FY2022: HK\$106,000).

BUSINESS REVIEW

The review of the business of our Group during FY2023 and the discussion on our Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on page 3 and pages 4 to 9, respectively, of this annual report, and the description of principal risks and uncertainties facing our Group and the key financial performance indicators are set out in the sections headed "Report of the Directors" and "Management Discussion and Analysis" on pages 14 to 25 and pages 4 to 9 of this annual report, respectively. The financial risk management objectives and policies of our Group are set out in note 22 to the consolidated financial statements. No important event affecting our Group has occurred since the end of FY2023 and up to the date of this annual report. In addition, discussions on our Group's principal risks and uncertainties, relationships with key stakeholders, environmental policies and performance and compliance with relevant laws and regulations which have a significant impact on our Group are as follows:

PRINCIPAL RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties. All the risks relating to our Group's business have been set out in the Prospectus under the section headed "Risk Factors".

REPORT OF THE DIRECTORS

RELATIONSHIP WITH KEY STAKEHOLDERS

Our Group's success depends on, amongst other matters, the support from key stakeholders who/which comprise employees, customers and suppliers.

EMPLOYEES

Employees are regarded as important and valuable assets of our Group. The objectives of our Group's human resource management are to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within our Group for career advancement.

CUSTOMERS

Our customers consist of construction companies, owners of commercial properties and trading companies in Hong Kong, as well as overseas suspended working platform companies. We have established long-term business relationships with some of our customers for over 10 years. Our sales and marketing team maintains contacts with these customers on a regular basis to understand their needs and to provide relevant information to support their projects.

SUPPLIERS

Our suppliers include components and equipment suppliers, many of which are located in Europe, Singapore, the PRC and Hong Kong. We communicate with our suppliers regularly to ensure that they are committed to delivering high-quality and sustainable products and services. We select suppliers from our pre-approved list of suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We believe that our business depends on, among others, our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. In order to meet our customers' requirements, we have established safety, quality and environmental management systems. Through an effective control of our operations, compliance with safety, quality and environmental requirements can be further assured. Please refer to "Environmental, Social and Governance Report" in this annual report for details of our environmental policies and performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Directors confirmed that during FY2023 and up to the date of this annual report, our Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in Hong Kong that had a significant impact on it.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of our Group during FY2023 are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during FY2023, together with the reasons therefor, are set out in note 21 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Save as disclosed in the section headed "Management Discussion and Analysis" on pages 4 to 9 of this annual report, during FY2023 and thereafter up to the date of this annual report, our Company did not redeem any of its listed securities nor did the Company or any member of our Group purchase or sell such securities.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

As at 31 March 2023, the Company had reserves amounting to approximately HK\$31.1 million available for distribution as calculated based on the Company's share premium and retained earnings under applicable provisions of the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group for the last five financial years is set out on page 118 of this annual report. This summary does not form part of the audited consolidated financial statements of our Group for FY2023.

DIRECTORS

The Directors during FY2023 and up to the date of this annual report were:

EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (*Chairman and Chief Executive Officer*)

Mr. Tang Ming Hei

NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee

Mr. Au Lop Wah Edmond

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

Mr. Yeung Chi Fai

Information regarding Directors' emoluments and the five highest paid individuals in our Group are set out in notes 7 and 8 to the consolidated financial statements.

The biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" of this annual report.

Pursuant to article 83(3) of the articles of association of the Company (the "**Articles of Association**"), any Director appointed by the Board to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual general meeting of the Company (the "**AGM**") after his appointment and shall then be eligible for re-election.

REPORT OF THE DIRECTORS

Pursuant to article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Pursuant to article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation, who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Accordingly, Ms. Au Fung Yee, Mr. Au Lop Wah Edmond and Mr. Kwan Woon Man Boris will retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election thereat.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our executive Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to other termination provisions therein and the provisions on retirement of Directors as set out in the memorandum of association of the Company and the Articles of Association (the "M&A").

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years commencing on the Listing Date or the relevant appointment date unless terminated (i) by not less than one month's notice in writing served by the relevant Director; or (ii) forthwith by the Company by notice in writing, and is subject to other termination provisions therein and the provisions on retirement of Directors as set out in the M&A.

No Director proposed for re-election at the forthcoming AGM has entered into a service contract or letter of appointment with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by our Group during FY2023 or existed at the end of FY2023.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during FY2023 or at the end of FY2023 was the Company, or any of its subsidiaries or fellow subsidiaries, or the holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2023, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO) or which would be required (a) pursuant to section 352 of the SFO, to be recorded in the register referred to therein or (b) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are set out as follows:

LONG POSITION IN THE ORDINARY SHARES OF THE COMPANY

Name of Directors	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Total Issued Shares
Mr. Tang Hing Keung (Note)	Interest in a controlled corporation	120,000,000 (L)	31.9%
Ms. Au Fung Yee (Note)	Interest of spouse	120,000,000 (L)	31.9%

Note: The Company is owned as to approximately 31.9% by Hing Gut Limited ("Hing Gut") which is an investment holding company. Hing Gut is owned as to 90.0% by Mr. Tang Hing Keung and as to 10.0% by Ms. Au Fung Yee. Under the SFO, Mr. Tang Hing Keung is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au Fung Yee is the wife of Mr. Tang Hing Keung. Under the SFO, Ms. Au Fung Yee is deemed to be interested in the same number of Shares in which Mr. Tang Hing Keung is interested and is deemed to be interested. Mr. Tang Hing Keung and Ms. Au Fung Yee are directors of Hing Gut.

L: Denotes a "long position" (as defined under Part XV of the SFO) in such Shares.

LONG POSITION IN THE ORDINARY SHARES OF THE ASSOCIATED CORPORATION

Name of Directors	Name of Associated Corporation	Capacity/Nature of Interest	Number of Shares Held	Percentage of Shareholding
Mr. Tang Hing Keung	Hing Gut	Beneficial owner	9	90.0%
Ms. Au Fung Yee	Hing Gut	Beneficial owner	1	10.0%

L: Denotes a "long position" (as defined under Part XV of the SFO) in such Shares.

Save as disclosed above, as at 31 March 2023, none of the Directors and the chief executive of the Company had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2023, so far as is known to the Directors, the following persons/entity (other than the Directors or chief executive of the Company, whose interests or short positions are disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above) had interests or short positions in the Shares and the underlying Shares, which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

LONG POSITION IN THE ORDINARY SHARES

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Percentage of Total Issued Shares
Hing Gut (Note)	Beneficial Interest	120,000,000 (L)	31.9%
Mr. Lee Yu Leung	Beneficial Interest	98,524,000 (L)	26.2%

Note: The Company is owned as to approximately 31.9% by Hing Gut. Hing Gut is owned as to 90.0% by Mr. Tang Hing Keung and as to 10.0% by Ms. Au Fung Yee. Under the SFO, Mr. Tang Hing Keung is deemed to be interested in the same number of Shares held by Hing Gut. Ms. Au Fung Yee is the wife of Mr. Tang Hing Keung. Under the SFO, Ms. Au Fung Yee is deemed to be interested in the same number of Shares in which Mr. Tang Hing Keung is interested and is deemed to be interested.

L: Denotes a "long position" (as defined under Part XV of the SFO) in such Shares.

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any persons who or entities which had interests or short positions in the Shares or underlying Shares, 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 would be required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

PURPOSE OF THE SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 23 February 2017 for the purpose of providing incentives or rewards to eligible persons whom the Board considers, in its sole discretion, to have contributed or will contribute to our Group.

As no share option has been granted under the Share Option Scheme since its adoption and up to 31 March 2023, there was no share option outstanding as at 31 March 2023 and no option was exercised or cancelled or lapsed during FY2023.

ELIGIBLE PARTICIPANTS OF THE SHARE OPTION SCHEME

Under the Share Option Scheme, the Board may grant options to eligible persons, including directors of the Company and members of our Group, to subscribe for the Shares. Eligible persons of the Share Option Scheme include, among others, any executive, any employee (including full-time or part-time employee), director (including an independent non-executive Director), shareholder of any member of our Group and an associate of any of the aforementioned persons (the "Eligible Persons").

TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME TOGETHER WITH THE PERCENTAGE OF THE ISSUED SHARES THAT IT REPRESENTS AS AT THE DATE OF THIS ANNUAL REPORT

The Board shall set out in the offer the terms on which the option is to be granted. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 40,000,000 Shares (equivalent to 10% of the total number of Shares in issue as at the Listing Date). The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit.

MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT UNDER THE SHARE OPTION SCHEME

Subject to the following paragraph, the maximum number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5.0 million, such further grant of the options shall be subject to prior approval of the shareholders with such person and his associates abstaining from voting in favour at the general meeting.

REPORT OF THE DIRECTORS

Any grant of options to any Director, chief executive or substantial shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive Directors (excluding the independent non-executive Director who or whose associate is the grantee of an option).

PERIOD WITHIN WHICH THE OPTIONS MAY BE EXERCISED BY GRANTEEES UNDER THE SHARE OPTION SCHEME

An offer for the grant of options must be accepted within 21 days from the day on which such offer was made.

VESTING PERIOD OF THE OPTIONS UNDER THE SHARE OPTION SCHEME

Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceed a period of 10 years from the date on which the options are accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

AMOUNT PAYABLE ON ACCEPTANCE OF THE OPTION AND THE PERIOD WITHIN WHICH PAYMENTS OR CALLS MUST OR MAY BE MADE OR LOANS FOR SUCH PURPOSES MUST BE REPAID

Options granted shall be taken up upon payment of HK\$1 as consideration for the grant of option. The payment or remittance of HK\$1.00 shall be made within 21 days from the offer date or within such other period of time as may be determined by the Board pursuant to the GEM Listing Rules.

BASIS OF DETERMINING THE EXERCISE PRICE

The subscription price for the Shares is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer (which must be a business day); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

REMAINING LIFE OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 23 February 2017. No share options were granted, forfeited or expired during FY2023. As at 1 April 2022, 31 March 2023 and the date of this annual report, there were a total of 40,000,000 Shares, representing 10% of the issued shares of the Company as at the Listing Date and 1 April 2022 and approximately 10.6% of the issued shares of the Company as at 31 March 2023 and the date of this annual report, available for issue under the Share Option Scheme.

CONNECTED TRANSACTIONS

Our Group has entered into two transactions with connected persons of the Company, namely (i) the transactions with Maysun Jewellery Manufacturing Company Limited with respect to the provision of registered office and correspondence address services to the Company and Hing Ming Gondola (HK) Company Limited; and (ii) the transactions with Mr. Au Cho Wah with respect to the provision of examination and testing services for suspended working platforms as a Competent Examiner to our Group. Details of such transactions are set out in the section headed "Connected Transactions" in the Prospectus and note 26 to the consolidated financial statements. As disclosed in the Prospectus, such transactions constitute de minimis continuing connected transactions and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by our Group during FY2023 set out in note 26 to the consolidated financial statements included transactions that constitute connected or continuing connected transactions for which the disclosure requirements under Chapter 20 of the GEM Listing Rules have been complied with. Such transactions constitute de minimis continuing connected transactions and are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no other transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company's holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of FY2023 or at any time during FY2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 26 to the consolidated financial statements, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries during FY2023.

MANAGEMENT CONTRACTS

No contracts (except for the executive Directors' service contracts) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2023.

COMPETING BUSINESS

During FY2023, the Directors were not aware of any business apart from the Group's business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) that had competed or might compete with the business of our Group and any other conflicts of interests which any such person had or might have with our Group except those disclosed under the section headed "Non-Competition Undertaking" below.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group and our controlling shareholders, Mr. Tang Hing Keung, Ms. Au Fung Yee and Hing Gut (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into a deed of non-competition in favour of our Company (for itself and as trustee for and on behalf of each other member of our Group) on 27 February 2017 (the "**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-Competition remains effective, he/she/it shall not, and shall procure his/her/its close associates (other than any member of our Group) not to, carry on, participate in, hold, engage in, be interested in, acquire or operate, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with our Controlling Shareholders — Non-Competition undertaking" of the Prospectus.

The Company has received an annual written confirmation from each controlling shareholder of the Company in respect of him/her/it and his/her/its close associates in compliance with the Deed of Non-Competition. The independent non-executive Directors have also reviewed and were satisfied that each of the controlling shareholders of the Company had complied with the Deed of Non-Competition.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate Directors' liability insurance coverage.

The relevant provisions in the Articles of Association and the Directors' liability insurance were in force during FY2023 and as at the date of this annual report.

REMUNERATION POLICY

The remuneration policy of the employees of our Group has been set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The remuneration of the Directors is recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Company has adopted the Share Option Scheme as an incentive to Eligible Persons.

RETIREMENT BENEFIT SCHEME

Details of our Group's retirement benefit scheme are set out in note 19 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float throughout FY2023 and thereafter up to the date of this annual report as required under the GEM Listing Rules.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of our Group's turnover and purchases attributable to major customers and suppliers during FY2023 and FY2022 are as follows:

	FY2023 %	FY2022 %
Percentage of turnover		
From the largest customer	54.8	43.8
From the five largest customers in aggregate	95.4	91.8
Percentage of purchase		
From the largest supplier	32.1	14.6
From the five largest suppliers in aggregate	62.5	46.7

None of the Directors, their close associates (as defined in the GEM Listing Rules) or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued Shares) had any interest in the five largest customers nor suppliers during FY2023.

CORPORATE GOVERNANCE

Save as disclosed in this annual report, the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code") during FY2023.

Details of the principal corporate governance practices of our Group are set out in the section headed "Corporate Governance Report" on pages 26 to 40 of this annual report.

The compliance officer of the Company is Mr. Tang Ming Hei whose biographical details are set out on page 11 of this annual report.

REPORT OF THE DIRECTORS

TAX RELIEF

Our Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the Shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Chiu Chi Wing (chairman of the Audit Committee), Mr. Kwan Woon Man Boris and Mr. Yeung Chi Fai. It has reviewed with the management the accounting principles and practices adopted by our Group and discussed the auditing, internal control and financial reporting matters, including review of the audited consolidated financial statements of our Group for FY2023.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2023 were audited by Baker Tilly Hong Kong Limited, who will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

There has been no change in auditors of the Company in the preceding three years.

