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CHINA NEW CONSUMPTION GROUP LIMITED

中國新消費集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8275)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China New Consumption Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 March 2024 (the “**Annual**”). This announcement, containing the full text of the Annual report 2024 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 preliminary announcement of Annual results.

By order of the Board
China New Consumption Group Limited
Liu Ching Man
Executive Director

Hong Kong, 24 June 2024

As at the date of this announcement, the Board comprises Ms. Liu Ching Man as executive Director; and Mr. He Dingding, Ms. Chan Tsz Hei Sammi and Mr. Ng Kim Lung as independent non-executive Directors.

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 website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.irasia.com/listco/hk/chinanewcons.

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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “**Directors**”) of China New Consumption Group Limited (formerly known as State Innovation Holdings Limited) (the “**Company**” and together with its subsidiaries, the “**Group**”) 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

Ms. Liu Ching Man
(re-designated from an independent non-executive Director on 29 December 2023)

Mr. Tang Kwai Leung Stanley *(Former Chairman)*
(resigned on 29 December 2023)

Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Mr. Ng Kim Lung *(appointed on 29 December 2023)*

BOARD COMMITTEES

Audit Committee

Mr. He Dingding *(Chairman)*
Ms. Chan Tsz Hei Sammi
Ms. Liu Ching Man *(resigned on 29 December 2023)*
Mr. Ng Kim Lung *(appointed on 29 December 2023)*

Remuneration Committee

Ms. Liu Ching Man *(Former Chairman)*
(resigned on 29 December 2023)

Mr. Ng Kim Lung *(Chairman)*
(appointed on 29 December 2023)

Mr. He Dingding
Ms. Chan Tsz Hei Sammi

Nomination Committee

Ms. Chan Tsz Hei Sammi *(Chairman)*
Mr. He Dingding
Ms. Liu Ching Man *(resigned on 29 December 2023)*
Mr. Ng Kim Lung *(appointed on 29 December 2023)*

JOINT COMPANY SECRETARIES

Mr. Lee Man Tai *(FCCA, FCPA)*
Ms. Cheng Shing Yan *(CPA, FCCA)*
(appointed on 29 December 2023)

AUTHORISED REPRESENTATIVES

Ms. Liu Ching Man *(appointed on 29 December 2023)*
Mr. Tang Kwai Leung Stanley
(resigned on 29 December 2023)
Mr. Lee Man Tai *(FCCA, FCPA)*

COMPLIANCE OFFICER

Ms. Liu Ching Man *(appointed on 29 December 2023)*
Mr. Tang Kwai Leung Stanley
(resigned on 29 December 2023)

INDEPENDENT AUDITOR

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

LEGAL ADVISER AS TO HONG KONG LAWS

David Fong & Co., Solicitors
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Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

Corporate Information

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 204, 2/F.
Yue Shing Commercial Building
15 Queen Victoria Street
Central
Hong Kong

PRINCIPAL BANKS

Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

8275

COMPANY'S WEBSITE

www.irasia.com/listco/hk/chinanewcons

Executive Director's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the “**Board**”) of Directors, I present the annual report of the Group for the year ended 31 March 2024 (the “**Reporting Year**”).

PROSPECT

During the Reporting year, the Group's performance has been slightly improved due to the increase in gross profit margins of the construction projects. Despite the increase in the revenue generated from the construction projects during the Reporting Period, the Group is of the view that the general industry and the business environment in which the Group operates remains difficult.

Despite the stringent market environment of the construction industry, the Group will continue to deploy our efforts in tendering for contracts, particularly those which yield higher margins in price and make concerted efforts in controlling and managing the contract and operating costs, in order to foster improvement in the results of the business.

With rising geopolitical conflicts and tensions, soaring interest rate, inflationary pressure and challenges associated with post-pandemic economic recovery in both the People's Republic of China (the “**PRC**”) and Hong Kong, the business environment in 2024 continued to be challenging and the overall market sentiment had remained weak. However, the Group is cautiously optimistic about the business prospects of the Group as the Group will provide sustained impetus to the growth of the Group from two aspects.

Firstly, we will continue to do our best to implement tight cost control measures, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management so as to improve our operational efficiency and the profitability of our businesses.

Secondly, we will put our great effort into talent cultivation. The specialty and quality of employees will have an important impact on the development of the Group.

In addition, the Group is also actively seeking potential business opportunities that can widen its income streams and increase the return of shareholders of the Company. According to The Landscape and Outlook of China's Petroleum Market (中國石油市場形勢與展望) published by the Institute of Economics and Technology of China National Petroleum Corporation (中國石油集團經濟技術研究院), 2023 is a year of recovery for the petroleum market in the PRC following a year of subdued demand and supply in 2022, where demand for refined petroleum products is expected to register a year-on-year growth of 9.3% for the year, essentially recuperating the level in 2019. As a major global supplier and consumer of petroleum and petrochemical products, the petroleum market of the PRC will continue its in-depth integration into the international market and play a positive role in stabilizing the global petroleum market. The Board believes that this will be a good opportunity for the Group to develop the crude oil trading business to further expand and diversify the business activities of the Group, thereby broadening the revenue stream of the Group.

Executive Director's Statement

In addition, the Board believes that the finance industry has a promising prospect, and that developing financial services business will enable the Group to benefit from diversified revenue streams.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for their continued support. I would also express my sincere gratitude to Mr. Tang Kwai Leung Stanley for his valuable contribution to the Group during his tenure of service.

Liu Ching Man

Executive Director

Hong Kong, 24 June 2024

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery.

For the Reporting Year, the Group recorded a net profit attributable to owners of the Company of approximately HK\$8.4 million as compared to net loss attributable to owners of the Company of approximately HK\$26.8 million for the same period in 2023. The Board considers that the net profit attributable to owners of the Company was primarily attributable to the net effect of (i) the increase in gross profit due to better cost controls of the construction projects; (ii) the increase in gain from disposal of equity investments; and (iii) the increase in administrative expenses due to the increase in salaries and legal and professional fees.

OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. With rising geopolitical conflicts and tensions, soaring interest rate, inflationary pressure and challenges associated with post-pandemic economic recovery in both the PRC and Hong Kong. The Group will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works.

The Group will also proactively seek potential business opportunities that will broaden the sources of income and increase the return of shareholders of the Company. On 28 December 2022, the Company newly incorporated a wholly-owned subsidiary, Goldstone Finance Limited (“**Goldstone Finance**”), the principal business activity of which is an investment holding company. The Board believes that the finance industry has a promising prospect, and that developing financial services business will enable the Group to benefit from diversified revenue streams and allow the Group to extend its business presence in the finance sector mainly through the provision of various financial services including but not limited to money lending services. On 30 May 2024, money lenders licence was granted to Goldstone Finance.

Looking ahead, the Group will adhere to prudent financial management in project selection and cost control. The Group will continue to strive to improve its operational efficiency and profitability of its businesses.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group’s control. The Directors believe the significant risks relating to the business are as follows:

- the Group determines project price based on the estimated time and costs involved in a project, which may deviate from actual time and costs incurred. Inaccurate estimation may adversely affect its financial results;
- the Group’s foundation works are exposed to the risk of unexpected geological or sub-soil conditions;
- non-performance, delayed performance, sub-standard performance, non-compliance or unavailability of the Group’s subcontractors may adversely affect its operation and profitability; and
- the Group’s customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment will be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

Management Discussion and Analysis

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The details of ESG performance of the Group are set out in the ESG Report on pages 34 to 72 of this annual report.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains a good relationship with its employees, and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom success in the Group's business and operation would be at risk.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Year was approximately HK\$140.0 million, representing an increase by approximately 3.6% from approximately HK\$135.1 million for the year ended 31 March 2023, which was primarily due to the rental income during the Reporting Year.

Cost of Sales

The Group's cost of sales for the Reporting Year was approximately HK\$105.0 million, representing a decrease of approximately 26.1% from approximately HK\$142.1 million for the year ended 31 March 2023, which was primarily due to the decrease in material costs and subcontracting charges.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Year was approximately HK\$34.9 million, representing an increase of approximately 598.6% from gross loss of approximately HK\$7.0 million for the year ended 31 March 2023.

The Group's gross profit margin increased from gross loss margin of approximately 5.2% to gross profit margin of approximately 25.0% for the year of comparison. Such increase was primarily due to (i) the completion of certain projects which incurred higher construction material and labour costs as a result of delay in progress; and (ii) higher profit margins for newly awarded construction projects.