On behalf of the Board

Tang Hing Keung
Hing Ming Holdings Limited
Chairman and Chief Executive Officer

Hong Kong, 20 June 2023

CORPORATE GOVERNANCE REPORT

Our Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) and protecting and enhancing Shareholders’ values through good corporate governance.

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of our Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and, save for the deviation from code provision C.2.1 of the CG Code as disclosed in this annual report, has complied with all applicable code provisions as set out in the CG Code during FY2023.

SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the required standard of dealings in the securities (the “**Required Standard of Dealings**”) as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing the securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during FY2023.

BOARD OF DIRECTORS

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF OUR BOARD

Our Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of our Group. Our Board sets our Group’s values and standards and ensures that the requisite financial and human resources support is in place for our Group to achieve its objectives. The functions performed by our Board include but are not limited to formulating our Group’s business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing our Group’s corporate governance practices and all other functions reserved to our Board under the Articles of Association. Our Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The responsibilities of these Board committees include monitoring our Group’s operational and financial performance, and ensuring that appropriate internal control and risk management systems are in place. Our Board may from time to time delegate certain functions to the management of our Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by our Board and assigned to it from time to time.

The Directors have full access to information of our Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company’s expense.

COMPOSITION

The Company is committed to maintaining a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors (the “**INEDS**”) so that there is a strong independent element on our Board, enabling our Board to exercise effective independent judgment.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, our Board comprises the following seven Directors, of which the non-executive Directors and the INEDs in aggregate represent over 70.0% of our Board members:

EXECUTIVE DIRECTORS

Mr. Tang Hing Keung (*Chairman and Chief Executive Officer*)

Mr. Tang Ming Hei

NON-EXECUTIVE DIRECTORS

Ms. Au Fung Yee

Mr. Au Lop Wah Edmond

INEDS

Mr. Kwan Woon Man Boris

Mr. Chiu Chi Wing

Mr. Yeung Chi Fai

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The family relationship among the executive Directors and the non-executive Directors is as follows:

Name of Directors	Relationship with			
	Mr. Tang Hing Keung	Mr. Tang Ming Hei	Ms. Au Fung Yee	Mr. Au Lop Wah Edmond
Executive Directors				
Mr. Tang Hing Keung	–	Father	Husband	Brother-in-law
Mr. Tang Ming Hei	Son	–	Son	Nephew
Non-executive Directors				
Ms. Au Fung Yee	Wife	Mother	–	Younger sister
Mr. Au Lop Wah Edmond	Brother-in-law	Uncle	Elder brother	–

Save as disclosed aforesaid, there was no financial, business, family or other material/relevant relationship among the Directors during FY2023 and up to the date of this annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to our Board. Through active participation in our Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

CORPORATE GOVERNANCE REPORT

Throughout FY2023, the Company had at least three INEDs, meeting the requirements set out in Rules 5.05 and 5.05A of the GEM Listing Rules that the number of INEDs must represent at least one-third of our Board members, and that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules during FY2023 and up to the date of this annual report.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of our Company's operations and business and is fully aware of his/her director's responsibilities under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. Each of the Directors named under the paragraph headed "Composition" above attended the training seminar arranged by the Company's Hong Kong legal advisers on directors' responsibilities before their appointments.

The Company will from time to time fund and arrange suitable training to all Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to our Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors in FY2023 is summarised as follows:

Name of Directors	Type of trainings
Mr. Tang Hing Keung	A and B
Mr. Tang Ming Hei	A and B
Ms. Au Fung Yee	A and B
Mr. Au Lop Wah Edmond	A and B
Mr. Kwan Woon Man Boris	A and B
Mr. Chiu Chi Wing	A and B
Mr. Yeung Chi Fai	A and B

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

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on the Directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis by the Board.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Directors can attend Board meetings in person or through other means of electronic communication in accordance with the Articles of Association. Our Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the Board meeting. To enable the Directors to be properly briefed on issues arising at each of our Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the “**Company Secretary**”) is responsible for recording and keeping all Board meetings’ minutes. Draft and final versions of the Board meetings’ minutes will be circulated to all Directors for their comments and records respectively within a reasonable time after each Board meeting and the final version is open for the Directors’ inspection.

During FY2023, 7 Board meetings were held. The attendance of the respective Directors at the Board meetings during FY2023 are set out below:

Name of Directors	Attendance/ Number of meetings
Executive Directors	
Mr. Tang Hing Keung	7/7
Mr. Tang Ming Hei	7/7
Non-executive Directors	
Ms. Au Fung Yee	7/7
Mr. Au Lop Wah Edmond	7/7
Independent Non-executive Directors	
Mr. Kwan Woon Man Boris	7/7
Mr. Chiu Chi Wing	7/7
Mr. Yeung Chi Fai	7/7

Apart from the above Board meetings, the chairman of our Board (the “**Chairman**”), being the chief executive officer of the Company (the “**Chief Executive Officer**”), held a meeting with all the INEDs without the presence of the other Directors.

On 20 June 2023, the Board held a meeting to consider and approve, amongst other matters, the consolidated financial statements of the Group for FY2023 (the “**Consolidated Financial Statements**”).

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

During FY2023, our Board has reviewed the Board diversity policy which sets out all measurable objectives to achieve and maintain diversity on our Board to enhance effectiveness of our Board.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that our Board has a balance of skills, experiences and varying perspectives appropriate for the Company's business. The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the Board diversity policy in selection of Board candidates. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of our Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. As at 31 March 2023, our Directors comprised six males and one female with diverse age and background and experience in different industries, such as construction, engineering, legal, accounting and taxation industries. Our Board considers that our Group achieved the Board diversity policy during FY2023. The Company targets to avoid a single gender in the Board and will timely review the gender diversity of the Board in accordance with the business development of the Group.

As at 31 March 2023, the Company had 32 employees, 30 of which (i.e. approximately 94%) are male and 2 of which (i.e. approximately 6%) are female. Due to the nature of industry in which the Group operates, traditionally, the industry has been in short of female talents. The Group targets to avoid a single gender workforce and will continue to take opportunities to increase the proportion of female workforce over time as and when suitable female candidates are identified.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tang Hing Keung is the Chairman and the Chief Executive Officer. In view of the fact that Mr. Tang Hing Keung is one of the co-founders of our Group and has been operating and managing our Group since its establishment in 1997, all the other Directors believe that the vesting of the roles of Chairman and Chief Executive Officer in Mr. Tang Hing Keung is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. Mr. Tang Hing Keung provides leadership to the Company and is responsible for strategic planning and the overall management and supervision of operations of our Group. As all major decisions are made in consultation with the members of the Board, and there are three INEDs on the Board offering independent advices, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authority within the Board. Accordingly, the Company has not segregated the roles of the Chairman and the Chief Executive Officer as required by the said code provision. The Board will continue to review and monitor the practices of our Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of our Company.

BOARD COMMITTEES

Our Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. Our Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference for our Board committees are posted on the respective websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee was established on 23 February 2017 with written terms of reference in compliance with code provision D.3.3 of the CG Code and Rules 5.28 to 5.33 of the GEM Listing Rules. During FY2023, it comprises three INEDs, namely Mr. Chiu Chi Wing, Mr. Kwan Woon Man Boris, and Mr. Yeung Chi Fai. Mr. Chiu Chi Wing is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to our Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and handling any questions regarding their resignation or dismissal;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discussing with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditors to supply non-audit services and reporting to our Board, and identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgments contained in them;
- reviewing the Company's financial controls, and risk management and internal control systems;
- discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have such effective systems;
- considering major investigation findings on risk management and internal control matters as delegated by our Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- reviewing our Group's financial and accounting policies and practices;
- reviewing the external auditors' management letter, any material queries raised by the auditors to management about the accounting records, financial accounts or systems of control and management's response;
- ensuring that our Board will provide a timely response to the issues raised in the external auditors' management letters;
- to report to the Board on the matters in code provision D.3.3; and
- considering other topics as defined by our Board.

CORPORATE GOVERNANCE REPORT

The Audit Committee held four meetings during FY2023 whereat the Audit Committee, among other matters, reviewed the Group's annual consolidated financial statements, interim and quarterly reports; discussed the risk management and internal control of the Group; reviewed the effectiveness of the Company's internal audit function; met with the independent external auditors and reviewed report from the independent external auditors regarding their audit on the Group's annual consolidated financial statements. Details of the attendance of members of the Audit Committee meetings during FY2023 are as follows:

Name of Members	Number of attendance/ Number of meetings
Mr. Chiu Chi Wing	4/4
Mr. Kwan Woon Man Boris	4/4
Mr. Yeung Chi Fai	4/4

On 20 June 2023, the Audit Committee held a meeting to, amongst others, review the Consolidated Financial Statements and recommend the same to be presented to the Board for consideration and approval.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 23 February 2017 with written terms of reference in compliance with code provision E.1.2 of the CG Code and Rules 5.34 to 5.36 of the GEM Listing Rules. During FY2023, the Remuneration Committee comprised three INEDs, namely Mr. Kwan Woon Man Boris, Mr. Chiu Chi Wing and Mr. Yeung Chi Fai. Mr. Kwan Woon Man Boris is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to our Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the management's remuneration proposals by reference to our Board's corporate goals and objectives;
- making recommendations to our Board on 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;
- making recommendations to our Board on the remuneration of the non-executive Directors;
- considering the salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in our Group;
- reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

CORPORATE GOVERNANCE REPORT

- reviewing and approving the compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- ensuring that no Director or any of their associates (as defined in the GEM Listing Rules) is involved in deciding that Director's own remuneration; and
- to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

During FY2023, the Remuneration Committee held three meetings for, among other matters, reviewing and making recommendations to our Board for considering certain remuneration-related matters of the Directors and senior management and assessing the performance of executive Directors and the terms of their service contracts.

During FY2023, there were no material matters relating to the Share Option Scheme which required review or approval by the Remuneration Committee.

The attendance of each INED at the Remuneration Committee meetings during FY2023 is as follows:

Name of INEDs	Number of attendance/ Number of meetings
Mr. Kwan Woon Man Boris	3/3
Mr. Chiu Chi Wing	3/3
Mr. Yeung Chi Fai	3/3

On 20 June 2023, the Remuneration Committee held a meeting to, amongst others, consider certain remuneration-related matters of the Directors and senior management.

NOMINATION COMMITTEE

The Nomination Committee was established on 23 February 2017 with written terms of reference in compliance with code provision B.3.1 of the CG Code. During FY2023, the Nomination Committee comprises four INEDs, namely Mr. Kwan Woon Man Boris, Mr. Chiu Chi Wing and Mr. Yeung Chi Fai. Mr. Kwan Woon Man Boris is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and making recommendations on any proposed changes to our Board to complement the Company's corporate strategy, with due regard to the Company's board diversity policy;
- identifying individuals suitably qualified to become members of our Board and selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs;

CORPORATE GOVERNANCE REPORT

- making recommendations to our Board on the appointment or re-appointment of the Directors and the succession planning for the Directors, in particular, the Chairman and the Chief Executive Officer; and
- reviewing the Company's board diversity policy, as appropriate, and reviewing the measurable objectives that the Board has set for implementing the Company's board diversity policy.

During FY2023, the Nomination Committee held a meeting for, among other matters, reviewing the structure, size and composition of our Board, assessing the independence of the INEDs and making recommendations to our Board for considering the re-appointment of the retiring Directors at the 2022 AGM.

The attendance of each INED at the Nomination Committee meeting during FY2023 is as follows:

Name of INEDs	Number of attendance/ Number of meetings
Mr. Kwan Woon Man Boris	1/1
Mr. Chiu Chi Wing	1/1
Mr. Yeung Chi Fai	1/1

On 20 June 2023, the Nomination Committee held a meeting to, amongst others, assess the independence of the INEDs and make recommendations to our Board for considering the re-appointment of the retiring Directors at the forthcoming AGM.

CORPORATE GOVERNANCE FUNCTIONS

Our Board is responsible for performing the corporate governance functions as set out in code provision A.2.1 of the CG Code, which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

CORPORATE GOVERNANCE REPORT

NOMINATION PROCEDURES, PROCESS AND CRITERIA

The Nomination Committee leads the process and makes recommendations to the Board for re-election and appointment of Directors, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in light of the challenges and opportunities faced by the Group, as well as the business development and requirements of the Group. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the merit and contribution that the candidate(s) will bring to the Board, having due regard to the election criteria set out in the Nomination Policy which include, inter alia, the character and integrity; the accomplishment and experience; the commitment in respect of available time and relevant interest; the cultural and educational background, the gender, qualification, ethnicity, professional experience, skills, knowledge and length of service; the benefits of diversity on the existing Board as well as the independence of the candidate(s) (for INEDs). The Nomination Committee makes recommendation to the Board to appoint the appropriate person(s) among the candidates nominated for directorship(s). Suitable candidate(s) shall be appointed by the Board in accordance with the Articles of Association and the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing on the Listing Date or if later, the relevant appointment date.

Each of the non-executive Directors and the INEDs has entered into a letter of appointment with the Company for an initial fixed term of three years commencing on the Listing Date or if later, the relevant appointment date.

Save as disclosed aforesaid, none of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

Principle B.2 of the CG Code stipulates that there should be a formal, considered and transparent procedure for the appointment of new Directors, and all Directors should be subject to re-election at regular intervals. All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by our Board to fill a casual vacancy on or as an addition to the existing Board shall hold office only until the first AGM following his/her appointment and shall then be eligible for re-election.

By virtue of Articles 83 and 84 of the Articles of Association, Ms. Au Fung Yee, Mr. Au Lop Wah Edmond and Mr. Kwan Woon Man Boris will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for FY2023 are set out in note 7 to the Consolidated Financial Statements.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skills, knowledge, roles and responsibilities in the Group. The remuneration packages of executive Directors are determined with reference to his roles and duties, qualifications, industry experience and responsibilities as well as the prevailing market conditions and are subject to updates in future by the decision of the Board with recommendation from the Remuneration Committee. The remuneration for the non-executive Directors (including INEDs) mainly comprises Director's fee which is determined with reference to his/her duties and responsibilities.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the member of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" of this annual report for FY2023 by band is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil to 1,000,000	1

INDEPENDENT AUDITOR'S REMUNERATION

For FY2023, Baker Tilly Hong Kong Limited ("**Baker Tilly**") was engaged as our Group's independent auditor to provide annual audit services.

The remuneration paid/payable to Baker Tilly for FY2023 is set out below:

Services	Fee paid/payable HK\$
Audit services — Annual audit	566,000
Non-audit services — Tax services	38,300
Total	604,300

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the Consolidated Financial Statements.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Baker Tilly has stated in the independent auditor's report its reporting responsibilities on the Consolidated Financial Statements.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board acknowledges its responsibility for the risk management and internal control systems of the Group and reviewing their effectiveness. Our Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. Our Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The main features of the risk management and internal control systems include (i) the identification of potential risks; (ii) the assessment and evaluation of risks; (iii) the development and continuous updating of mitigation measures; and (iv) the ongoing review of internal control procedures to ensure their effectiveness in respect of the Group's financial, operational, compliance controls and risk management functions. Our Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Internal audit function of the Company has been carried out under the leadership of our Board and the Audit Committee.

The Group has developed and adopted a risk management process to identify, evaluate and manage significant risks. The Group regularly conducts internal control assessment to identify the risks that may potentially affect the Group's business and operations. The Board will perform risk assessment by prioritising the risks identified to determine those key risks that the Group is exposed to and discuss mitigation measures. Besides, existing risk mitigation measures are subject to regular monitoring and review by the management of the Company, which will review the Group's risk management strategies, report such results and make appropriate suggestions to the Board. The management regularly reports to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems. Material internal control defects, if identified, are reported to the Audit Committee and the Board on a timely basis to ensure that prompt remediation and subsequent actions are taken to improve the situations.

During FY2023, our Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of our Group covering all material controls, including financial, operational and compliance as well as risk management. Our Board considers that our Group's risk management and internal control systems are adequate and effective.

DISCLOSURE OF INSIDE INFORMATION

Our Group acknowledges its responsibilities under the SFO and the GEM Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- our Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- our Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

CORPORATE GOVERNANCE REPORT

- our Group has strictly prohibited unauthorised use of confidential or inside information; and
- our Group has established and implemented procedures for responding to external enquiries about our Group's affairs, so that only the executive Directors, the Company Secretary and the financial controller of the Company are authorised to communicate with parties outside our Group.

COMPANY SECRETARY

Mr. Yu Tsz Ngo was appointed as the company secretary of the Company on 1 September 2021. He is a member of the Certified Public Accountants Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. As he is the external service provider to the Group, his primary corporate contact person at the Company is Mr. Tang Ming Hei, an executive Director and the compliance officer of the Company. Mr. Yu has taken no less than 15 hours of relevant professional training for the year ended 31 March 2023 in compliance with Rule 5.15 of the GEM Listing Rules.

DIVIDEND POLICY

The Company does not have any pre-determined dividend distribution ratio. In determining the declaration and amount of dividend, the Board takes into account, among other things, the Group's earning performance, financial condition, cash flow situation and capital requirements, the availability of funds to meet the financial covenants of the Group's bank loans and any other factors that the Directors may consider relevant.

2022 AGM

The 2022 AGM was held on 18 August 2022. The Company announced the poll results of the 2022 AGM in the manner prescribed under the GEM Listing Rules. The respective chairman of the Board and the Nomination Committee has attended the AGM held on 18 August 2022 to ensure effective communication with the Shareholders. The attendance record of the Directors at the 2022 AGM is set out below:

Name of Directors	Number of general meeting attended/held
Executive Directors	
Mr. Tang Hing Keung	1/1
Mr. Tang Ming Hei	1/1
Non-executive Directors	
Ms. Au Fung Yee	1/1
Mr. Au Lop Wah Edmond	1/1
Independent Non-executive Directors	
Mr. Kwan Woon Man Boris	1/1
Mr. Chiu Chi Wing	1/1
Mr. Yeung Chi Fai	1/1

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing the Shareholders to make proposals or move resolutions at the AGMs under the M&A or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM

According to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, in the share capital of the Company, (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to require an EGM to be called by our Board for the transaction of any business specified in such requisition and the Eligible Shareholders shall be able to add resolutions to the meeting agenda.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently Room A4, 2/F., Tsim Sha Tsui Mansion, 83–87 Nathan Road, Kowloon, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask our Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, our Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition our Board fails to proceed to convene such meeting, the requisitioner(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of our Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRES TO OUR BOARD

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within our Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange. Representatives of the Company present at the general meetings of the Company will respond to queries and/or views from the Shareholders.

The Board has reviewed the implementation and effectiveness of the Shareholders' communication policy of the Company for FY2023, and is of the view that, through the various communication channels including but not limited to (a) holding of AGMs and EGMs (if any); (b) timely dissemination of information on the Stock Exchange's website and (c) various manners to put forward enquiries to the Board as set out above, the Shareholders' communication policy had been properly and effectively implemented during FY2023.

CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on 18 August 2022, special resolution was passed to approve the amendments to the then memorandum and articles of association of the Company and to adopt the second amended and restated memorandum and articles of association of the Company in order to (i) bring them in line with the latest legal and regulatory requirements, including the applicable laws of the Cayman Islands and those relating to the amendments to the GEM Listing Rules, which took effect on 1 January 2022; and (ii) incorporate certain housekeeping improvements. Details of the amendments made are set out in the circular of the Company dated 18 July 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

SCOPE

This report was approved by the board of directors (the “**Board**”) of Hing Ming Holdings Limited (the “**Company**”) and aims to provide a balanced representation of the efforts made by the Company and its subsidiaries (the “**Group**”) on corporate social responsibility and covers its operations in the business of provision of rental services of temporary suspended working platforms and other equipment such as tower cranes and generators; and the trading of equipment and spare parts including permanent suspended working platforms, motors and wire rope for the year ended 31 March 2023 (the “**Year**”). There are no significant changes in the scope of this report from that of ESG report for the year ended 31 March 2022.

REPORTING FRAMEWORK

This report is prepared in accordance with the Environmental, Social and Governance (“**ESG**”) Reporting Guide as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

GOVERNANCE OF ESG MATTERS

To demonstrate our commitment to transparency and accountability, the Group verified on the efficacy of ESG risk management and internal control systems and has established an ESG working group, which has clear terms of reference that set out the powers delegated to it by the Board. The Board assumes full responsibility for the Group’s ESG matters, and is responsible for reviewing ESG-related matters on a regular basis, identifying and assessing related risks, and ensuring that the Group has established appropriate and effective ESG risk management and internal control systems. In addition, the Board regularly reviews the performance of the Group against ESG-related targets and reviews and approves the disclosures in ESG reports.

The ESG working group is responsible for formulating relevant ESG policies and management procedures in line with the framework and objectives set out by the Board and implementing daily ESG work across our business operation, including evaluating the stakeholders’ needs and expectations with timely response, identifying ESG-related risks and opportunities pertain to the business operations, monitoring the environmental and social performance in our departmental units and reporting status of the Group’s ESG related matters to the Board on a regular basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

This report follows the ESG Reporting Guide and applies the following principles:

Reporting principles	Application in this report
Materiality	The Group's stakeholders are engaged in the identification of ESG issues that matter most from their perspectives. The Group assessed the materiality of those ESG issues based on the corresponding risks posed on the sustainability on the Group's businesses. Material ESG issues were identified and prioritized and are disclosed in this report.
Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption, where applicable, are disclosed in the respective sections in this report.
Consistency	Unless stated otherwise, the Group applies consistent methodology in compiling the ESG data reported to ensure meaningful comparison of ESG performance over time and between entities. Any change in methods or KPIs used is explained.

CORPORATE SOCIAL RESPONSIBILITY VISION, POLICY AND STRATEGY

The Group views corporate social responsibility ("CSR") as a business philosophy that creates sustainable value for shareholders by embracing opportunities and managing risks deriving from economic, environmental and social developments. The Group also believes that the ability to identify, assess and manage ESG considerations in our business activities is vital to creating intrinsic value to the Group in the long run. Hence, ESG considerations are an integral part of our CSR objectives and the Group has adopted CSR Policy in respect of the environmental, social and governance dimensions that aims to integrate CSR seamlessly into the Group's business strategies and management approach.

The Group's CSR Policy describes our long-term approach to specific issues in the four cornerstones: Marketplace, Workplace, Community and Environment, which is instrumental in enabling our business to operate in a sustainable manner. Within each of the cornerstones, core principles and pragmatic objectives provide guidance on practicing CSR in our daily operations.

ENVIRONMENTAL AND SOCIAL SUBJECT AREAS

Strategies

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace, and external community, and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Objectives

We integrate environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Add environmentally friendly elements to our daily service and operation activities;
- Reduce greenhouse gas emissions;
- Use energy and resources efficiently; and
- Continuously improve waste management

Social objectives:

- Respect employees' rights and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation

Approach

Monitored by the Board, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental and social management system comprises:

- The direction from the Board to fulfil the ESG responsibilities;
- Daily execution of environmental and social strategy and achieving its objectives by management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the Board; and
- Reporting and disclosure of our performance and KPIs

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the Board for its overall ESG responsibility.

SUSTAINABLE DEVELOPMENT

Aspiring to persist as the leading temporary suspended working platform rental service provider in Hong Kong, the Group strives to operate its business in an economic, social and environmentally sustainable manner. Continuously resolute in providing good quality products and outstanding services, the Group firmly recognizes the importance of balancing its business objectives with the stewardship of natural environment, the need to meet market demand for resources, and the need to build a more prosperous and sustainable society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS ENGAGEMENT AND MATERIALITY

In order to create sustainable growth and long-term value for its stakeholders, who comprise the Group's employees, investors, customers and the wider community, the Group endeavors to address their expectations and concerns through regular communication. The Group continues to involve stakeholders on an ongoing basis to understand their views and collect their expectations and concerns regarding significant ESG related matters of the Group's businesses, which are evaluated, prioritized and incorporated into our ESG strategy, including the setting of practicable ESG targets. Our communication channels with our stakeholders include company website, annual general meeting, business meetings and staff meetings. Based on the stakeholders' feedback, the material environmental and social issues were identified as follows:

- Employee welfare;
- Environmental compliance;
- Greenhouse gas emissions;
- Occupational health and safety;
- Labour standard;
- Training and development;
- Product quality; and
- Supply chain management

ENVIRONMENTAL

The Group integrates considerations of environmental preservation into its business and is dedicated to continuously improving environmental performance in conformity with all applicable laws and regulations in Hong Kong.

EMISSIONS

The Group's business predominantly focuses on rental services with respect to temporary suspended working platforms and other equipment and trading services with respect to equipment and spare parts including permanent suspended working platforms, motors and wire rope.

Being a responsible rental services provider, the Group strives to implement every possible measure to conserve energy in its business through increasing the energy efficiency of machineries and equipment sold or leased by the Group. As such, the Group strictly adheres to the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong) when applicable, which regulates the emissions of non-road mobile machinery including suspended working platforms. Also, the Group ensures that machineries sold or leased are approved with the Non-Road Mobile Machinery (NRMM) label issued by the Environmental Protection Department of Hong Kong, when applicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air and Greenhouse Gas Emissions

Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

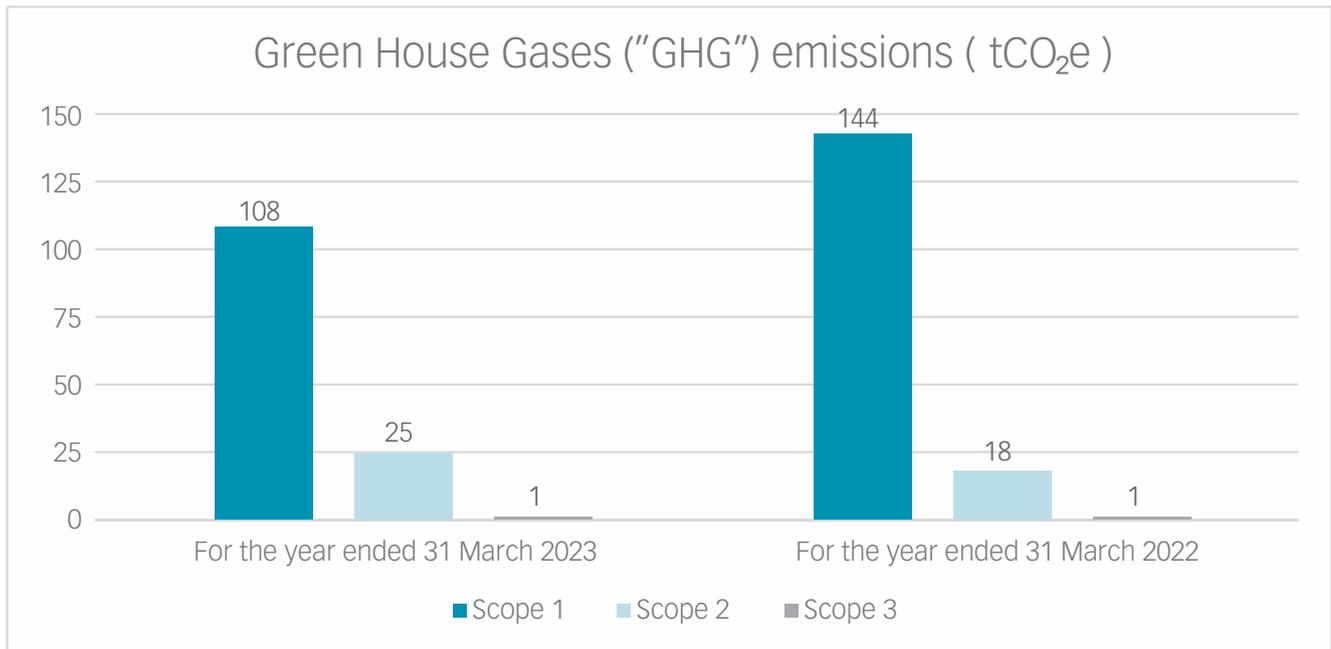
– *Air and Greenhouse Gas Emissions from Production*

In view of the Group’s business nature, there were no air and greenhouse gas emissions from production.

– *Air and Greenhouse Gas Emissions from Vehicles*

The Group believes that green transportation brings benefits, which include reduction of transportation costs and reduction of energy consumption and pollution. As such, the Group encourages optimising transportation routes, high filling rate or carpooling and proper tire pressure to achieve efficiency. The Group reminds employees to consider environmental impact in their commuting decisions to reduce air and greenhouse emissions.