Administrative Expenses

The Group's administrative expenses for the Reporting Year were approximately HK\$29.1 million, representing an increase of approximately 45.2% from approximately HK\$20.1 million for the year ended 31 March 2023. Administrative expenses primarily consisted of staff costs, advisory fees, legal and professional fees and other administrative expenses. The increase was mainly attributable to an increase in salaries and legal and professional fees.

Management Discussion and Analysis

Profit for the Year

For the Reporting Year, the Group recorded a profit attributable to owners of the Company of approximately HK\$8.4 million as compared to loss attributable to owners of the Company for the year ended 31 March 2023 of approximately HK\$26.8 million. The Board considers that the net profit attributable to owners of the Company was mainly attributable to the net effect of (i) the increase in gross profit due to better cost controls of the construction projects; (ii) the increase in gain from disposal of equity investment; and (iii) the increase in administrative expenses due to the increase in salaries and legal and professional fees.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Company's issued share capital was approximately HK\$80 million divided into 160,001,378 ordinary shares of HK\$0.5 each.

Movements of the issued capital of the Company during the Reporting Year, resulting from the completion of the 2023 Rights Issue, 2023 Placing of New Shares and Share Consolidation (all as defined below), are detailed under this section below.

As at 31 March 2024, the Company's issued share capital was approximately HK\$4.8 million divided into 480,003,445 ordinary shares of HK\$0.01 each.

On 25 April 2023, the Company proposed capital reduction of issued shares, share premium reduction, sub-division of unissued shares. The relevant special resolution was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company held on 18 May 2023. For further details, please refer to the announcements of the Company dated 25 April 2023 and 18 May 2023, and circular of the Company dated 3 May 2023.

During the Reporting Year, the Group financed its liquidity and capital requirements primarily through cash generated from operations, bank and other borrowings, equity contribution from shareholders and proceeds raised from the 2023 Rights Issue and 2023 Placing of New Shares (all as defined below).

As at 31 March 2024, the Group had bank and cash balances of approximately HK\$41.5 million (2023: approximately HK\$5.5 million).

As at 31 March 2024, the Group's total equity attributable to owners of the Company amounted to approximately HK\$123.4 million (2023: approximately HK\$72.6 million). As of the same date, the Group's total debts, comprising bank and other borrowings and lease liabilities, amounted to approximately HK\$4.0 million (2023: approximately HK\$7.5 million).

The Directors believe that the Group is in a healthy financial position to expand its business and pursue its business objectives.

Management Discussion and Analysis

2022 Rights Issue

On 14 January 2022, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of three Rights Shares for every two consolidated shares in issue at a subscription price of HK\$0.55 per Rights Share (the “**2022 Rights Issue**”) to raise approximately HK\$44.55 million by issuing 81,000,000 Rights Shares to the qualifying shareholders. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

On 3 May 2022, the Company completed the 2022 Rights Issue and issued 81,000,000 Rights Shares with par value of HK\$0.5 each at a subscription price of HK\$0.55 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The theoretical closing price per Share was HK\$0.725 per share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on 14 January 2022, being the last trading day). The net proceeds from the 2022 Rights Issue (after deducting the related expenses) were approximately HK\$42.3 million, representing a net price of approximately HK\$0.53 per Rights Share, which were used as to (i) approximately HK\$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Note to be due six months after the date of issue of the Promissory Note (i.e. 13 June 2022); (ii) approximately HK\$20 million for the acquisition of a new office premise and the relevant renovation cost; (iii) approximately HK\$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group’s operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income; (iv) approximately HK\$3 million for business development and marketing expenses in order to expand the Group’s customer base and acquire more projects; and (v) the remaining balance of approximately HK\$9.2 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government.

Upon the completion of the 2022 Rights Issue in May 2022, the number of shares in issue became 135,000,000 of par value HK\$0.5 each thereafter. Details of the 2022 Rights Issue are set out in the Company’s announcements dated 14 January 2022, 27 January 2022, 19 April 2022, 29 April 2022, 3 May 2022, circular dated 24 February 2022 and prospectus dated 29 March 2022.

Management Discussion and Analysis

As at 31 March 2024, the actual use of the net proceeds of the 2022 Rights Issue was as follows:

	Planned use of net proceeds as stated in the prospectus Dated 29 March 2022 (HK\$ million)	Actual use of proceeds up to 31 March 2024 (HK\$ million)	Unutilised net proceeds up to 31 March 2024 (HK\$ million)	Expected timeline for unutilised net proceeds
Repayment of the principal amount and interest accrued thereon of the Promissory Notes	3.1	3.1	–	N/A
Acquisition of a new office premise and the relevant renovation cost	20.0	18.0	2.0	by 31 December 2024
Recruitment of additional full-time staff	7.0	5.3	1.7	by 30 September 2024
Business development and marketing expenses	3.0	3.0	–	N/A
General working capital	9.2	9.2	–	N/A
Total	42.3	38.6	3.7	

As at 31 March 2024, the net proceeds in the amount of approximately HK\$38.6 million have been utilised and the remaining balance of approximately HK\$3.7 million will be utilised as intended.

2023 Rights Issue

On 17 February 2023, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of three Rights Shares for every two shares held on the record date at a subscription price of HK\$0.147 per Rights Share (the “**2023 Rights Issue**”) to raise approximately HK\$33.5 million by issuing 240,002,067 Rights Shares to the qualifying shareholders. The 2023 Rights Issue was approved by the then independent shareholders of the Company on 12 April 2023 by way of poll. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

The net proceeds from the 2023 Rights Issue (after deducting the estimated expenses) were approximately HK\$33.5 million, representing a net price of approximately HK\$0.140 per Rights Share, which were intended to be used as to (i) approximately HK\$18.5 million for the expansion of the foundation business capacity of the Group; (ii) approximately HK\$7.5 million for the development of the AI business; and (iii) the remaining balance of approximately HK\$7.5 million for general working capital of the Group.

Management Discussion and Analysis

Upon the completion of the 2023 Rights Issue and the capital reduction of the issued shares and sub-division of unissued shares of the Company, the number of shares in issue will be up to 400,003,445 of par value HK\$0.01 each thereafter. Details of the 2023 Rights Issue are set out in the Company's announcements dated 17 February 2023, 24 February 2023, 3 March 2023, 10 March 2023, 13 March 2023, and 2 August 2023, respectively, the circular of the Company dated 23 March 2023, and the prospectus of the Company dated 11 July 2023.

As disclosed in the Company's announcement dated 1 March 2024 (the "**Change in Use of Proceeds Announcement**"), with careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board had resolved to change the use of the unutilised net proceeds in the amount of approximately HK\$18.5 million originally allocated for expansion of the foundation business capacity. Please refer to the Change in Use of Proceeds Announcement for details. The following table sets forth the status of the use of revised allocation of the net proceeds as at the date of the Change in Use of Proceeds Announcement and 31 March 2024:

As at 31 March 2024, the actual use of the net proceeds of the 2023 Rights Issue was as follows:

	Planned use of net proceeds as stated in the circular Dated 23 March 2023 (HK\$ million)	Actual use of net proceeds from the Listing Date to the date of the Change in Use of Proceeds Announcement (HK\$ million)	Reallocation of unutilised Net Proceeds as stated in the Change in Use of Proceeds Announcement (HK\$ million)	Amount utilised after reallocation (HK\$ million)	Unutilised net proceeds up to 31 March 2024 (HK\$ million)	Expected timeline for unutilised net proceeds
Expansion of the foundation business capacity	18.5	–	–	–	–	N/A
Development of financial services business	–	–	18.5	–	18.5	by 31 March 2025
Development of AI business	7.5	4.3	–	0.3	2.9	by 31 March 2025
General working capital	7.5	7.5	–	–	–	N/A
Total	33.5	11.8	18.5	0.3	21.4	

As at 31 March 2024, the net proceeds in the amount of approximately HK\$12.1 million have been utilised and the remaining balance of HK\$21.4 million will be utilised as intended in the circular and the Change in Use of Proceeds Announcement.

2023 Placing of New Shares

On 25 January 2024 (after trading hours of the Stock Exchange), the Company entered into the placing agreement with Astrum Capital Management Limited (the "**Placing Agent**"), pursuant to which the Placing Agent conditionally agreed, as agent of the Company, to procure on a best effort basis then expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 80,000,000 Placing Shares at the placing price of HK\$0.176 per new share to be placed (the "**Placing Share**") (the "**2023 Placing of New Shares**"). The Company was of the view that the 2023 Placing of New Shares represented an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future operation.