An overview of carbon footprint for the Group’s operations in Hong Kong is summarised as follows:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Overview of carbon footprint for Hong Kong operations

GHG emissions	For the year ended 31 March		Variance Increase/ (decrease)
	2023 tCO ₂ e	2022 tCO ₂ e	
Scope 1: Direct emissions ²			
– Carbon dioxide	108	144	(36)
Scope 2: Indirect emissions ³			
– Carbon dioxide	25	18	7
Scope 3: Other indirect emissions ⁴			
– Carbon dioxide	1	1	–
Total GHG emissions (Scope 1+2+3)	134	163	(29)
GHG emissions intensity⁵			
Per revenue (HK\$ million)	1.4	2.2	(0.8)

Notes:

1. The above calculation is based on the reference and tools provided by the Environmental Protection Department of Hong Kong. <https://www.carbon-footprint.hk>.
2. Scope 1 refers to direct GHG emissions such as fuel consumption.
3. Scope 2 refers to indirect GHG emissions from consumption of purchased electricity.
4. Scope 3 refers to other indirect GHG emissions from paper purchased, electricity used for processing fresh water and sewage by government departments and business air travel by employee.
5. GHG emissions intensity is calculated by dividing the total GHG emissions by the Group's revenue. The Group's revenue for the years ended 31 March 2023 and 2022 is approximately HK\$98 million and HK\$75 million, respectively.

The primary sources of GHG emissions from the Group's trading and rental business are fuel used for its motor vehicles, machineries and equipment and consumption of electricity for its office operations. The Group has directed efforts to monitor and minimize its mobile fuel, stationary fuel and electricity usage in its workplace by the use of energy efficient motor vehicles and office equipment as well as by encouraging its employees to share rides where possible and to keep the indoor temperature within the office at 24 to 26 degrees Celsius. As a result, the Group's GHG emissions intensity decreased by approximately 36% from approximately 2.2 tCO₂e per HK\$1 million of revenue for the year ended 31 March 2022 to approximately 1.4 tCO₂e per HK\$1 million of revenue for the Year.

The Group will continue to explore and evaluate the possibility of carbon reduction through the use of cleaner source of energy and more efficient use of its transportation capacity, where the situations permit. The Group targets to reduce its GHG emission intensity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emissions from vehicles

For the year ended 31 March

Types of emissions	2023	2022
	(g)	(g)
NO _x	4,930	4,437
SO ₂	1,063	2,140
Particulate Matter ("PM")	363	356

Generation of Hazardous Waste and Non-hazardous Waste

The Group is not aware of any hazardous waste generated from its activities during the Year. Non-hazardous waste generated from the Group's activities is minimal. The Group continuously monitors the potential impacts of its activities on the environment.

No non-compliance with the laws and regulations in Hong Kong relating to air and greenhouse gas emission, discharges into water and land, and generation of hazardous and non-hazardous waste that have or may result in significant impact on the Group during the Year was identified.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENERGY CONSUMPTION

The Group is eminently devoted towards promoting a sustainable working and living environment through continuous emissions reduction and effective use of resources by introducing various guidelines pertaining to the efficient utilization of resources. Details of the Group's total use of resources by category are summarized as follows:

Total use of resources by category

	For the year ended 31 March		Variance Increase/ (decrease)
	2023 (kWh) ¹	2022 (kWh) ¹	
GHG emissions			
Electricity	63,683	47,519	16,164
Fuel	441,045	558,849	(117,804)
Total energy consumption	504,728	606,368	(101,640)
Energy consumption intensity²			
Per revenue (HK\$ million)	5,150	8,085	(2,947)
GHG emissions			
	2023 Sheet (kg)	2022 Sheet (kg)	Increase/ (decrease)
Paper	52,812 (263)	33,150 (165)	19,032 (98)
Paper consumption intensity³			
Per employee	1,650 (8)	975 (5)	675 (3)

Notes:

1. The energy consumption unit is converted to kWh. The conversion rate is based on the reference and tool provided by https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/app2_envirokpis.pdf?la=en.
2. Energy consumption intensity is calculated by dividing the total energy consumption by the Group's revenue.
3. Paper consumption intensity is calculated by dividing the paper consumption by the number of employees. The number of employees as at 31 March 2023 and 2022 is 32 and 34 respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's energy consumption from fuel decreased by approximately 21.1% from approximately 558,849 kWh for the year ended 31 March 2022 to approximately 441,045 kWh for the Year, which accounts for approximately 87% (2022: 92%) of the Group's total energy consumption. The overall energy consumption intensity of the Group decreased by approximately 36.3% from approximately 8,085 kWh per HK\$1 million of revenue for the year ended 31 March 2022 to approximately 5,150 kWh per HK\$1 million of revenue for the Year.

The Group's paper consumption increased from 33,150 sheets (165 kg) for the year ended 31 March 2022 to 52,812 sheets (263 kg) for the Year.

The Group targets to reduce its overall energy consumption intensity and paper consumption intensity.

WASTE MANAGEMENT

The Group adopts waste management policy of reduce, reuse, recycle and replace where possible. For example, to reduce waste, the used metal components of temporary suspended working platforms are disposed at a low price or at no cost to recycling companies.

WATER MANAGEMENT AND USE OF PACKAGING MATERIALS

The principal activities of the Group do not involve production, hence water usage and use of packaging material for finished products are minimal. As water is used mainly for domestic purpose at the Group's office, the Group does not have any concern in sourcing water that is fit for such purpose.

USE OF RESOURCES

The Group is committed to promoting employees' environmental awareness and optimizing natural resources utilization among the Group. The Group will continue to make every effort to alleviate its environmental impact by properly maintaining vehicles and encouraging environmentally friendly driving behaviours. For example, drivers are encouraged to drive at a reasonable speed to avoid sudden braking, and to switch off engine while waiting. The Group will also continue to promote its guidelines on best practices for efficient use and conservation of resources in the office workplace, which include the use of energy saving lighting, e-statements and duplex print, separation of paper and tins for recycle purpose, as well as video conferencing as a substitute for overseas or cross-border business trips to reduce carbon footprints from flights, trains or other vehicles, where possible. In addition, the Group will continue to promote proper waste management and water saving behaviour under its overall environmental management agenda.

The Group preserves the environment and natural resources indirectly through providing rental services of temporary suspended working platforms and other equipment such as tower cranes and generators. Temporary suspended working platforms act as a substitute for traditional bamboo shed, which can significantly reduce wastes produced by traditional scaffolding. For example, according to the Construction Innovative Environmental Practices issued by the Hong Kong Construction Association, the use of temporary suspended working platforms for installation of a 22-floor high tower lift can prevent 1,200 meters of bamboo from landfill disposal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE CHANGE

The Group has considered the physical risk which include acute risk like increasing heavy rainstorm, wildfire, hot weather; chronic risk including rise in sea level. While the acute risk will post immediate safety issues to our staff, the Group has followed and will continue to follow strictly on the relevant notice and/or guidelines issued by the local government bodies in which we operate to ensure staff safety. The Group will review the existing measures for adverse weather conditions and ensure the safety of the employees. For transitional risk, the Group has considered the policy and legal risk, which the government will impose more laws and regulation on the emissions and energy usage, as we have minimal usage on energy and minimal emissions due to our business nature, the Group considers the risk is relatively low, however, the Group will continue to monitor the potential risks of climate change and its impacts on the Group's operations and customers, and devise and implement preventive and emergency measures accordingly.

SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group's workforce is its most valuable asset and is the key to its long-term growth and prosperity. The remarkable development of the Group in recent years is a concrete proof of the contribution from its professional and experienced employees. Therefore, the development and maintenance of its human resources through attracting and retaining appropriate and suitable talents have equally profound effect on maintaining competitiveness within the industry and delivering excellent services to clients. For this reason, the Group is committed to providing a healthy, safe, and friendly working environment for all of its employees.

The Group recognizes, rewards and remunerates its employees based on factors such as qualifications and years of experience, with competitive remuneration package, and welfare and benefits included in its comprehensive labour management policies.

The Group firmly believes that a diversified workforce can congregate a mix of talents of different skills, experience and knowledge, which in turn strengthens the Group's competitiveness, supports innovation capability and fulfills contemporary business challenges. The Group respects diversity across all levels by offering equal employment opportunities to all candidates and not differentiating them on the basis of factors, including but not limited to gender, race, age, and religion. The Group has thus formulated and implemented equal opportunity and non-discrimination policies and practices for recruitment and promotion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the Group's long-term success in the industry, the Group has a series of well-established promotion and succession programs to ensure professional knowledge and experience from its existing employees are inherited by its new employees. In addition, ongoing performance reviews and annual appraisal policies are well in place to ensure all employees are provided with equal career development opportunities.

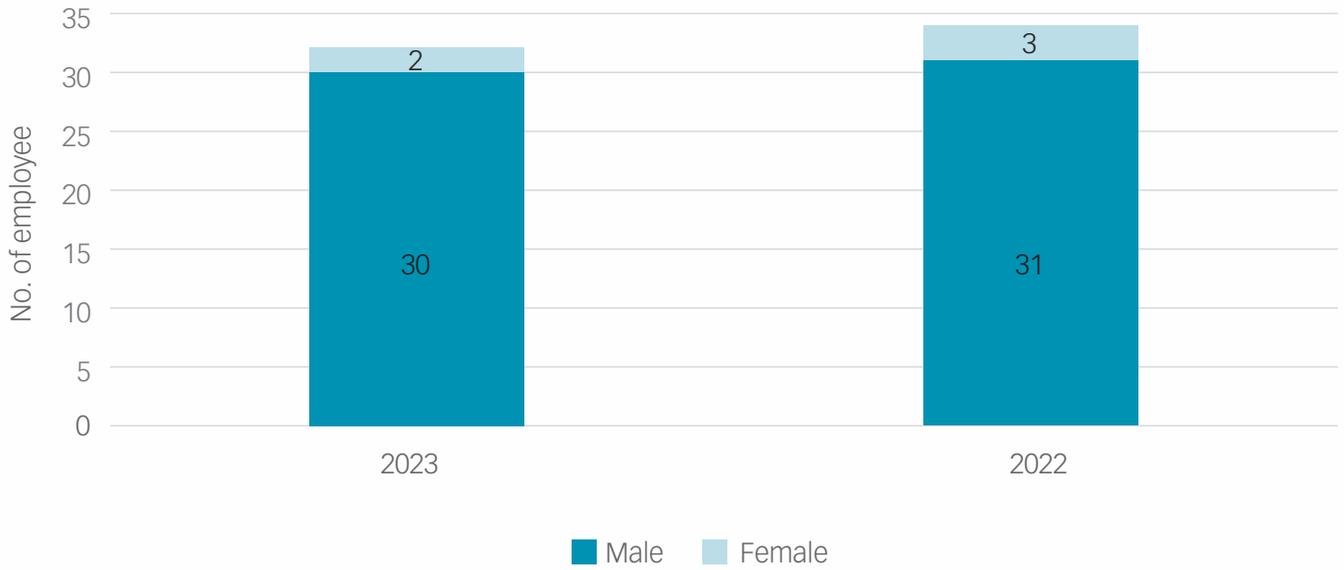
The Group adheres strictly to all laws and regulations in relation to employment such as the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong).

No non-compliance with the laws and regulations in Hong Kong relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have resulted or may result in significant impact on the Group was identified during the Year.

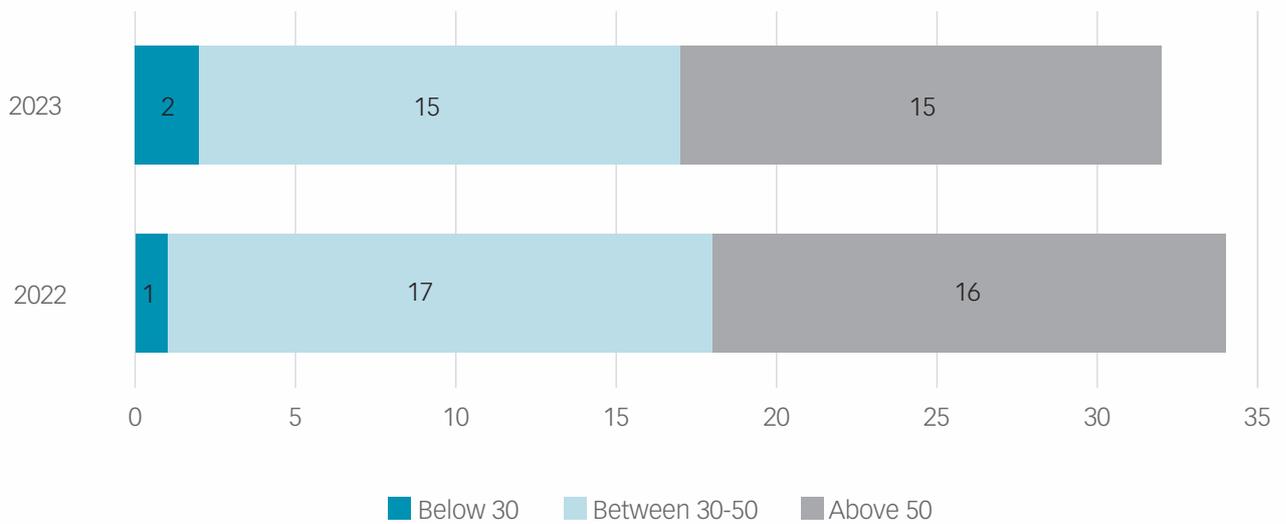
The Group had a total of 32 and 34 employees (excluding non-executive directors and independent non-executive directors of the Company) as at 31 March 2023 and 2022 and the Group's workforce composition as at 31 March 2023 and 2022 are as follows:

	2023	2022
Number of employees		
By gender		
Male	30	31
Female	2	3
By age group		
Below 30	2	1
30 to 50	15	17
Above 50	15	16
By region		
Hong Kong	32	34
By employment contract		
Permanent	32	34
Temporary/Part-time	–	–

Workforce by Gender as at 31 March 2023 and 2022



Workforce by Age Group as at 31 March 2023 and 2022



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the years ended 31 March 2023 and 2022, a total of 4 and 8 employees left the Group respectively, representing total turnover rate of employees of 12.5% and 24% for the years ended 31 March 2023 and 2022 respectively. Further employee turnover rates by various categories are shown below:

	2023	2022
Number of employee turnover:		
By gender		
Male	3	4
Female	1	4
By age group		
Below 30	1	1
30 to 50	2	4
Above 50	1	3
By region		
Hong Kong	4	8
Employee turnover rate (%) #		
By gender		
Male	10%	13%
Female	50%	133%
By age group		
Below 30	50%	100%
30 to 50	13%	24%
Above 50	7%	19%
By region		
Hong Kong	13%	24%

Employee turnover rates are calculated by number of employee turnover during the year in their specified categories over the number of employees as at that year end in their specified categories

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

Health and safety are always of paramount importance. Due to the nature of works in construction sites, risks of accidents or injuries are inherent. To minimize occupational accidents and to provide a safe and secure working environment, the Group is highly committed to complying with applicable laws and regulations in the industry such as the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

The Group has strictly complied with the requirements of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), and has arranged insurance coverage for its employees. The Group believes the current insurance coverage is adequate and consistent with the industry norm, after taking into account the prevailing industry practices and the Group's current operations.

The Group takes every possible measure to attain the goal of zero injury in construction sites. The Group's recent efforts in this regard include:

1. establishing and regularly reviewing safety rules and policies and closely monitoring the implementation of such rules and policies;
2. reviewing reports of major accidents and incidents and using statistics to identify trends and monitor safety performance;
3. reviewing the effectiveness and sufficiency of safety training; and
4. continuously monitoring changes to relevant laws and regulations in Hong Kong and updating codes on safety issues.

The Group is dedicated to implementing sound safety management and thus offers hazard identification trainings to all employees, in which the individuals are trained to determine potential health risks and apply preventive measures to resolve such issues. Also, all necessary safety rules and policies are posted on conspicuous notice boards. Technicians are required to perform routine checks for every platform in use, and to wear safety helmets, footwear, gloves and safety belts when working in platforms and construction sites. All technicians are required to complete safety induction trainings before commencing work.

The outbreak of COVID-19 pandemic caused tremendous impact to the world in 2020. During the Year, the Group have taken many immediate measures to fight against the pandemic and ensured employees' safety by checking their body temperature, disinfecting public spaces and providing surgical masks and alcohol hand rub.

There were no work-related fatalities in the Group in each of the past three years including this reporting year (2022: nil). The Group had no lost days due to work injury for the years ended 31 March 2023 and 2022.

During the Year, no non-compliance with the laws and regulations in Hong Kong relating to providing a safe working environment and protecting employees from occupational hazards that have resulted or may result in significant impact on the Group was identified.

Development and Training

The Group trusts that growth of employees remains key to sustaining market leadership. It is imperative to cultivate a learning culture within the Group and to encourage continual education and development in order for its employees to be well-equipped and competent in delivering high quality services and products to customers, and to raise their occupational safety awareness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

New employees are provided with on-board training to familiarize with the culture, business and operation of the Group. Also, for technical positions such as technical support, every newly-hired employee will be provided with pre-job technical training to enhance their professional skills. The Group welcomes every staff to join training programmes according to their respective job duties and positions. The Group's human resources department would review all staff applications from the staffs and assign each staff to the most suitable training and development programme.

During the years ended 31 March 2023 and 2022, a total of 58 manhours and 134 manhours of training were provided to employees of the Group respectively representing an average of approximately 2 hours and approximately 4 hours of training per employee as at 31 March 2023 and 2022 respectively. The total number of employees who took part in those trainings were 4 and 8 for the years ended 31 March 2023 and 2022 respectively, representing approximately 12.5% and approximately 24.0% of total employees as at 31 March 2023 and 2022 respectively. Further development and training data by various categories are shown below:

	2023	2022
Total number of hours of training received by employees	58	134
Percentage of employees trained#:		
By gender		
Male	97%	100%
Female	3%	–
By employee category		
Senior management	–	–
Middle management	97%	25%
Others	3%	75%

Percentage of employees trained are calculated by number of employees trained in their specified categories over the total number of employees trained

	2023	2022
Average training hours completed per employee^:		
By gender		
Male	2	4
Female	1	–
By employee category		
Senior management	–	–
Middle management	8	4
Others	1	5

^ Average training hours are calculated by total number of hours trained during the year in their specified categories over the number of employees as at that year end in their specified categories

During the Year, the Group did not experience any strike or labour dispute which had a material effect on the business of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour Standards

The Group is committed towards the growth and well-being of its employees. The Group's guidelines on staff recruitment and avoidance of unlawful employment policy outlines the Group's obligations as a responsible employer and the procedure necessary to ensure all candidates are treated equally and employment is in compliance with local laws and regulations.

Information such as statement on work hours, pay and performance issues, policies on benefits, trainings, leave and disciplinary procedures and possible sanction are clearly stated on a written employee hand book provided in the national language of the employees.

The Group prohibits any employment which would constitute child labour and forced labour. The Group has implemented employment policies which are in strict adherence of the local employment laws and regulations. All the laws and regulations in Hong Kong pertaining to the prevention of child and forced labour are strictly followed. Prior to any confirmation of employment of the Group, our human resources department will require job applicants to provide valid identity documents to verify that the applicants are lawfully employable and ensure full compliance with relevant laws and regulations that prohibit child and forced labour. If any violations were to be detected, the Group would immediately cease any labour activities. Any false documents would be considered fraudulent and the Group would have the right to terminate the labour contract immediately. The Group will regularly review the employees' information to ensure there is no violation of any regulations and policies.

Any act of misconduct, such as sexual harassment, is seriously prohibited. Grievance mechanisms and disciplinary procedures are also set in place to enhance transparency and to ensure adequate governance of the Group. The Group adheres strictly to the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong) and has taken appropriate measures to ensure that no illegal workers are employed.

During the Year, no violation of related laws and regulations in Hong Kong relating to preventing child labour and forced labour that have resulted or may result in significant impact on the Group was identified.

OPERATING PRACTICES

Supply Chain Management

The Group believes that building stable and mutually trusted relationships with suppliers is imperative in managing potential environmental and social risks while enhancing operational efficiency and securing the long run prosperity of the Group.

For this purpose, the Group closely collaborates with stakeholders along the supply chain to improve overall environmental, social, and governance performance and to ensure all supply chain management processes are in line with the best practice incorporated. The Group's approach to this includes developing good relationships with suppliers based on honesty, fairness and mutual trust, and procuring only from suppliers on its approved list of suppliers. Major materials that the Group purchases are materials or parts and equipment for tower crane for its provision of the rental services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 March 2023, we had 10 suppliers (2022: 14 suppliers) mainly located in the following regions.

Region	Number of Suppliers in	
	2023	2022
Europe	2	5
Hong Kong	6	6
The PRC	1	2
Others	1	1
	10	14

The Group expects the suppliers to implement good employment measures by dealing with their employees fairly and reasonably, respecting employees' rights and providing employees with an environment free from discrimination, child labour and forced labour. The suppliers also need to adhere to transparent business processes and high standards of conduct which they have to avoid conflicts of interest and prohibit corruption and bribery. Before making any procurement decisions, the Group will conduct due diligence and assessments on suppliers to avoid environmental and social risks along the supply chain. Suppliers are chosen mainly based on their service or product quality, price, reputation, financial background, sustainability and social responsibility track record (including environmental friendliness) and delivery time. The Group regularly conducts performance reviews with major suppliers, regularly review the environmental friendliness of the sourced products and services and communicates with them for rectification and improvements. All of the above 10 suppliers are subject to relevant supply chain policies and practices relating to engaging suppliers mentioned above. The Group shall regularly review the relevant policies and practices to ensure their effectiveness.

During the Year, the Group was not aware that any key suppliers had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor did any of them have any non-compliance incident in respect of human rights issues.

Product Responsibility

With a strong determination in provision of equipment with high degree of safety, quality and reliability, and delivery of excellent and professional services, the Group adopts dual-controls in product quality management through stringent quality control in the procurement process and equipment maintenance. The Group also closely monitors the level of customer satisfaction for continual self-improvement. The Group is committed to consistently delivering high quality products and offering superior services, and thus adheres strictly to all applicable laws and regulations in Hong Kong on the safety of its rental equipment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Incoming Quality Control

The Group enhances sustainable performance through aligning its goal with suppliers. A comprehensive supplier monitoring mechanism has been duly established and put into practice as baseline management to assure that the quality of equipment supplied to the customers are stringently controlled and monitored. The Group insists to purchase materials, temporary and permanent suspended working platforms and spare parts only from the list of approved suppliers, for which all suppliers are subject to a thorough assessment process and supplier performance review. All these measures are to ensure that the Group's rental equipment are of good design and good quality, and all machineries are made of appropriate material, properly installed and maintained.

Equipment Quality Control

The Group attaches much attention to the quality and maintenance of its equipment so as to enhance occupational safety and reliability, and ultimately gain prominence among customers. For the temporary suspended working platforms operation, the Group has dedicated a quality assurance team, comprising quality assurance officers and Competent Persons as defined under the Factories and Industrial Undertakings (Suspended Working Platforms) Regulation (Chapter 59AC of the Laws of Hong Kong), to formulate, implement, and monitor systematic quality control policies and standard operating procedures. The Group strictly follows the safe use and operation of temporary suspended working platforms. In that regard, a series of meticulous inspections, testing and examination on specific and regular basis are strictly adhered to by the Group.

Labelling

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights, if applicable, are protected. We ensure that the information and marketing materials we provided do not contain any misleading content to protect customers' interests and do not contain materials which infringe intellectual property rights.

During the Year, the Group was not aware of any non-compliance with relevant laws, rules and regulations in Hong Kong relating to health and safety, advertising, labelling and privacy matters relating to products and services provided that have resulted or may result in significant impact on the Group since we had imposed a stringent quality control regime.

Privacy Matters

The Group respects customer privacy and strives to safeguard customers' data through adhering to all requirements under the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). The Group is committed to protecting customer data and privacy information, and keeping business information confidential. Training to employees in this regard and proper information system security are required. We acknowledge the importance of protecting the privacy and confidentiality of our customers' information. An internal policy which governs the collection, handling, and disclosure of clients' data has been developed and communicated to our staff. The Group has prohibited the use of any personal information of customers by other parties for direct marketing purposes if unlawful or without explicit and implicit consent of customers.

During the Year, no breach of customer privacy or data loss was reported.

Complaint Management

The Group values every feedback from customers and takes them into heart in the process of improving the quality of services and satisfying the needs of existing and potential customers. To encourage customers to share their needs, expectations and views of the services and products provided, various communication channels, such as on-site staff communications with customers, have been established to solicit feedback. As a way of self-improvement, the Group insists in promptly and properly reviewing, reacting and responding to every valuable feedback collected.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group welcomes all feedbacks from customers as it is necessary to improving our products and services. Procedures for handling feedbacks are established. Feedbacks are recorded in detail and appropriate follow-up actions are taken promptly.

The principal activities of the Group do not involve production, hence no recall procedures are applicable.

For the years ended 31 March 2023 and 2022, there were no products sold or shipped subject to recalls for safety and health reasons and there were no products and services related complaints received.

Anti-Corruption

With determination to live up to a high standard of ethics, transparency, responsibility and integrity in every aspect of the Group, robust corporate governance practices have been established and adhered to.

No bribery and corruption are tolerated. The Group aims to carry out its business in a professional and ethical way, and thus takes every possible measure to ensure that all of its operations are in compliance with all applicable laws and regulations in Hong Kong.

A Code of Conduct (the “**Code**”) and various internal guidelines regarding bribery, money-laundering, gifts and entertainment are well in place and are mandatory for every employee to strictly follow. Whistleblowing policy is established to encourage reporting, in real name or anonymously, of any incident of bribery, corruption, extortion, fraud and other acts of dishonesty among the Group. The Board investigates into every reported non-compliance with the Code and internal guidelines and allegations of bribery. Disciplinary action is undertaken against such culpable employee when violation of the Code or internal guidelines is noted. In addition, we provide publications on anti-corruption practices as training to our directors and senior management personnel regularly.

The Group is not aware of any complaints of corruption against the Group or any of the staff and there are no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Year.

During the Year, no non-compliance with the laws and regulations in Hong Kong relating to bribery, extortion, fraud and money laundering that have resulted or may result in significant impact on the Group was identified.

COMMUNITY

Community Investment

The Group believes that a sustainable community plays a vital role in its long-term growth and success. Therefore, the Group has portrayed immense dedication in contributing to the amelioration of the society through collaborating with the local communities it operates in and addressing the community’s needs with focus area of education. During the Year, the Group donated HK\$6,000 to Wang Toi Shan Tsuen Yi Yu Se (2022: the Group donated HK\$100,000 to Wan Yan One Family Foundation Limited and HK\$6,000 to Wang Toi Shan Tsuen Yi Yu Se.)

The Group will continue to participate in a variety of charitable events and encourage its employees to devote time and to actively get involved in community engagements and charity works. The Group believes that such active engagement on the part of the employees is a determinant of increased loyalty towards the organization.



**Independent auditor's report to the shareholders of
Hing Ming Holdings Limited**

興銘控股有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hing Ming Holdings Limited and its subsidiaries (together the "Group") set out on pages 66 to 117, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023 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 ("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.

INDEPENDENT AUDITOR'S REPORT

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.

The Key Audit Matter

How the matter was addressed in our audit

Impairment of trade receivables

Refer to notes 2(f)(i), 2(h), 13 and 22(a) to the consolidated financial statements

As at 31 March 2023, the Group had trade receivables of HK\$25,818,000 (2022: HK\$21,214,000) with loss allowance of HK\$2,557,000 (2022: HK\$3,803,000).

Loss allowance for trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

We identified the impairment of trade receivables as a key audit matter because the assessment of recoverability of trade receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.