Management Discussion and Analysis

On 8 February 2024, the 2023 Placing of New Shares was completed and a total of 80,000,000 Placing Shares were placed by the Placing Agent to not less than six placees at the placing price of HK\$0.176 per Placing Share, representing (i) 20.00% of the issued share capital of the Company immediately before completion of the 2023 Placing of New Shares; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the 2023 Placing of New Shares, determined with reference to the prevailing market price. The closing price per share of the Company as quoted on the Stock Exchange on 25 January 2024, being the date of the placing agreement, was HK\$0.219 per share. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the placees is independent of and not connected with the Company, its connected persons and their respective associates, who and whose ultimate beneficial owner(s) (where applicable) are all independent third parties. The net proceeds from the 2023 Placing of New Shares (after deducting the estimated expenses) were approximately HK\$13.4 million, representing a net issue price of approximately HK\$0.167 per Placing Share, which were used as to (i) approximately HK\$10.0 million for the share capital of the subsidiary of the Company for the trading of petroleum business of the Group; and (ii) approximately HK\$3.4 million for general working capital of the Group. Details of the 2023 Placing of New Shares are set out in the Company's announcements dated 25 January 2024, 29 January 2024 and 8 February 2024.

As at 31 March 2024, the actual use of the net proceeds of the 2023 Placing of New Shares was as follows:

	Planned use of net proceeds as stated in the announcement dated 25 January 2024 (HK\$ million)	Actual use of proceeds up to 31 March 2024 (HK\$ million)	Unutilised net proceeds up to 31 March 2024 (HK\$ million)	Expected timeline for unutilised net proceeds
Share capital of subsidiary	10.0	10.0	–	N/A
General working capital	3.4	3.4	–	N/A
Total	13.4	13.4	–	

As at 31 March 2024, all the net proceeds in the amount of approximately HK\$13.4 million have been utilised as intended.

Management Discussion and Analysis

BORROWINGS AND GEARING RATIO

As at 31 March 2024, the Group had total debts (summation of bank and other borrowings and lease liabilities) of approximately HK\$4.0 million (2023: bank and other borrowings, promissory note payable and lease liabilities approximately HK\$7.5 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2024, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 3.3% (2023: approximately 10.3%).

FOREIGN EXCHANGE EXPOSURE

The revenue generating from operations and borrowings raised by the Group was mainly transacted in Hong Kong Dollars which are the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CHARGE ON GROUP ASSETS

As at 31 March 2024, the Group has not pledged its plant and machinery (2023: approximately HK\$2.7 million of net book value of the Group's plant and machinery were pledged).

CONTINGENT LIABILITIES

As at 31 March 2024 and 2023, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the Reporting Year, all the construction projects were covered by the employees' compensation insurance and contractors' all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites.

During the year ended 31 March 2024, an indirectly owned subsidiary of the Company has been involved in a dispute with a potential claim relating to breach of contract. The related maximum exposure of the claims is approximately HK\$33.8 million. As at 31 March 2024, no court or arbitration proceedings have been commenced. After considering the current status of the dispute and the opinion from the legal counsels, the Directors were of the view that no provision should be recognised as at 31 March 2024.

Save as disclosed herein, the Group had no other significant contingent liabilities as at 31 March 2024.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group had no material capital commitments (2023: Nil) contracted but not provided for property, plant and equipment.

Management Discussion and Analysis

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 10 of the consolidated financial statements.

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

On 17 November 2023, Longson Enterprise Development Company Limited, an indirect wholly-owned subsidiary of the Company, disposed of 16,300,000 ordinary shares of par value HK\$0.01 each in the issued share capital of CBK Holdings Limited (whose issued shares are listed on GEM with stock code number 8428) for an aggregate consideration of approximately HK\$14.83 million (exclusive of transaction costs) through block trade. Such disposal constituted a discloseable transaction for the Company and is subject to the notification and announcement requirements but exempted from the circular and shareholders' approval requirements under the GEM Listing Rules. For further details, please refer to the announcement of the Company dated 17 November 2023.

Save as disclosed herein, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Year and there is no other plan for material investments or capital assets as at 31 March 2024.

INFORMATION ON EMPLOYEES

As at 31 March 2024, the Group had 83 full-time employees working in Hong Kong (2023: 76). The total staff costs, including Directors' emoluments and mandatory provident fund contributions, of the Group were approximately HK\$48.6 million for the Reporting Year (2023: approximately HK\$44.5 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees.

Details of the Company's share option schemes (the "**Share Option Scheme**") is set out in note 35 to the consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Year (2023: HK\$Nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Liu Ching Man (廖靜雯)

Ms. Liu Ching Man (“**Ms. Liu**”), aged 35, was re-designated from an independent non-executive Director to an executive Director (the “**Redesignation**”) with effect from 29 December 2023. Following to her Redesignation, she also ceases to be the chairman of the remuneration committee of the Company (the “**Remuneration Committee**”) and a member of each of the audit committee of the Company (the “**Audit Committee**”) and nomination committee of the Company (the “**Nomination Committee**”).

Ms. Liu graduated from the Upper Iowa University with a Bachelor of Psychology degree in 2016 and obtained a master of business administration degree at The Hong Kong Polytechnic University in 2022. She is well experienced in the investor relationship and public relationship industry. She has extensive experience in financial public relations. She participated and prepared many listing ceremonies, roadshows and fund-raising. She also has experience on blockchain development. She previously led development of cryptocurrency exchanges and Web 3.0 blockchain. From September 2022 to September 2023, Ms. Liu has been appointed as an executive director of Jiading International Group Holdings Limited (formerly known as Farnova Group Holdings Limited), the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8153).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Dingding (賀丁丁)

Mr. He Dingding (“**Mr. He**”), aged 47, was appointed as the independent non-executive Director on 14 May 2021. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

Mr. He graduated from Nanyang Technological University, Singapore with a bachelor’s degree in civil engineering. Mr. He was awarded the CFA Charter by the CFA Institute in September 2006. Mr. He has more than 19 years of extensive experiences in capital markets, corporate finance, investment and finance, and corporate management through working in investment banks, advisory firms and listed companies in Singapore and Hong Kong since 2005.

Biographical Details of Directors and Senior Management

Mr. He was an independent non-executive director and a member of the audit committee of China Kangda Food Company Limited, the issued shares of which are listed on the Main Board of both the Stock Exchange and Singapore Exchange Securities Trading Limited (stock codes: 834 and P74, respectively), between August 2012 and June 2015. Mr. He was a non-executive director and a member of the audit committee of Perfect Group International Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3326), between March 2017 and February 2018 and was subsequently appointed as its deputy chief executive officer between March 2018 and August 2018. Since August 2018, Mr. He has been an independent non-executive director and a member of each of the audit committee, remuneration committee and nomination committee of Sino Harbour Holdings Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1663). From October 2018 to November 2022, Mr. He worked with Ta Yang Group Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1991) and his last position was chief executive officer cum chief financial officer. From May 2021 to September 2021, Mr. He has also been an independent non-executive director, a chairman of the audit committee, and a member of the remuneration, quality and nomination committee of Crown International Corporation Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727). Since March 2023, Mr. He has been appointed as an independent non-executive director, the chairman of the remuneration committee, and a member of each of the audit committee and nomination committee of Mobile Internet (China) Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock codes: 1439). Since May 2023, Mr. He has been appointed as an executive director and chief executive officer of Link Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock codes: 8237).

Ms. Chan Tsz Hei Sammi (陳梓熾)

Ms. Chan Tsz Hei Sammi (“**Ms. Chan**”), aged 38, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Ms. Chan is a practising solicitor admitted in Hong Kong in 2018 and a member of the Law Society of Hong Kong. Ms. Chan has also been a Certified Management Accountant of Australia since 2016 and a lawyer of the Supreme Court of New South Wales since 2014. Ms. Chan has a Postgraduate Certificate in Laws and a Bachelor of Laws degree from the City University of Hong Kong and a Bachelor of Business Administration in Accounting and Finance degree from the University of Hong Kong.

From November 2019 to March 2022, Ms. Chan was the company secretary and authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Bamboos Health Care Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2293). From January 2021 to February 2022, she was the company secretary and authorised representative under Rule 5.24 of the GEM Listing Rules of AV Promotions Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8419). Since June 2023, Ms. Chan has been appointed as company secretary, authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange, and the process agent of Modern Chinese Medicine Group Co., Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1643).

Biographical Details of Directors and Senior Management

Mr. Ng Kim Lung (吳劍龍)

Mr. Ng Kim Lung (“**Mr. Ng**”), aged 51, was appointed as the independent non-executive Director on 29 December 2023. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Mr. Ng has since accumulated over 32 years of experience in the construction and engineering industry. He is currently a senior management of companies engaged in the construction and engineering industry. Mr. Ng completed a Technically Competent Person T1 Training Course through the Construction Industry Council Training Academy and was awarded the certificate in January 2010.