Our audit procedures in this area included:

- evaluating the design, implementation and operating effectiveness for key internal controls which govern credit control, debt collection and estimate of expected credit losses;
- assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices;
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowance; and
- reviewing subsequent settlement records and challenging management regarding their reasons for not considering a provision against any unsettled past-due balances.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

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 THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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. This report is made 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, 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 those charged with governance 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 those charged with governance, 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 director on the audit resulting in this independent auditor's report is Tong Wai Hang.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 20 June 2023

Tong Wai Hang

Practising certificate number P06231

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	3	98,235	75,441
Cost of sales and services rendered		(72,659)	(56,591)
Gross profit		25,576	18,850
Other income	4	974	72
Reversal of impairment loss/(impairment loss) on financial assets	22(a)	1,228	(3,106)
Administrative expenses		(21,814)	(16,585)
Profit/(loss) from operation		5,964	(769)
Finance costs	5(a)	(1,660)	(1,003)
Profit/(loss) before taxation	5	4,304	(1,772)
Income tax expense	6	(1,935)	(1,263)
Profit/(loss) and total comprehensive income/(loss) for the year		2,369	(3,035)
Earnings/(loss) per share	9		
– Basic and diluted		HK0.61 cents	HK (0.76) cents

The notes on pages 71 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment	11	131,037	125,631
Deposits paid for purchase of property, plant and equipment		2,445	1,126
		133,482	126,757
Current assets			
Inventories	12	6,884	210
Trade receivables	13	23,261	17,411
Prepayments and deposits	14	828	4,096
Cash and cash equivalents		14,207	30,422
		45,180	52,139
Current liabilities			
Trade and other payables	15	18,751	12,558
Lease liabilities	16	4,372	5,503
Borrowings	18	9,476	14,152
		32,599	32,213
Net current assets		12,581	19,926
Total assets less current liabilities		146,063	146,683
Non-current liabilities			
Borrowings	18	2,065	4,690
Other payables	15	6,575	–
Lease liabilities	16	3,583	6,194
Deferred tax liabilities	17(a)	16,380	14,445
		28,603	25,329
NET ASSETS		117,460	121,354
CAPITAL AND RESERVES			
Share capital	21(a)	3,760	4,000
Reserves		113,700	117,354
TOTAL EQUITY		117,460	121,354

Approved and authorised for issue by the board of directors on 20 June 2023.

Tang Hing Keung
Director

Tang Ming Hei
Director

The notes on pages 71 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital HK\$'000 (note 21(a))	Share premium HK\$'000 (note 21(c)(i))	Other reserve HK\$'000 (note 21(c)(ii))	Retained profits HK\$'000	Total equity HK\$'000
Balance at 1 April 2021	4,000	63,824	6,000	50,565	124,389
Change in equity for 2022: Loss and total comprehensive loss for the year	–	–	–	(3,035)	(3,035)
Balance at 31 March 2022 and 1 April 2022	4,000	63,824	6,000	47,530	121,354
Changes in equity for 2023: Profit and total comprehensive income for the year	–	–	–	2,369	2,369
Repurchase and cancellation of shares (note 21(a)(ii))	(240)	(6,023)	–	–	(6,263)
Balance at 31 March 2023	3,760	57,801	6,000	49,899	117,460

The notes on pages 71 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Operating activities			
Profit/(loss) before taxation		4,304	(1,772)
Adjustments for:			
– Depreciation of property, plant and equipment	5(c)	19,857	16,111
– Loss on disposal/write-off of property, plant and equipment, net	5(c)	797	2,835
– Interest income	4	(18)	(12)
– Finance costs	5(a)	1,660	1,003
– (Reversal of impairment loss)/impairment loss on trade receivables	5(c)	(1,228)	3,106
Operating profit before changes in working capital		25,372	21,271
Decrease/(increase) in inventories		210	(25)
Increase in trade receivables		(5,091)	(6,516)
Decrease/(increase) in prepayments and deposits		1,962	(2,984)
Increase in trade and other payables		8,201	4,025
Cash generated from operations		30,654	15,771
Hong Kong Profits Tax paid		–	(387)
Net cash generated from operating activities		30,654	15,384
Investing activities			
Payment for purchase of property, plant and equipment		(35,616)	(10,552)
Proceeds from disposal of property, plant and equipment		346	265
Increase in deposits paid for purchase of property, plant and equipment		(1,719)	(400)
Interest received		18	12
Net cash used in investing activities		(36,971)	(10,675)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Financing activities			
Capital element of lease rental paid	23	(6,291)	(5,922)
Interest element of lease rental paid	23	(541)	(297)
Increase in interest-bearing payables for purchase of property, plant and equipment	23	12,920	–
Repayments for interest-bearing payables for purchase of property, plant and equipment	23	(1,303)	–
Payment for repurchase of shares	21(a)	(6,263)	–
Proceeds from new borrowings	23	6,000	35,000
Repayments of borrowings	23	(10,816)	(23,333)
Proceeds from obligation under sale and leaseback transaction	23	–	7,775
Repayments for obligation arising from sale and leaseback transaction	23	(2,485)	(600)
Bank loan interest paid	23	(620)	(213)
Other interests paid		(499)	(493)
Net cash (used in)/generated from financing activities		(9,898)	11,917
Net (decrease)/increase in cash and cash equivalents		(16,215)	16,626
Cash and cash equivalents at beginning of the year		30,422	13,796
Cash and cash equivalents at end of the year		14,207	30,422

The notes on pages 71 to 117 form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 COMPANY INFORMATION

Hing Ming Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 8 April 2016 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 March 2017. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Room A4, 2/F., Tsim Sha Tsui Mansion, 83–87 Nathan Road, Kowloon.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 27.

As at 31 March 2023, the directors consider the immediate parent and ultimate holding company of the Group (as defined in note 2(a)) to be Hing Gut Limited, which is incorporated in the British Virgin Islands (the “**BVI**”).

The consolidated financial statements are presented in Hong Kong dollars which is also the functional currency of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements for the year ended 31 March 2023 comprise the Company and its subsidiaries (together the “**Group**”).

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in these consolidated financial statements as a result of initial application of these developments. The Group has not applied any new or revised HKFRS that is not yet effective for the current accounting period (see note 30).

A summary of the significant accounting policies adopted by the Group is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 29.

(C) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the changes in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(f)(ii)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(D) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment, including right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest and leases of underlying plant and equipment (See note 2(e)), are stated at cost less accumulated depreciation and impairment losses (see note 2(f)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Properties leased for own use	Unexpired terms of leases
Plant and machinery	Shorter of 3 to 15 years and unexpired terms of leases
Motor vehicles	5 years
Furniture and equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(E) LEASED ASSETS

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) *As a lessee*

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. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(E) LEASED ASSETS *(Continued)*

(i) **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 (see notes 2(d) and 2(f)(ii)).

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 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.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

For sale and leaseback transactions, the Group considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale. The Group applies HKFRS 15 "Revenue from Contracts with Customers" to determine whether a sale has taken place.

When the transfer to buyer-lessor is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback – the Group measures the right-of-use asset at the retained portion of the previous carrying amount (i.e. at cost), and recognises only the amount of any gain or loss related to the rights transferred to the lessor.

When the transfer to buyer-lessor is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyer-lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) LEASED ASSETS (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(q)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(e)(i), then the Group classifies the sub-lease as an operating lease.

(F) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents, deposits and trade receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(F) CREDIT LOSSES AND IMPAIRMENT OF ASSETS *(Continued)*

(i) **Credit losses from financial instruments** *(Continued)*

ECLs are measured on either of the following bases:

- 12-months ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs 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 and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(F) CREDIT LOSSES AND IMPAIRMENT OF ASSETS *(Continued)*

(i) **Credit losses from financial instruments** *(Continued)*

Significant increases in credit risk *(Continued)*

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

- failure to make payments of principal and interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(F) CREDIT LOSSES AND IMPAIRMENT OF ASSETS *(Continued)*

(ii) **Impairment of other non-current assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(G) INVENTORIES

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(G) INVENTORIES *(Continued)*

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(H) TRADE 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. Receivables are initially measured at their transaction price and subsequently stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(f)(i)).

(I) 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 expected credit losses in accordance with the accounting policy set out in note 2(f)(i).

(J) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(K) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the accounting policy for borrowing costs (see note 2(s)).

(L) SHARE CAPITAL

Ordinary shares of the Company are classified as equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(M) EMPLOYEE BENEFITS

(i) **Short term employee benefits**

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) **Defined contribution retirement plans**

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(iii) **Share-based payments**

The Company operates a share option scheme under which the Group receives services or goods from its directors, employees and other eligible persons as consideration for share options of the Company. The fair value of the services or goods received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share options taking into account the terms and conditions upon which the options were granted. Where the counterparties have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company’s shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount of share capital and share premium for shares issued) or the option expires (when it is released directly to retained profits).

(iv) **Termination benefits**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(N) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(N) INCOME TAX *(Continued)*

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(O) FINANCIAL GUARANTEES ISSUED

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(O) FINANCIAL GUARANTEES ISSUED *(Continued)*

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in deferred income in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation). To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(f)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(P) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a 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 expenditure expected to settle the obligation.

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 of economic benefits 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 of economic benefits is remote.

(Q) REVENUE AND OTHER INCOME

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, 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.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(Q) REVENUE AND OTHER INCOME *(Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Rental and related service income

Rental and related service income is recognised in profit or loss in equal instalments over the periods covered by the lease term or over time on an utilisation time basis.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(R) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(S) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(T) RELATED PARTIES

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(T) RELATED PARTIES *(Continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any members of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(U) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's executive directors for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 REVENUE

Revenue represents income received and receivable from rental and related services and trading of equipment and spare parts during the year and is summarised as follows:

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Equipment installation and inspection services	30,013	34,609
Trading of equipment and spare parts	2,001	3,487
	32,014	38,096
Revenue from other sources		
Rental income from leasing equipment and spare parts	66,221	37,345
	98,235	75,441
Timing of revenue recognition		
A point in time	2,001	3,487
Over time	96,234	71,954
	98,235	75,441

(A) REVENUE EXPECTED TO BE RECOGNISED IN THE FUTURE ARISING FROM CONTRACTS WITH CUSTOMERS IN EXISTENCE AT THE REPORTING DATE

As at 31 March 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$25,525,000 (2022: HK\$32,458,000). This amount represents revenue expected to be recognised in the future from pre-completion service contracts for equipment installation and inspection service contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur within the next 1 year (2022: 2 years).

(B) TOTAL MINIMUM LEASE PAYMENTS RECEIVABLE BY THE GROUP

As at 31 March 2023, total future minimum lease payments under non-cancellable operating leases in place will be receivable by the Group were HK\$29,482,000 (2022: HK\$52,935,000). All these lease payments were receivable within one to two years (2022: one to two years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Bank interest income	18	12
Exchange gains	170	55
Government grants (note)	691	–
Sundry income	95	5
	974	72

Note: Government grants included Covid-19 relief subsidies received. There were no unfulfilled conditions or other contingencies attaching to the subsidies and government grants that had been recognised by the Group.

5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(A) FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on bank loan	620	213
Interest on other borrowings	–	389
Interest on payables for purchase of property, plant and equipment	166	–
Interest on lease liabilities	541	297
Finance charge on sale and leaseback transaction	333	104
	1,660	1,003

(B) STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION (NOTE 7)):

	2023 HK\$'000	2022 HK\$'000
Salaries, wages and other benefits	25,557	17,193
Contributions to defined contribution retirement plan	521	510
	26,078	17,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 PROFIT/(LOSS) BEFORE TAXATION *(Continued)*

Profit/(loss) before taxation is arrived at after charging/(crediting): *(Continued)*

(C) OTHER ITEMS

	2023 HK\$'000	2022 HK\$'000
Auditor's remuneration	566	515
Cost of inventories sold and material consumed	4,921	9,476
Depreciation of property, plant and equipment	19,857	16,111
Expense relating to short-term leases or leases of low-value assets	10	375
(Reversal of impairment loss)/impairment loss on trade receivables	(1,228)	3,106
Loss on disposal/write-off of property, plant and equipment, net	797	2,835

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(A) TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME REPRESENTS:

	2023 HK\$'000	2022 HK\$'000
Current tax – Hong Kong Profits Tax		
Over-provision in respect of prior years	–	(10)
Deferred tax (note 17)		
Origination and reversal of temporary differences	1,935	1,273
Income tax expense	1,935	1,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

(A) TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME REPRESENTS: *(Continued)*

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2023 (2022: HK\$Nil) as the companies within the Group incurred losses for tax purpose or had sufficient tax losses brought forward to set off estimated assessable profits.

Income tax from other tax jurisdictions

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in respective tax jurisdictions.

(B) RECONCILIATION BETWEEN INCOME TAX EXPENSE AND ACCOUNTING PROFIT/(LOSS) AT APPLICABLE TAX RATES:

	2023 HK\$'000	2022 HK\$'000
Profit/(loss) before taxation	4,304	(1,772)
Notional tax on profit before taxation at Hong Kong statutory tax rate	710	(292)
Tax effect of non-deductible expenses	166	226
Tax effect of non-taxable income	(139)	(43)
Tax effect of unused tax losses not recognised	1,812	3,814
Tax effect of utilisation of tax losses previously not recognised	(408)	(2,338)
Tax effect of temporary differences not recognised	(206)	(94)
Over-provision in respect of prior years	–	(10)
Income tax expense	1,935	1,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the GEM Listing Rules are as follows:

	Directors' fees		Salaries, allowances and benefits in kind		Discretionary bonuses		Retirement scheme contributions		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors										
Mr. Tang Hing Keung (<i>Chief executive</i>)	-	-	3,783	1,200	4,000	1,500	14	18	7,797	2,718
Mr. Tang Ming Hei	-	-	960	560	-	500	18	18	978	1,078
Ms. Au Man Yi (note (i))	-	-	-	105	-	-	-	5	-	110
Non-executive directors										
Ms. Au Fung Yee	150	150	-	-	-	-	-	-	150	150
Mr. Au Lop Wah Edmond	150	150	-	-	-	-	-	-	150	150
Independent non-executive directors										
Mr. Kwan Woon Man Boris	100	100	-	-	-	-	-	-	100	100
Mr. Chiu Chi Wing	100	100	-	-	-	-	-	-	100	100
Mr. Yeung Chi Fai	100	100	-	-	-	-	-	-	100	100
Ms. Li Kai Lai Miranda (note (ii))	-	88	-	-	-	-	-	-	-	88
	600	688	4,743	1,865	4,000	2,000	32	41	9,375	4,594

Notes:

- (i) Ms. Au Man Yi resigned on 15 July 2021.
- (ii) Ms. Li Kai Lai Miranda resigned on 16 February 2022.