The Directors confirm that they are not related to each of the Directors or any of the senior management, substantial shareholders or controlling shareholders of the Company.

JOINT COMPANY SECRETARIES

Mr. Lee Man Tai (李文泰)

Mr. Lee Man Tai (“**Mr. Lee**”), aged 47, joined the Company in June 2021 and has been acting as the chief financial officer of the Company. He has been appointed as company secretary of the Company since August 2021 and re-designated to joint company secretary of the Company (the “**Joint Company Secretary**”) in December 2023. He graduated from Lingnan University, Hong Kong in 2000 with a bachelor’s degree in business administration and The Hong Kong Polytechnic University in 2010 with a master’s degree in business administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He has been a licensed representative and responsible officer for Type 1 (advising on dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since 2017 and 2020, respectively.

Mr. Lee has approximately 20 years of working experience in the financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company listed on Mainboard of the Singapore Exchange Limited (stock code: CYBP.SP or BCD.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited (中國三三傳媒集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8030), from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of Chanco International Group Limited (卓高國際集團有限公司) (now known as China International Development Corporation Limited (中聯發展控股集團有限公司)), a company listed on Main Board of the Stock Exchange (stock code: 264), from April 2015 to January 2016 and from April 2015 to September 2015, respectively.

Biographical Details of Directors and Senior Management

Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited (中國能源開發控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited (進昇集團控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 1581). Since December 2019, he has been an independent non-executive director of Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a company listed on Main Board of the Stock Exchange (stock code: 6117). Since June 2021, he has been an independent non-executive director of MEIGU Technology Holding Group Limited (美固科技控股集團有限公司) (now known as Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司)), a company listed on GEM of the Stock Exchange (stock code: 8349).

Ms. Cheng Shing Yan (鄭承欣)

Ms. Cheng Shing Yan (“**Ms. Cheng**”), aged 49, joined the Company in December 2023 and has been acting as the Joint Company Secretary. She has accumulated about 24 years of experience in auditing, accounting and financial management. She held different positions at various auditing or CPA firms from 2004 to 2016. Ms. Cheng joined the group of Sanroc International Holdings Limited (now known as Zhaobangji Lifestyle Holdings Limited) (“**Sanroc**”), a company listed on the Main Board (stock code: 1660), and served as the chief financial officer from April 2016 to April 2018. Since April 2018, she has been engaged in the financial function of companies operating within the construction industry.

From April 2016 to April 2018 and from April 2017 to April 2018, she was the company secretary and an executive director of Sanroc, respectively. Since October 2017, she has been an independent non-executive director of Putian Communication Group Limited, a company listed on the Main Board (stock code: 1720). Since February 2021, she has been an independent non-executive director of Kwong Luen Engineering Holdings Limited, a company listed on the Main Board (stock code: 1413). Since April 2023, she has been an independent non-executive director of Easy Smart Group Holdings Limited, a company listed on the Main Board (stock code: 2442).

Ms. Cheng obtained a degree of Master of Arts in International Accounting from the City University of Hong Kong in November 2003. She was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in July 2003, a fellow of The Association of Chartered Certified Accountants in December 2005, an associate of The Chartered Governance Institute in June 2017 and an associate of The Hong Kong Chartered Governance Institute in June 2017.

Corporate Governance Report

INTRODUCTION

The Group is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**"), in force for the Reporting Year, set out in Appendix C1 of the GEM Listing Rules. During the Reporting Year, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Following specific enquiries to all the Directors, each of them has confirmed that he/she has complied with the Required Standard of Dealing and there was no event of non-compliance throughout the Reporting Year.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Reporting Year. Statements of the Directors' responsibilities for preparing the consolidated financial statements of the Group and the external auditor's reporting responsibilities are set out in the Independent Auditor's Report in this annual report.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, *inter alia*, the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their works and business decisions to the Board.

Corporate Governance Report

CULTURE

The Board believes that a healthy corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its purpose, vision, mission and values. The followings are the key features of the Company's culture:

Integrity

The Group is committed to achieving high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anticorruption policy and the whistleblowing policy of the Group.

Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

BOARD COMPOSITION

The composition of the Board as at the date of this annual report is set out as follows:

Executive Directors

Ms. Liu Ching Man (*re-designated from an independent non-executive Director on 29 December 2023*)
Mr. Tang Kwai Leung Stanley (*Former Chairman*) (*resigned on 29 December 2023*)

Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Mr. Ng Kim Lung (*appointed on 29 December 2023*)

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 16 to 19 of this annual report.

Corporate Governance Report

On 29 December 2023, Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”) resigned as the chairman of the Board (the “**Chairman**”), and an executive Director, Ms. Liu Ching Man was re-designated from an independent non-executive Director to an executive Director, and Mr. Ng Kim Lung was appointed as an independent non-executive Director. Since then, the Board has been comprising four members, being one executive Director and three independent non-executive Directors, and such Board composition fulfils the requirement of Rules 5.05, 5.05A and 5.28 of the GEM Listing Rules, whereby independent non-executive Directors of a listed issuer are required to represent at least one-third of its board. Further, each of the Audit Committee, Remuneration Committee and Nomination Committee has no less than three members and comprises a majority of independent non-executive Directors, which fulfils the requirements of the terms of reference of the Committees and complies with Chapter 5 of the GEM Listing Rules and the CG Code.

The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Director and the independent non-executive Directors and the nature of the Group’s business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role on the Board as they bring an impartial view on the Company’s strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his or her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The executive Director has entered into a service contract with the Company on 29 December 2023 for an initial term of three years. The service contract with the executive Director shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than three months’ notice in writing and subject to rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company (the “**Articles of Association**”).

Each of Mr. He, Ms. Chan and Mr. Ng has entered into an appointment letter as an independent non-executive Director with the Company for a term of three years commencing from 14 May 2021, 1 June 2021 and 29 December 2023, respectively, subject to rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association.

Corporate Governance Report

The service contracts and appointment letters are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association.

According to Article 108 of the Articles of Association, one-third of the Directors for the time being shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Articles 112 of the articles of association of the Company provides that any Directors who are appointed to fill casual vacancies or as an additional Director shall hold office only until the first annual general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Accordingly, Ms. Liu and Mr. Ng will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 25 July 2024. Each of them will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to proposed re-election of Ms. Liu as executive Director and Mr. Ng as independent non-executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Tang is the former chairman of the Board who is primarily responsible for managing the Board. Mr. Tang also chaired the Board meetings and briefed the Board members on the issues arising at the Board meetings. During the Reporting Year, the Company did not name any officer with the title “Chief executive officer”. The Directors are supported by the senior management in the day-to-day management of the Group’s business.

On 29 December 2023, Mr. Tang resigned as Chairman and an executive Director. Upon the resignation of Mr. Tang, the Company has been in the process of identifying a suitable candidate to fill the vacancy of the Chairman as soon as possible.

DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and defective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the Reporting Year, the Company has provided and all Directors, namely, Ms. Liu, Mr. He, Ms. Chan and Mr. Ng have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company’s affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange’s website www.hkexnews.hk and the Company’s website at www.irasia.com/listco/hk/chinanewcons. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

Corporate Governance Report

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 22 September 2017. The chairman of the Remuneration Committee is Mr. Ng (appointed on 29 December 2023), the independent non-executive Director, and other members included Mr. He and Ms. Chan, the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the Reporting Year. No Director or any of his/her associates were involved in deciding his/her own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 September 2017. The chairman of the Nomination Committee is Ms. Chan, the independent non-executive Director, and other members include Mr. He and Mr. Ng (appointed on 29 December 2023), the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against an objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. He, the independent non-executive Director, and other members included Ms. Chan and Mr. Ng (appointed on 29 December 2023), the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members of non-executive Directors only and the majority of the members of the Audit Committee being independent non-executive Directors and chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Year, the Audit Committee held four meetings to review and comment on the company's 2023 annual results, interim results and first quarterly results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the Reporting Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Reporting Year comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

INDEPENDENT BOARD COMMITTEE

The Board had established an independent board committee of the Company, comprising Mr. He, Ms. Chan and Ms. Liu (all independent non-executive Directors) to advise the independent shareholders of the Company in respect of the 2023 Rights Issue. Details of which are set out in the circular of the Company dated 23 March 2023.

ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the Reporting Year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Director(s).

Subsequent to the reporting period, one extraordinary general meeting were held on 25 April 2024, one meeting of each Audit Committee, Nomination Committee, Remuneration Committee and the Board was held on 24 June 2024, respectively. The forthcoming annual general meeting will be held on 25 July 2024.

Corporate Governance Report

The information below are details of all Directors' attendance at the Board meeting and Board committees' meeting held for the Reporting Year:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2023 AGM	2024 Extraordinary General Meeting
Number of Meetings Attended/Held						
Executive Directors						
Ms. Liu (<i>re-designed from independent non-executive Director on 29 December 2023</i>)	8/8	3/3	2/2	1/1	1/1	3/3
Mr. Tang (<i>resigned on 29 December 2023</i>)	6/8				0/1	3/3
Independent non-executive Directors						
Mr. He	8/8	3/3	2/2	1/1	1/1	3/3
Ms. Chan	8/8	3/3	2/2	1/1	1/1	3/3
Mr. Ng (<i>appointed on 29 December 2023</i>)	2/8	0/3	0/2	0/1	0/1	0/3

JOINT COMPANY SECRETARIES

The joint company secretary of the Company (the "Joint Company Secretary") assists the Board by ensuring the Board policy and procedures are followed. The Joint Company Secretary is also responsible for advising the Board on corporate governance matters.

Mr. Lee was appointed as the Company Secretary on 5 August 2021 and re-designated as the Joint Company Secretary on 29 December 2023. Mr. Lee possesses the necessary qualification and experience and is capable of performing the functions of the Company Secretary. Ms. Liu, an executive Director of the Company is the primary contact person of Mr. Lee.

Ms. Cheng was appointed as the Joint Company Secretary on 29 December 2023. Ms. Cheng possesses the necessary qualification and experience and is capable of performing the functions of the Company Secretary. The main contact person of Ms. Cheng is Mr. Lee, one of the Joint Company Secretaries.

For the Reporting Year, Mr. Lee and Ms. Cheng undertook no less than 15 hours of relevant professional training to develop their skills and knowledge. The biographical details of Mr. Lee and Ms. Cheng are set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

BOARD INDEPENDENCE

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views are available.

Corporate Governance Report

The current composition of the Board, comprising more than one third of the Board being independent non-executive Directors, and the members of the Audit Committee are all independent non-executive Directors and comply with the independence requirements under the Listing Rules. The Nomination Committee, Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

The Company has reviewed the implementation of the mechanisms in relation to the Board Independence and considered it to be effective during the Reporting Year.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the “**Board Diversity Policy**”) on 28 December 2018. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

When determining the composition of the Board, the Company will consider Board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Corporate Governance Report

NOMINATION POLICY

The Board adopted a nomination policy (the “**Nomination Policy**”) on 28 December 2018. A summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors of the Company. This also ensures that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company’s business.

Measurable Objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the “**Criteria**”):

- (a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- (b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
- (c) Qualifications, including accomplishment and experience in the relevant industries the Company’s business is involved in;
- (d) Independence;
- (e) Reputation for integrity;
- (f) Potential contributions that the individual(s) can bring to the Board; and
- (g) Commitment to enhance and maximise shareholders’ value.

Re-election of Director at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the Criteria including but not limited to:

- (a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and
- (b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Corporate Governance Report

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Monitoring and Reporting

The Nomination Committee will assess and report annually, in the corporate governance report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

Review of Nomination Policy

The Nomination Committee will launch a formal process to review this Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Corporate Governance Report

Disclosure of Nomination Policy

A summary of the Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the Reporting Year will be disclosed in the annual corporate governance report.

In the circular to shareholders for proposing a candidate as an independent non-executive Director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;
- if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;
- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

AUDITOR'S REMUNERATION

RSM Hong Kong is appointed as the external auditor of the Company, the fee paid and payable in respect of audit services and non-audit services amounted to approximately HK\$0.7 million and HK\$0.1 million respectively for the Reporting Year.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interest and rights is to separate resolutions proposed at the shareholders' meeting on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than 10% of the voting rights (on a one vote per share basis) in the issued share capital of the Company or by such shareholders who made the requisition (the "Requisitionists") pursuant to Article 64 of the Articles of Association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Articles of Association for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders' and the Group's asset at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

Anti-Corruption

The Group is committed to preventing, detecting, and reporting to any levels of bribery and corruption. The Anti-Corruption Policy was adopted in June 2023 to provide principles for all directors, officers, and employees to operate conduct business with integrity and to reduce the risk of corruption and bribery. The Group conducts periodic and systematic fraud risk assessments to mitigate fraud risks identified internally and externally. Proper trainings and briefings related to bribery, corruption, conflicts of interest, money laundering and financing of terrorism, non-compliance with the Prevention of Bribery Ordinance will also be provided to all employees.

Corporate Governance Report

Whistleblowing

A Whistleblowing Policy was adopted in June 2023 to provide guidance on the procedure of reporting allegations of any fraud and misconduct, malpractice or irregularity by employees and stakeholders. All filed whistleblowing reports and the identity of the whistleblowers are treated in a strictly confidential manner in accordance with the procedures set out in the policy. The matter raised may be investigated internally and referred to the Board, or be referred to external lawyers or auditors.

Once the investigation is completed, a report including the impact of the matter reported and an action plan will be prepared by the Audit Committee. Disciplinary and other appropriate actions will be determined by the responsible line management while recommendations will be made by the Audit Committee for the Board's final decision on the actions required.

No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations was reported during the Reporting Year. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Hong Kong Exchanges and Clearing Limited's website and the Company's website.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the Reporting Year and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

Corporate Governance Report

The Group has yet to establish its internal audit function during the Reporting Year as required under CG Code C.2.5. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Audit Committee and the Board have considered the internal control review report prepared by an independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

- (i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website www.hkexnews.hk and the Company's website www.irasia.com/listco/hk/chinanewcons;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective website of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website;
- (iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange view with the Directors and senior management; and
- (v) the Hong Kong branch share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post the Company's principal place of business in Hong Kong.

Save for the amendments to memorandum and articles of association and adoption of the amended and restated memorandum and articles of association of the Company on 26 August 2022, there was no significant change to the Company's memorandum and articles of association during the Reporting Year.

Environmental, Social and Governance Report

PREAMBLE

As one of the prominent foundation contractors in Hong Kong, especially in the realm of bored piling construction, China New Consumption Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) has been integrating an ESG mindset into its business strategies in order to pursue sustainability. The Group, as a construction service provider in Hong Kong, has consistently been a supporter of the ESG concepts. The Group has long been working on the transformation towards a sound ESG governance framework and approach in daily operations, striving to seek its long-term business sustainability while fulfilling corporate social responsibility.

With the increasing attention on corporate ESG management, the Group is aware that sound ESG management is underpinned by the robustness of leadership and governance mechanisms. As such, the Group is committed to handling the Group’s ESG affair effectively and responsibly, which is gradually integrated as one of the core components of the Group’s business strategies. Taking the view that stakeholders are of great importance to its development and improvement, the Group emphasises engaging both its internal and external stakeholders. Hence, the Group has continued to consult and discuss ESG risk management-related knowledge and experience with its stakeholders to gather their insights.

In the future, the Group will continue its efforts in facilitating the “Green Recovery” of society and put forward practicable sustainable measures to minimise the underlying hazards that the Group poses to the environment during its operations. For instance, the Group has been seeking substitutes for carbon-intensive concrete, which is one of the biggest contributors to the industry’s carbon footprint. The Group will keep leveraging its expertise collaboratively with other industry players to move towards sustainability as well as leading the industry to improve its resilience as a whole.

ABOUT THE REPORT

In compliance with the requirements set out in the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) contained in Appendix C2 of the GEM Listing Rules of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under “Comply or Explain” provision, the Group is pleased to present its Environmental, Social and Governance Report (the “**ESG Report**”) summarising its ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development for the year from 1 April 2023 to 31 March 2024 (“**FY2023/2024**”).

Reporting boundary

Consistently adopting the operational control approach, this ESG Report covers the environmental and social performance of the main business operations of the Group in the realm of bored piling construction and its office operations in Hong Kong. Given that the Goldstone Communications Limited and the Goldstone Finance Limited were newly incorporated in 2022 and constituted a relatively small part of the Group’s business, the Group believes their ESG performance was relatively insignificant compared to other subsidiaries. As such, following the principle of Materiality, this ESG Report mainly covers the performance of the Triangular Force Construction Engineering Limited and the TMP Machinery Engineering Limited.