During the years ended 31 March 2023 and 2022, no director waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2022: two) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2022: three) individuals are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and benefits in kind	1,268	1,584
Discretionary bonuses	2,275	203
Retirement scheme contributions	39	39
	3,582	1,826

The emoluments of the three (2022: three) individuals with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
HK\$Nil to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	1	–

During the year ended 31 March 2023, no emoluments were paid by the Group to any of the individuals with highest emoluments of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

9 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK2,369,000 (2022: loss attributable to equity shareholders of the Company of HK\$3,035,000) and the weighted average number of 388,011,000 (2022: 400,000,000) ordinary shares in issue during the year, calculated as follows:

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2023 '000	2022 '000
Issued ordinary shares at 1 April	400,000	400,000
Effect of shares repurchased (note 21(a)(ii))	(11,989)	–
	388,011	400,000

As the Company does not have any potential dilutive ordinary shares during the year ended 31 March 2023 and 2022, basic and diluted earnings per share are the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 SEGMENT REPORTING

(A) SEGMENT REPORTING

The Group has identified its operating segment based on the regular internal financial information reported to the Company's executive directors, being the chief operating decision maker, for their decisions about resources allocation and review of performance. During the years, the executive directors have considered the only operating segment of the Group is rental and related services and trading of equipment and spare parts.

(B) GEOGRAPHICAL INFORMATION

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets (excluding financial instruments).

	2023		2022	
	Revenue from external customers HK\$'000	Non-current assets HK\$'000	Revenue from external customers HK\$'000	Non-current assets HK\$'000
Hong Kong	98,138	133,482	70,960	124,608
Thailand	–	–	472	–
Macau	20	–	1,547	–
Singapore	77	–	2,325	2,149
Others	–	–	137	–
	98,235	133,482	75,441	126,757

(C) MAJOR CUSTOMERS

Revenue from the major customers that accounted for 10% or more of the Group's total revenue is set out below:

	2023 HK\$'000	2022 HK\$'000
Customer A	27,989	20,683
Customer B	N/A*	11,178
Customer C	53,865	33,083

* The corresponding revenue did not contribute 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
Cost					
At 1 April 2021	3,706	149,113	4,938	336	158,093
Additions	4,945	29,365	690	159	35,159
Disposals	–	(17,581)	(290)	(2)	(17,873)
Written off	(3,706)	–	–	(50)	(3,756)
At 31 March 2022	4,945	160,897	5,338	443	171,623
At 1 April 2022	4,945	160,897	5,338	443	171,623
Additions	–	31,283	–	2,007	33,290
Disposals	–	(2,194)	(308)	–	(2,502)
Written off	–	–	–	(269)	(269)
Transferred to inventories (note)	–	(10,852)	–	–	(10,852)
At 31 March 2023	4,945	179,134	5,030	2,181	191,290
Accumulated depreciation					
At 1 April 2021	2,316	42,273	3,586	235	48,410
Charge for the year	2,165	13,319	566	61	16,111
Write back on disposals	–	(14,748)	(25)	–	(14,773)
Written off	(3,706)	–	–	(50)	(3,756)
At 31 March 2022	775	40,844	4,127	246	45,992
At 1 April 2022	775	40,844	4,127	246	45,992
Charge for the year	2,472	16,532	561	292	19,857
Write back on disposals	–	(1,303)	(123)	–	(1,426)
Written off	–	–	–	(202)	(202)
Transferred to inventories (note)	–	(3,968)	–	–	(3,968)
At 31 March 2023	3,247	52,105	4,565	336	60,253
Net book value					
At 31 March 2023	1,698	127,029	465	1,845	131,037
At 31 March 2022	4,170	120,053	1,211	197	125,631

Note:

During the year ended 31 March 2023, the use of certain machineries of the Group have been changed from leasing out for rental income to holding for sale. Those machineries with carrying amount of HK\$6,884,000 was transferred from property, plant and equipment to inventories at the date when they ceased to be rented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(A) RIGHT-OF-USE ASSETS (INCLUDED IN THE PROPERTY, PLANT AND EQUIPMENT)

The Group as lessee

	Properties leased for own use HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
As at 31 March 2023			
Carrying amount	1,698	13,363	15,061
As at 31 March 2022			
Carrying amount	4,170	11,586	15,756
For the year ended 31 March 2023			
Depreciation charge	2,472	1,409	3,881
For the year ended 31 March 2022			
Depreciation charge	2,165	374	2,539
		2023	2022
		HK\$'000	HK\$'000
Expense relating to short-term leases or leases of low-value assets		10	375
Total cash outflow for leases		6,842	6,594

Details of the maturity analysis of lease liabilities are set out in note 16.

During the year, additions to right-of-use assets amounted to HK\$3,186,000 (2022: HK\$16,905,000). This amount included the purchase of plant and machinery of HK\$3,186,000 (2022: HK\$11,960,000) under hire purchase arrangement, and the remainder was primarily related to the capitalised lease payments payable under new tenancy agreements of leasehold properties. The leases typically run for a period of 1 to 3 years. None of the leases includes variable lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(B) THE DISAGGREGATION OF MACHINERIES SUBJECT TO OPERATING LEASES INCLUDED WITHIN PROPERTY, PLANT AND EQUIPMENT AND THE RECONCILIATION OF THE CARRYING AMOUNT AT THE BEGINNING AND END OF THE PERIOD ARE SET OUT AS FOLLOWS:

	HK\$'000
Cost	
At 1 April 2021	63,117
Additions	31,229
	<hr/>
At 31 March 2022	94,346
	<hr/>
At 1 April 2022	94,346
Additions	35,357
Transferred to inventories	(7,646)
	<hr/>
At 31 March 2023	122,057
	<hr/>
Accumulated depreciation	
At 1 April 2021	8,224
Charge for the year	7,096
	<hr/>
At 31 March 2022	15,320
	<hr/>
At 1 April 2022	15,320
Charge for the year	10,646
Transferred to inventories	(2,281)
	<hr/>
At 31 March 2023	23,685
	<hr/>
Net book value	
At 31 March 2023	98,372
	<hr/>
At 31 March 2022	79,026
	<hr/>

The Group leases out a number of items of machinery under operating leases with net carrying amount of HK\$71,381,000 (2022: HK\$79,026,000). The leases typically run for a period of 1 to 2 years. None of the leases includes variable lease payments. Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are approximately HK\$28,557,000 in the next two years (2022: approximately HK\$33,719,000 in the next two years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(C) ASSETS PLEDGED AS SECURITY FOR LIABILITIES

During the year ended 31 March 2023, the Group entered into a sale and leaseback arrangement for a tower crane with an external party. The Group determined the transfer to buyer-lessor did not qualify as a sale as it did not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, thus the Group continues to recognise the underlying asset, and accounts for the consideration received in accordance with the accounting policy set out on note 2(e)(i). No gain or loss was recognised from the sale and leaseback transaction. As at 31 March 2023, the net book value of the machinery and equipment pledged for the aforementioned sale and leaseback transaction was approximating HK\$7,445,000 (2022: HK\$8,070,000) (note 18(b)).

12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2023 HK\$'000	2022 HK\$'000
Equipment and spare parts	6,884	210

13 TRADE RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	25,818	21,214
Less: loss allowance (note 22(a))	(2,557)	(3,803)
	23,261	17,411

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance for credit losses, is as follows:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	9,857	7,696
More than 1 month but less than 3 months	8,025	5,883
More than 3 months but less than 6 months	4,875	3,349
More than 6 months but less than 1 year	455	483
More than 1 year	49	–
	23,261	17,411

Further details on the Group's credit policy are set out in note 22(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PREPAYMENTS AND DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Prepayments	196	1,136
Deposits	632	2,960
	828	4,096

The amount of deposits are expected to be recovered or recognised as expenses after more than one year is HK\$495,000 (2022: HK\$495,000). All of the other prepayments and deposits are expected to be recovered or recognised as expenses within one year.

15 TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	10,109	3,317
Payables for purchase of property, plant and equipment	11,880	7,313
Accrual expenses and other payables	3,337	1,928
	25,326	12,558
Other payables under non-current liabilities	(6,575)	–
Current portion of trade and other payables under current liabilities	18,751	12,558

All trade and other payables are expected to be settled within one year except for the payables for purchase of property, plant and equipment of HK\$6,575,000 (2022: HK\$Nil).

At 31 March 2023, payables for purchase of property, plant and equipment of HK\$11,617,000 (2022: HK\$Nil) bear interest at a fixed rate of 5% per annum, are unsecured and will be matured in 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 TRADE AND OTHER PAYABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	3,621	951
More than 1 month but less than 3 months	5,774	2,366
More than 3 months but less than 6 months	489	–
More than 6 months but less than 12 months	225	–
	10,109	3,317

16 LEASE LIABILITIES

The lease liabilities are repayable as follows:

	31 March 2023		31 March 2022	
	Present value of the lease payments HK\$'000	Total lease payments HK\$'000	Present value of the lease payments HK\$'000	Total lease payments HK\$'000
Within 1 year	4,372	4,664	5,503	5,945
After 1 year but within 2 years	2,596	2,722	3,510	3,721
After 2 years but within 5 years	987	1,004	2,684	2,793
	3,583	3,726	6,194	6,514
	7,955	8,390	11,697	12,459
Less: total future interest expenses		(435)		(762)
Present value of lease liabilities		7,955		11,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 DEFERRED TAX

(A) DEFERRED TAX LIABILITIES RECOGNISED

The movements of deferred tax liabilities arising from depreciation allowance in excess of the related depreciation during the year are as follows:

	HK\$'000
At 1 April 2021	13,172
Charged to profit or loss	1,273
At 31 March 2022 and 1 April 2022	14,445
Charged to profit or loss	1,935
At 31 March 2023	16,380

(B) DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 March 2023, the Group has not recognised deferred tax assets in respect of cumulative tax losses and other temporary differences of approximating HK\$63,848,000 (2022: HK\$55,336,000) and HK\$2,557,000 (2022: HK\$3,803,000) respectively as it is not probable that future taxable profits against which the tax losses and temporary differences can be utilised/reversed will be available. The tax losses do not expire under current tax legislation.

18 BORROWINGS

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current			
Obligation arising from sale and leaseback transaction (note 11(c))	(b)	2,065	4,690
		2,065	4,690
Current			
Bank loans-secured	(a)	6,851	11,667
Obligation arising from sale and leaseback transaction (note 11(c))	(b)	2,625	2,485
		9,476	14,152
		11,541	18,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 BORROWINGS (Continued)

(A) BANK LOANS

Bank loans were repayable as follows:

	2023 HK\$'000	2022 HK\$'000
Less than 1 year	2,796	10,000
1 to 2 years	1,181	1,667
After 2 years but within 5 years	2,874	–
	6,851	11,667

- (i) As at 31 March 2023, the bank loan is secured by corporate guarantee of the Company. Interest rate is charged at 4.87% per annum.

As at 31 March 2022, the bank loan was secured by corporate guarantee of the Company and personal guarantee of the Company's directors, namely Mr. Tang Hing Keung and Ms. Au Fung Yee. Interest is charged at 4.6% per annum.

- (ii) The current liabilities include bank loan of approximating HK\$4,055,000 (2022: HK\$1,667,000) that are not scheduled to repay within one year. It is classified as current liabilities as the relevant loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at their own discretion.

(B) OBLIGATION ARISING FROM SALE AND LEASEBACK TRANSACTION

Obligation arising from sale and leaseback transaction was repayable as below:

	2023 HK\$'000	2022 HK\$'000
Less than 1 year	2,817	2,817
1 to 2 years	2,113	2,817
2 to 3 years	–	2,113
Total undiscounted obligation arising from sale and leaseback transaction	4,930	7,747
Less: total future interest expenses	(240)	(572)
Obligation arising from sale and leaseback transaction included in the consolidated statements of financial position	4,690	7,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 BORROWINGS (Continued)

(B) OBLIGATION ARISING FROM SALE AND LEASEBACK TRANSACTION (Continued)

Maturity analysis – present value of obligation arising from sale and leaseback transaction:

	2023 HK\$'000	2022 HK\$'000
Less than 1 year	2,625	2,485
1 to 2 years	2,065	2,625
2 to 3 years	–	2,065
Present value of obligation arising from sale and leaseback transaction	4,690	7,175

As at 31 March 2023, obligation arising from sale and leaseback transaction was secured by pledge of the Group's machinery and equipment with net book value of approximating HK\$7,445,000 (2022: HK\$8,070,000) (see note 11(c)).

19 RETIREMENT BENEFIT SCHEMES

The Group operates the MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme, Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 23 February 2017 for the purpose of providing incentives or rewards to eligible persons whom the board of directors (the "Board") considers, in its sole discretion, to have contributed or will contribute to the Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 23 February 2017.

Under the Share Option Scheme, the Board may grant options to eligible persons, including directors of the Company and members of the Group, to subscribe for the shares of the Company. Eligible persons of the Share Option Scheme include, among others, any executive, any employee (including full-time or part-time employee), director (including non-executive and independent non-executive), shareholder of any member of the Group and an associate of any of the aforementioned persons (the "Eligible Persons").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

Options granted shall be taken up upon payment of HK\$1.00 as consideration for the grant of option. The payment or remittance of HK\$1.00 shall be made within 21 days from the offer date or within such other period of time as may be determined by the Board pursuant to the GEM Listing Rules. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. No options shall be granted under the Share Option Scheme at any time if such grant shall result in the scheme limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 40,000,000 shares (equivalent to 10% of the total number of shares in issue as at the date on which dealings in the shares first commence on the Stock Exchange). The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit.

Where any grant of options to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5,000,000, such further grant of the options shall be subject to prior approval of the shareholders with such person and his associates abstaining from voting in favour at the general meeting.

Any grant of options to any director, chief executive or substantial shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme is subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who or whose associate is the grantee of an option).

The subscription price for the shares is determined by the Board, and shall not be less than whichever is the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer (which must be a business day); (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date; and (iii) the nominal value of a share.

No share option under the Share Option Scheme was granted or outstanding during the years ended 31 March 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL, DIVIDENDS AND RESERVES

(A) SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2021, 31 March 2022 and 2023, HK\$0.01 each	10,000,000	100,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 1 April 2022	400,000	4,000
Repurchase of shares (note (ii))	(24,000)	(240)
At 31 March 2023	376,000	3,760

Note:

- (i) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. All shares rank equally with regard to the Company's residual assets.
- (ii) Repurchase of shares

During the year ended 31 March 2023, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased '000	Aggregate amount paid HK\$'000	Price paid per share	
			Highest HK\$	Lowest HK\$
September 2022	14,600	3,820	0.28	0.25
October 2022	9,400	2,443	0.27	0.24
	24,000	6,263		

The issued share capital of the Company was reduced by the nominal value of these shares of HK\$240,000. The premium paid on the repurchase of the shares of HK\$6,023,000 was charged to share premium account.