This ESG Report covers the period from 1 April 2023 to 31 March 2024, unless specifically stated otherwise. This ESG Report was prepared in both English and Chinese. For any conflicts or inconsistencies, the English version shall prevail.

For the Group’s corporate governance practices, please refer to the section “Corporate Governance Report” contained in the annual report.

Environmental, Social and Governance Report

Reporting principles

This ESG Report has been prepared with reference to the reporting principles set forth in the ESG Guide of the Stock Exchange. Given the reporting principles that underpin the preparation of ESG reports, the content of this ESG Report has been determined and summarised by the principles of Materiality, Quantitative, Balance, and Consistency.

Materiality

To implement the principle of materiality, the Group actively identifies significant ESG issues that may have great impacts on its business activities by materiality assessments. Through engaging with both its internal and external stakeholders, the Group invites them to express their viewpoints against a list of ESG topics, thereby prioritising material ESG issues of the Group. More details can be found in the section Materiality Assessment.

Quantitative

To practice the principle of quantitative, the Group has disclosed its environmental and social performance against a series of key performance indicators (“KPIs”) in this ESG Report, including emissions, consumption of natural resources, and employment information. Calculation methods, assumptions, and source of conversion factors are clearly stated in the footnotes of the corresponding performance tables.

Balance

To portray an unbiased picture of the Group’s ESG performance for readers to make informed decisions, the Group reveals both its achievements and room for improvement in the preparation of this ESG Report.

Consistency

To facilitate a year-on-year comparison and enable meaningful peer benchmarking, this ESG Report is prepared with reference to internationally and locally recognised standards and frameworks. Any significant changes are stated clearly at the corresponding sections to enable meaningful comparison.

Information disclosure

The information in this ESG Report was gathered from official documents and statistics of the Group, the integrated information on supervision, management approach, and operating process in accordance with relevant policies, the internal quantitative and qualitative data through online questionnaires, and the sustainability practices of different business divisions of the Group. A complete content index is available at the end of the ESG report for readers’ convenience to check its integrity.

Stakeholder feedback

As the Group strives for excellence, the Group welcomes its stakeholders’ feedback, especially on topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views on the ESG matters with the Group via:

Postal address: Room 204, 2/F, Yue Shing Commercial Building, 15 Queen Victoria Street, Central, Hong Kong

Email address: info@chinanewcons.com

Environmental, Social and Governance Report

THE ESG GOVERNANCE STRUCTURE

As one of the leading enterprises in the construction industry, the Group believes that robust governance is crucial and the foundation to attaining the Group's long-term business success. As part of its governance structure, the Board of Directors of the Group (the "**Board**") has taken the lead and assumes the ultimate responsibility for overseeing the Group's ESG strategies, as well as evaluating and reviewing the severity of impacts brought by material ESG issues to the Group's operations on a regular basis.

The Group's ESG management focuses on two pillars, namely environmental protection and employees' wellbeing, which are regarded as the most significant topics to the Group. To maintain an effective flow of information throughout the Group, in particular, between the executives and the operation units, the Group has established an ESG Taskforce (the "**Taskforce**") that is comprised of the core members from different departments and chaired by one of the directors. The Taskforce is mainly responsible for assisting the implementation and evaluating the effectiveness of the Group's ESG internal control mechanisms, as well as reporting to the Board on a regular basis.

Under the oversight and leadership of the Board, sub-committees such as the audit committee, the risk management committee and etc, have been established, whose respective roles and responsibilities include driving and improving the Group's sustainability performance within their remits. Specifically, a management representative is responsible for monitoring the annual audit on material ESG topics and the company secretary is responsible for updating the Board with the latest information, as well as ensuring material ESG- and climate-related matters are positioned on the agenda of the Board meetings with due consideration through meetings with the Board. External professional organisations are also engaged from time to time to advise and update the Board and the management of the Group on the latest information regarding climate-related risks and opportunities.

To efficiently keep track on the Group's ESG performance, the Group has formulated a set of KPIs for monitoring and analysing the Group's consumption of resources, which the Group's management believes is one of the most significant ESG impacts of the Group's business. These KPIs allow the Group's management to evaluate the progress and achievement of the Group and the analysed results will be reported to the Board for further review on a regular basis.

Environmental, Social and Governance Report

MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

In view of the increasing concerns over sustainability issues, we are dedicated to constructing a robust governance structure and implementing comprehensive ESG management approaches to enhance our ESG performance. To this end, we have been unceasingly incorporating the concept of sustainability into the business development strategies and leveraging our strengths to improve the ESG governance and practices of the Group. We strive to maintain continuous business growth while shouldering our corporate social responsibility simultaneously in creating a safe and ethical working environment for the employees. Reckoning the accelerating climate-related impacts on people and the planet, we also aim to reduce the negative environmental influences of our business activities.

Our ESG Management Approaches

With an aim to efficiently identify material ESG issues that have significant impacts on us and set up countermeasures in a timely manner, we have based on the materiality assessment's result to prioritise a list of ESG issues. The consolidated materiality assessment results are mapped on a well-defined matrix and reported to the Board for approval, so as to highlight the issues of greatest interest to the Group and our stakeholders. More details can be found in the chapter **Stakeholder Engagement**.

Besides, given the business nature, the Group unavoidably consumes various resources during its operations, encompassing water, diesel, and cement. As such, we have established specific short-term reduction targets with reference to the resource consumption patterns in FY2023/2024, as well as formulating clear action plans to attain such targets. More details can be found in the subsections headed **Targets and Actions** under the chapters **A.1 Emissions** and **A.2 Use of Resources**.

Looking Ahead

Looking ahead, we will put forward and implement various measures to improve our ESG management and enhance our ESG performance. Meanwhile, we will review and update our business-related ESG goals and targets, so as to track and boost our progress. We will also continue to incorporate the concept of green development into our business strategies and operations, aiming at slashing our environmental footprints during the operations and attaining long-term sustainability.

On behalf of the Board, I hereby present to you the ESG Report of FY2023/2024 demonstrating our strategies and focuses on transitioning towards an environmentally sustainable and socially responsible future.

Ms. Liu Ching Man
Executive Director

24 June 2024

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

Throughout the years, the Group has attached importance to its stakeholders and valued their views in relation to its business and ESG issues. The Group regularly engages and communicates with its stakeholders to ensure their concerns and expectations are acknowledged, respected, and fulfilled. The meaningful communication acts as an essential tool for the Group to prioritise ESG issues and identify market trends that are material to the Group's operations, thereby facilitating the formulation of effective policies and measures. The Group actively interacts with a diverse group of stakeholders through various channels summarised below:

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> Return on investments Corporate governance Business compliance Protect the voting rights of shareholders and investors Director appointment 	<ul style="list-style-type: none"> Annual reports, interim reports and quarterly reports Announcements and circulars Corporate website Hong Kong Share Registrar
Customers and business partners	<ul style="list-style-type: none"> High quality products and services Protect the rights of customers 	<ul style="list-style-type: none"> Customer satisfaction survey Face-to-face meetings and on-site visits Customer service hotline and email
Employees	<ul style="list-style-type: none"> Employees' compensation and benefits Career development Healthy and safe working environment 	<ul style="list-style-type: none"> Training, seminars and briefing sessions Regular performance reviews Emails, notice boards, hotline, activities with the management
Suppliers and subcontractors	<ul style="list-style-type: none"> Win-win collaboration Sustainable supply chain 	<ul style="list-style-type: none"> Open tendering Suppliers' satisfactory assessment Face-to-face meetings and on-site visits Industry seminars
Regulatory bodies and government authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Support local economic development 	<ul style="list-style-type: none"> Supervision on the compliance with local laws and regulations Routine reports and tax payments
Media, NGO (Non-Governmental Organisation) and the public	<ul style="list-style-type: none"> Involvement in the communities Business compliance Environmental protection awareness Transparency and reliability 	<ul style="list-style-type: none"> Media conferences and responses to enquiries Public welfare activities ESG Report Corporate website

Environmental, Social and Governance Report

Materiality assessment

Understanding that companies with different business characteristics may encounter various ESG risks and opportunities, the Group strives to identify its specific ones and implement countermeasures accordingly. In FY2021/2022, the Group conducted a materiality assessment to understand its stakeholders' concerns and interests, so as to determine material ESG issues of the Group. To ensure the comprehensiveness and objectivity of the assessment, the Group engaged an external consulting agency to conduct the materiality assessment. During the process, key stakeholder representatives were invited to participate in the materiality assessment survey to rate a list of ESG issues and raise their opinions on ESG matters.

After internal discussions and careful consideration, the Group determined its key stakeholders in FY2023/2024 remained similar to those in FY2021/2022 and there were no significant operational and business changes identified. Hence, the Group believed a new materiality assessment was not necessary and continued to design its ESG strategies and approaches during the year under review with reference to the materiality assessment result of FY2021/2022.

In specific, the materiality assessment consisted of the following steps:

Step 1: Stakeholder identification

Key stakeholder groups were identified based on the degree to which they were affected by the Group's activities, as well as by their ability to influence the Group's business objectives. Once key stakeholder groups were identified, the Group selected representatives or representative organisations for each stakeholder group to participate in the survey. Key stakeholders engaged in the materiality assessment of FY2021/2022 included senior management and directors of the Company.

Step 2: Desktop impact assessment

Through a desktop impact assessment, a list of prioritised ESG issues relevant to the Group's operations were developed.

1	Greenhouse Gas ("GHG") Emissions	11	Green Procurement	21	Internal Grievance Mechanism
2	Energy Management	12	Engagement with Suppliers	22	Participation in Philanthropy
3	Water & Wastewater Management	13	Environmental and Social Risk Management of Supply Chain	23	Cultivation of Local Employment
4	Solid Waste Stewardship	14	Supply Chain Resilience	24	Support of Local Economic Development
5	Climate Change Mitigation & Adaptation	15	Product/Service Quality and Safety	25	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
6	Renewable and Clean Energy	16	Customer Privacy and Data Security	26	Management of the Legal & Regulatory Environment (Regulation-compliance Management)
7	Labour Practices	17	Marketing and Promotion	27	Critical Incident Risk Responsiveness
8	Employee Remuneration and Benefits	18	Intellectual Property Rights	28	Systemic Risk Management (e.g. Financial Crisis)
9	Occupational Health and Safety	19	Labelling Relating to Products/ Services		
10	Employee Development and Training	20	Business Ethics & Anti-corruption		

Environmental, Social and Governance Report

Step 3: Prioritisation

The invited key stakeholders' ratings on the ESG issues were assessed. Through analysing the weighted average of each issue, a set of material issues were identified.

Step 4: Validation

According to the assessment result, the following 3 issues were identified as material and were prioritised in strategy formulation:

- Business Ethics and Anti-corruption
- Management of the Legal and Regulatory Environment (Regulation-compliance Management)
- Systemic Risk Management (e.g. Financial Crisis)

The outcome of the materiality assessment was presented for discussion during the meeting of the Group's executive committee, wherein the senior management of the Group considered and endorsed the results, as well as establishing appropriate and effective management policies and internal control systems for the identified material ESG issues.

Progressing towards SDGs

Sustainable Development Goals ("SDGs") are a set of 17 goals set by the United Nations ("UN"), which act as a blueprint for agreeing countries to bring about a sustainable world by 2030. While ESG matters are catching worldwide attention, emerging policies, regulatory updates, and societal changes are reviewed in parallel with the UNSDGs. To act in alignment with the global trend and demonstrate its ESG commitments, the Group has integrated relevant SDGs into its initiatives and management measures.

Following the SDG Compass, the Group has identified SDG 3: Good Health and Well-being as the goal most relevant to its nature of business, and the one in which it can drive the most positive changes.

SDG 3: Good Health and Well-being

As an outstanding contractor in the construction industry of Hong Kong, the Group emphasises health and safety issues while striving to safeguard the well-being of its employees. In adherence to applicable laws and regulations, the Group has implemented a series of measures, including conducting emergency drills and safety work meetings regularly, so as to highlight the importance and raise awareness of site safety among workers. Besides, the Group has always targeted at achieving zero work-related fatalities. As such, the Group has formulated and taken various onsite safety measures to protect workers from occupational risks and hazards. More detailed information can be found in the section **Health and Safety**.

Environmental, Social and Governance Report

ENVIRONMENTAL SUSTAINABILITY

The Group has been committed to incorporating environmental consideration into its operational strategies and reducing the environmental nuisances caused by its development projects and office operations. Intending to transition towards sustainable development, the Group has proactively formulated and enacted measures targeting at enhancing resource efficiency, controlling emissions, reinforcing the implementation of environmental principles within the organisation, as well as facilitating an eco-friendly operation mode.

This section mainly focuses on the Group's policies and practices regarding emissions, use of resources, the environment and natural resources, as well as climate change in FY2023/2024. For detailed quantitative information regarding different categories of emissions and the use of resources, please refer to Tables E1 and E2 in the **Appendix**.

A.1. Emissions

The Group is highly aware of its operational emissions while striving to minimise its environmental footprint. Meanwhile, the Group acts in strict compliance with relevant local environmental laws and regulations to control the level of emissions. In FY2023/2024, the Group complied with the relevant and material environmental laws and regulations in its operating regions, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong); and
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong).

In the year under review, the Group did not encounter violations of laws and regulations related to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise that have a significant impact on the Group.

Air Emissions

Given the business nature of the Group, the air emissions of the Group mainly arose from stationary diesel combustion of onsite machinery, as well as mobile combustion of vehicle fuels for transportation in FY2023/2024. During the year under review, the air emissions of sulphur oxides ("**SO_x**"), nitrogen oxides ("**NO_x**"), and particulate matter ("**PM**") amounted to 0.39 kg, 217.25 kg, and 15.64 kg respectively. Compared with the amount of air emissions in FY2022/2023, the absolute emissions of SO_x, NO_x, and PM increased significantly in FY2023/2024, because of the increased in economic activity after years of pandemic disruption, leading to an increased diesel demand for machinery operations and transportation. Besides, the increased reliance on heavy goods vehicles also contributed to the increased air emissions.

The Group realised the negative impacts of air emissions and is dedicated to allocating resources in monitoring and controlling the amount of air emissions generated from both onsite machinery and on-road vehicles. For instance, the Group has reviewed and improved its vehicle management while upgrading the construction equipment to types with higher energy efficiency, so as to reduce the combustion of diesel, thus the associated air pollutants. In FY2023/2024, the Group initiated a series of measures, striving to minimise its air emissions without compromising its financial performance, including:

- Electrify its assets including its construction equipment and its fleet gradually; and
- Reduce unnecessary travel by making use of the advanced online technologies for remote communication.

Environmental, Social and Governance Report

Meanwhile, the Group has proactively emphasised the importance of reducing air emissions through organising education and implementing internal policies.

GHG Emissions

Being a foundation contractor engaged in bored piling construction, the Group's daily operations inevitably involve the consumption of fossil fuels such as diesel. Meanwhile, the operations of its office utilise electricity. During the year under review, the Group generated a total of 2,860.51 tonnes of CO₂e from various business activities, with the emissions from Scope 1, Scope 2, and Scope 3 amounting to 2,840.55 tonnes of CO₂e, 19.23 tonnes of CO₂e and 0.74 tonnes of CO₂e respectively. Because of the increasing business opportunities during the reporting year, the Group's total absolute GHG emissions surged by approximately 32.44%, which was primarily due to the increment in diesel consumption for machinery operations and transportation. The Group is highly aware of the adverse impacts it poses to the environment during operations. As such, the Group is dedicated to stepping up its efforts to implement well-defined internal policies that regulate the operational practice as well as encourage its employees to act collectively on energy conservation during operations.

In FY2023/2024, the GHG emission pattern of the Group was similar to that in FY2022/2023, with Scope 1 (Direct Emissions) dominating 99.30% of the corporate GHG profile, which primarily included diesel combustion in its reporting boundary. Meanwhile, the remaining Scope 2 (Energy Indirect Emissions) mainly arose from the purchase and consumption of electricity while Scope 3 (Other Indirect Emissions) was associated with the electricity used for processing fresh water and sewage by government departments. The Group deeply understands that its GHG emissions are inherently linked to its consumption of resources, such as electricity and fossil fuels, therefore, the Group has proactively adopted electricity conservation and energy-saving measures to control its GHG emissions. The specific policies and actions taken by the Group are further described in the subsections headed "**Electricity**" and "**Other Energy Resources**" below.

Solid Waste

Given the business nature, the Group did not generate any hazardous waste in FY2023/2024. During the year under review, the Group produced 166.00 tonnes of non-hazardous waste, which increased by 50.91% as compared to that in FY2022/2023 due to growing business operations. Reckoning the waste production trend, the Group has strictly implemented internal policies in standardising and managing the waste disposal practices in accordance with the relevant laws and regulations regarding waste management. In case any hazardous waste is produced onsite, the Group will engage qualified waste collectors to collect the waste, so as to ensure the hazardous waste is properly treated.