All repurchased shares of the Company were cancelled on 14 October 2022.

(B) DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2023 (2022: HK\$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 SHARE CAPITAL, DIVIDENDS AND RESERVES *(Continued)*

(C) NATURE AND PURPOSE OF RESERVES

(i) *Share premium*

The share premium represents the amount subscribed for share capital in excess of nominal value, less of share issuing costs. Under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) *Other reserve*

The other reserve of the Group represents the difference between the total equity of those subsidiaries and the aggregated share capital of the relevant subsidiaries pursuant to the group reorganisation where the transfer of the relevant subsidiaries to the Company are satisfied by issue of new shares from the Company.

(D) DISTRIBUTABILITY OF RESERVES

As at 31 March 2023, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$31,053,000 (2022: HK\$48,059,000), being the aggregate of the share premium and accumulated losses of the Company.

(E) CAPITAL MANAGEMENT

The Group's capital management objectives include:

- (i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group's stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity attributable to equity shareholders of the Company as capital. The amount of capital as at 31 March 2023 and 2022 amounted to approximately HK\$117,460,000 and HK\$121,354,000 respectively.

The Group's overall strategy remained unchanged during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(A) CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Group considers to have low credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group had a concentration of credit risk as 60% (2022: 33%) and 96% (2022: 90%) of total trade receivables was due from the largest customer and five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are due within 30 days from the billing date or based on the terms agreed in the sale and rental agreements.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, 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 table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2023:

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Current (not past due)	0.98%	9,955	(98)	9,857
Less than 1 month past due	2.27%	8,208	(186)	8,022
1 to 3 months past due	5.25%	2,631	(138)	2,493
4 to 6 months past due	18.39%	3,312	(609)	2,703
More than 6 months but less than 1 year past due	69.89%	455	(318)	137
More than 1 year but less than 2 years past due	87.21%	383	(334)	49
More than 2 years past due	100%	874	(874)	–
		25,818	(2,557)	23,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(A) CREDIT RISK (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2022:

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Current (not past due)	1.08%	7,768	(84)	7,684
Less than 1 month past due	2.44%	5,456	(133)	5,323
1 to 3 months past due	13.96%	2,901	(405)	2,496
4 to 6 months past due	5.13%	1,579	(81)	1,498
More than 6 months but less than 1 year past due	80.54%	2,107	(1,697)	410
More than 1 year but less than 2 years past due	100.00%	1,196	(1,196)	–
More than 2 years past due	100.00%	207	(207)	–
		21,214	(3,803)	17,411

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

Movements in loss allowance in respect of trade receivables:

	HK\$'000
Balance at 1 April 2021	4,428
Amounts written off during the year	(3,731)
Impairment losses recognised during the year	3,106
Balance at 31 March 2022 and 1 April 2022	3,803
Amounts written off during the year	(18)
Impairment losses reversed during the year	(1,228)
Balance at 31 March 2023	2,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(B) LIQUIDITY RISK

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

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	2023		
			Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
Trade and other payables	25,326	25,748	18,955	5,508	1,285
Lease liabilities	7,955	8,390	4,664	2,722	1,004
Borrowings	11,541	12,376	5,864	3,466	3,046
	44,822	46,514	29,483	11,696	5,335

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	2022		
			Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
Trade and other payables	12,558	12,558	12,558	–	–
Lease liabilities	11,697	12,459	5,945	3,721	2,793
Borrowings	18,842	19,750	13,143	4,494	2,113
	43,097	44,767	31,646	8,215	4,906

Note: Bank loan included in the borrowings are classified as current liabilities in the consolidated statement of financial position as they will be repaid upon demand, according to the demand clause of the relevant loan agreement. The above information reflects the repayment schedules in accordance with the relevant agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(C) INTEREST RATE RISK

The Group's interest rate risk arises primarily from cash and cash equivalents, borrowings, payables for purchase of property, plant and equipment and lease liabilities. Borrowings issued at fixed rate and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-earning financial assets and interest-bearing financial liabilities at the end of the reporting period.

	2023		2022	
	Effective interest rate %	HK\$'000	Effective interest rate %	HK\$'000
Fixed rate (borrowings)/deposits:				
Cash and cash equivalents	2.46	1,690	–	–
Lease liabilities	5.25	(7,955)	5.25	(11,697)
Bank loan	4.6	(6,851)	4.6	(11,667)
Obligation arising from sale and leaseback transaction	5.5	(4,690)	5.5	(7,175)
Payables for purchase of property, plant and equipment	5.0	(11,617)	–	–
		(29,423)		(30,539)
Variable rate deposits:				
Cash and cash equivalents	0.11–0.19	12,506	0.03–0.08	30,421
Net borrowings		(16,917)		(118)

(ii) Sensitivity analysis

As at 31 March 2023 and 2022, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would have no significant impact on the Group's profit/loss after tax and retained profits for the year.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 10 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(D) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which the transaction relate. The currency giving rise to this risk is primarily Euro (“EUR”) and United States dollars (“USD”). The Group does not hold or issue material derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates, but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group’s exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period.

	2023		2022	
	Denominated in		Denominated in	
	EUR	USD	EUR	USD
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and other receivables	–	127	24	854
Cash and cash equivalents	4,337	1,431	8,290	1,812
Trade and other payables	(11,617)	(225)	(7,000)	–
Net exposure	(7,280)	1,333	1,314	2,666

The following table indicates that the instantaneous change in the Group’s loss/profit after tax (and retained profits) that would arise if the foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(D) FOREIGN CURRENCY RISK (Continued)

	2023			2022		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax HK\$'000	Effect on retained profits HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax HK\$'000	Effect on retained profits HK\$'000
EUR	5%	(304)	(304)	5%	(55)	55
	(5%)	304	304	(5%)	55	(55)
USD	5%	56	56	5%	(111)	111
	(5%)	(56)	(56)	(5%)	111	(111)

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the year has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the financial year and held constant throughout the year. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

A reasonable change in foreign exchange rates for EUR and USD in the next twelve months is assessed to result in immaterial change in the Group's profit/loss after tax, retained profits and other components of equity.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions denominated in foreign currency. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

(E) CATEGORIES OF FINANCIAL INSTRUMENTS

	2023 HK\$'000	2022 HK\$'000
Financial assets		
Financial assets measured at amortised cost	37,963	49,454
Financial liabilities		
Financial liabilities measured at amortised cost	44,822	43,097

(F) FAIR VALUE MEASUREMENT

The carrying amounts of financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH FLOW INFORMATION

The table below details changes in the Group's liabilities arising from financing activities, including 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.

	Lease liabilities HK\$'000 (note 16)	Bank loan HK\$'000 (note 18)	Obligation arising from sale and leaseback transaction HK\$'000 (note 18)	Interest-bearing payables for purchase of property, plant and equipment and other borrowings HK\$'000	Total HK\$'000
At 1 April 2021	3,282	–	–	–	3,282
Changes from financing cash flows:					
Proceeds from new loans	–	15,000	–	20,000	35,000
Repayment of new loans	–	(3,333)	–	(20,000)	(23,333)
Capital element of lease rentals paid	(5,922)	–	–	–	(5,922)
Interest element of lease rentals paid	(297)	–	–	–	(297)
Proceeds from borrowings under sale and leaseback transaction	–	–	7,775	–	7,775
Repayments for obligations arising from sale and leaseback transaction	–	–	(600)	–	(600)
Interest paid	–	(213)	(104)	(389)	(706)
Total changes from financing cash flows	(6,219)	11,454	7,071	(389)	11,917
Other changes:					
Increase in lease liabilities from entering into new leases during the year	14,337	–	–	–	14,337
Interest expenses (note 5(a))	297	213	104	389	1,003
Total other changes	14,634	213	104	389	15,340
At 31 March 2022 and 1 April 2022	11,697	11,667	7,175	–	30,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH FLOW INFORMATION (Continued)

	Lease liabilities HK\$'000 (note 16)	Bank loan HK\$'000 (note 18)	Obligation arising from sale and leaseback transaction HK\$'000 (note 18)	Interest-bearing payables for purchase of property, plant and equipment and other borrowings HK\$'000	Total HK\$'000
At 31 March 2022 and 1 April 2022	11,697	11,667	7,175	–	30,539
Changes from financing cash flows:					
Increase in interest-bearing payables for purchase of property, plant and equipment	–	–	–	12,920	12,920
Repayments for interest-bearing payables for purchase of property, plant and equipment	–	–	–	(1,303)	(1,303)
Proceeds from new loan	–	6,000	–	–	6,000
Repayments of loans	–	(10,816)	–	–	(10,816)
Capital element of lease rentals paid	(6,291)	–	–	–	(6,291)
Interest element of lease rentals paid	(541)	–	–	–	(541)
Repayments for obligations arising from sale and leaseback transaction	–	–	(2,485)	–	(2,485)
Interest paid	–	(620)	(333)	(166)	(1,119)
Total changes from financing cash flows	(6,832)	(5,436)	(2,818)	11,451	(3,635)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	2,549	–	–	–	2,549
Interest expenses (note 5(a))	541	620	333	166	1,660
Total other changes	3,090	620	333	166	4,209
At 31 March 2023	7,955	6,851	4,690	11,617	31,113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CONTINGENT LIABILITIES

As at 31 March 2023, the Company issued corporate guarantee to a subsidiary in respect of the plant and machinery under lease arrangement at 5.12% – 5.18% per annum (2022: 5.12% – 5.18%) with the carrying amount of approximately HK\$6,199,000 (2022: HK\$7,486,000).

25 COMMITMENTS

Capital commitments outstanding at 31 March 2022 and 2023 not provided for in the financial statements were as follows:

	2023 HK\$'000	2022 HK\$'000
Contracted for	644	1,067

26 MATERIAL RELATED PARTY TRANSACTIONS

(A) REMUNERATION FOR KEY MANAGEMENT PERSONNEL OF THE GROUP, INCLUDING AMOUNTS PAID TO THE COMPANY'S DIRECTORS AS DISCLOSED IN NOTE 7, IS AS FOLLOWS:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and benefits in kind	9,343	4,553
Retirement scheme contributions	32	41
	9,375	4,594

Total remuneration is included in "staff costs" (see note 5(b)).

(B) RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

Related party	Nature of transaction	2023 HK\$'000	2022 HK\$'000
Company controlled by Mr. Tang Hing Keung (Director)	Purchases	–	500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 SUBSIDIARIES

Details of the subsidiaries as at 31 March 2023 and 2022 are as follows:

Name of company	Place of incorporation and kind of legal entity	Place of Operation	Particulars of issued and paid-up share capital/ registered capital	Proportion of Group's ownership interest		Principal activities
				2023	2022	
<i>Directly held by the Company</i>						
Trend Novel Limited	BVI, limited liability company	Hong Kong	1 share of US\$1	100%	100%	Investment holding
<i>Indirectly held by the Company</i>						
Hing Ming Gondola (HK) Company Limited	Hong Kong, limited liability company	Hong Kong	6,000,000 shares (HK\$6,000,000)	100%	100%	Trading, installation and renting of suspended working platforms and other construction equipments
Hing Ming Equipment Company Limited	Hong Kong, limited liability company	Hong Kong	1 share (HK\$1)	100%	100%	Trading, installation and renting of construction equipment (2022: Construction consulting and project management)
Hing Ming Construction Equipment Company Limited	Hong Kong, limited liability company	Hong Kong	1 share (HK\$1)	100%	100%	Construction consulting and project management
Qipeng Holdings Limited (Note (a))	BVI, limited liability company	Hong Kong	1 share of US\$1	–	100%	Dormant

Note:

- (a) During the year ended 31 March 2023, the Company disposed of the entirety of its direct controlling interest in Qipeng Holdings Limited to Mr. Tang Hing Keung (Director) at a consideration of US\$1 (equivalent to approximately HK\$8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 FINANCIAL INFORMATION OF THE COMPANY

(A) STATEMENT OF FINANCIAL POSITION

	2023 HK\$'000	2022 HK\$'000
Non-current assets		
Investments in subsidiaries	–	–
Current assets		
Prepayments	167	176
Cash and cash equivalents	419	575
Amounts due from subsidiaries	57,135	59,428
	57,721	60,179
Current liabilities		
Other payables	211	135
Amounts due to subsidiaries	22,697	7,985
	22,908	8,120
Net current assets	34,813	52,059
NET ASSETS	34,813	52,059
CAPITAL AND RESERVES		
Share capital	3,760	4,000
Reserves	31,053	48,059
TOTAL EQUITY	34,813	52,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

(B) DETAILS OF CHANGES IN THE COMPANY'S RESERVES DURING THE YEAR:

	Share premium HK\$'000 (note 21(c)(i))	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2021	63,824	(9,919)	53,905
Loss and total comprehensive loss for the year	–	(5,846)	(5,846)
Balance at 31 March 2022 and at 1 April 2022	63,824	(15,765)	48,059
Repurchase and cancellation of shares (note 21(a)(ii))	(6,023)	–	(6,023)
Loss and total comprehensive loss for the year	–	(10,983)	(10,983)
Balance at 31 March 2023	57,801	(26,748)	31,053

29 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(I) USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(II) LOSS ALLOWANCES FOR TRADE AND OTHER RECEIVABLES

The Group estimates the loss allowances for trade and other receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2023

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments to standards and interpretations which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts and the Related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them will not have a significant impact on the Group's financial position and performance.

FIVE-YEAR FINANCIAL SUMMARY

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
RESULTS					
Revenue	98,235	75,441	52,365	55,221	48,156
Profit/(loss) before taxation	4,304	(1,772)	8,504	6,750	9,604
Income tax expense	(1,935)	(1,263)	(3,925)	(5,646)	(3,279)
Profit/(loss) and total comprehensive income/(loss) for the year	2,369	(3,035)	4,579	1,104	6,325
ASSETS AND LIABILITIES					
Total assets	178,662	178,896	142,460	150,529	147,345
Total liabilities	(61,202)	(57,542)	(18,071)	(30,719)	(28,639)
	117,460	121,354	124,389	119,810	118,706