The Group's waste management policies adhere to the "3R Principle" – Reduce, Reuse, and Recycle, with an aim to minimise the waste disposed of and facilitate the efficient utilisation of natural resources. Striving to reduce the environmental impacts associated with the generation of non-hazardous wastes from its daily operations, the Group has implemented measures to treat the onsite solid waste and launched diverse waste reduction initiatives both in its bored pile construction sites and offices.

Bored Pile Construction Business

In FY2023/2024, the Group complied with relevant laws and standards regarding onsite waste disposal. In the year under review, the major solid waste of the Group consisted of excess mud resulting from the onsite bored pile construction operations. To better address waste produced during construction activities, the Group appoints qualified waste collectors to transport the mud and other construction wastes (e.g. gravels) to specific landfills for disposal or other construction sites for reuse. Meanwhile, certain land excavation waste is directly transported to places where backfilling is needed. With an aim to enhance recycling efficiency, the Group collects and sorts recyclable waste before delivering it to recycling stations for further treatment and reuse.

Environmental, Social and Governance Report

Office

In FY2023/2024, the solid waste generated from the Group's offices mainly included domestic and commercial waste. During the year under review, the Group adopted a centralised rubbish bin for the collection of solid waste in the office to effectively control and manage waste disposal. The collected waste was handled by the property management of the building on a regular basis and disposed of by relevant municipal departments. Endeavouring to protect the environment through reducing the generation of solid waste, the Group has implemented the following practices:

- Recycle as much solid waste as possible through the "collected and classified" approach;
- Enhance employees' awareness of resource conservation and waste reduction through education; and
- Promote the concept of reusing office stationeries.

To further reinforce the management of onsite solid waste, the Group has established a benchmarking system that tracks and compares its environmental performance at construction sites, such as the performance in mud treatment. In the future, the Group plans to provide a more comprehensive overview of its environmental performance by expanding its disclosure scope to all kinds of solid waste involved in the business operations. As such, the development of digital tools and systems that enable consistent collection, recording, and analysis of waste data across the Group's operations will be put on the agenda.

The Group is dedicated to reviewing and enhancing its waste reduction measures based on practical situations while launching recycling campaigns to raise employees' attention. Meanwhile, the Group is also exploring the possibility of making use of waste management contracts and procurement strategies to strengthen waste reduction and sustainable waste management of its suppliers and subcontractors along its value chain, thereby encouraging other parties to contribute to environmental protection.

Wastewater

Bored Pile Construction Business

In FY2023/2024, the bored piling construction business generated bored piling and drilling sewage during operations. The Group generated a total of 1,129.00 m³ of wastewater during the year under review. Following the requirements of the Water Pollution Control Ordinance (WPCO) license, the Group has deployed wastewater treatment facilities onsite to treat wastewater and conducted experimental tests on the quality of wastewater such as pH levels to ensure that the wastewater meets the regulatory standards prior to the discharging processes. Specifically, the Group has set up sedimentation tanks for treating the muddy water from its operational processes, during which chemicals such as coagulants are added to enhance the sedimentation efficiency. In strict compliance with the terms and conditions of the valid Water Pollution Control Ordinance (WPCO) licence, the Group has obtained relevant licenses for the discharge of wastewater from construction sites and all discharges have been strictly monitored and controlled. To protect the natural water bodies, the Group actively explores possible ways to reduce the production of wastewater, strictly controls the quality of its discharged wastewater, and only discharges wastewater that fulfils the regulatory requirements.

Office

In FY2023/2024, the domestic wastewater generated from the Group's offices was directly discharged into the building sewerage network, which is handled by the property management of the building and flushed through the municipal drainage systems. Realising the amount of wastewater generated is highly correlated with the amount of freshwater consumed, the Group has put forward and adopted practicable measures to control and reduce its water consumption, which are further described in the next subsection under "Water".

Environmental, Social and Governance Report

Noise

In FY2023/2024, the operations of machinery and equipment during the bored pile construction processes were the main source of noise. In strict compliance with the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong), the Group only applies certain equipment within the permitted period. Meanwhile, various noise-reducing facilities were adopted by the Group to mitigate the impacts of noise on the surroundings. For instance, the Group has installed construction noise barriers and made full use of the shock pads on crushing on the construction site to minimise noise nuisances. To further control the noise at the source, the Group has installed real-time sound monitoring equipment and prioritised equipment with QPME Label in the procurement.

Dust

Acknowledging that construction works especially piling may spread dust and result in air pollutants, the Group has spared no effort in controlling dust emissions at its construction sites at all times so as to maintain good air quality while protecting the health of its workers. In strict compliance with the Air Pollution Control (Construction Dust) Regulation (Cap. 311R of the Laws of Hong Kong), the Group has taken a series of measures to conduct dust suppression regularly:

- Set up a car wash box at the entrance of the construction site to prevent vehicles from taking dust and mud away;
- Install pressure spray dust removal device along the main road of the construction site;
- During the construction period, set up an enclosure and dust screen with a height of not less than 1.8 meters around the construction site;
- Enclose hoist by impervious sheeting;
- Use sealed equipment to transport mud and dust;
- Rinse the ground or sprinkle water every day to clean dust and avoid mud accumulation;
- Equip vacuum cleaner on equipment to control dust; and
- Provide hard paving on open area.

Environmental, Social and Governance Report

Targets and Actions

Areas	Targets	Actions and Practices
Air and GHG Emissions	Taking FY2023/2024 as the baseline year, the Group targets that the amount of air and GHG emissions in FY2024/2025 within the same scope will not be higher than those in FY2023/2024.	<p>To reduce air and GHG emissions stemmed from diesel consumption, the Group actively promotes the practices of carpooling and highlights the benefits of taking public transport.</p> <p>In the future, the Group will continue its effort to standardise its operating practices to minimise its environmental footprint throughout the construction processes.</p>
Solid Waste and Wastewater	Taking FY2023/2024 as the baseline year, the Group targets that the amount of solid waste and wastewater in FY2024/2025 within the same scope will not be higher than those in FY2023/2024.	<p>The Group will strengthen the education to its employees towards lowering their environmental footprints, reinforce the implementation of its internal solid waste and wastewater management by sticking to the “3R principle” – Reduce, Reuse, and Recycle, as well as putting forward practicable solid waste and discharge reduction measures.</p> <p>Given the unified collection of the office wastewater and solid waste, the Group plans to strengthen its data analysis on solid waste and wastewater discharge in the office, so as to formulate specific and realistic reduction targets for the office operations.</p>

Environmental, Social and Governance Report

A.2. Use of resources

In FY2023/2024, the primary resources consumed by the Group were electricity, diesel, water, paper, and construction raw materials. Given its business nature, the Group did not consume packaging materials during the year under review.

Electricity

During the year under review, the Group consumed electricity for the daily operations of its offices and the usage of electrical equipment and machineries. In FY2023/2024, the electricity consumption of the Group was 51.97 '000 kWh. The Group's electricity consumption increased by 26.95% as compared to that in FY2022/2023 because of the increased business activities in the post-pandemic era.

The Group requires all its construction sites to comply with internal regulations and policies regarding electricity conservation. Striving to enhance its energy efficiency and thereby minimising energy consumption, the Group has embedded the mindset of "Saving Electricity" into its business strategies and has implemented the following specific measures:

- Turn off all lights, electronics, and other power consumption equipment at the end of the day;
- Switch off all idling lights, air conditioners, and other electrical appliances, especially during lunchtime;
- Prioritise electrical appliances and models with Grade 1 energy efficiency label during procurement;
- Replace energy-intensive equipment with energy-efficient ones;
- Install timers connecting all the electrical equipment in the public areas;
- Inspect and repair facilities and machinery at construction sites in a regular basis to ensure efficiency;
- Enhance the monitoring and control of cooling systems to maintain optimal indoor temperatures of 24–26°C;
- Encourage all employees to open curtains and utilise natural sunlight for lighting in the office when possible; and
- Apply thermal insulated and light reflective films on windows to reduce heat entering the indoor environment.

Environmental, Social and Governance Report

Other Energy Resources

In FY2023/2024, the Group consumed a total of 1,058,171.00 litres of diesel for the operations of onsite machinery and vehicles. The Group diesel consumption was 32.51% higher than that in FY2022/2023, with machinery in construction sites accounting for the majority of the corporate diesel consumption. To reduce its reliance on fossil fuels while facilitating business development, the Group endeavours to explore the opportunities to gradually replace the existing equipment with electric-powered ones in the future.

At present, the Group focuses on encouraging its employees to take public transport instead of driving for commuting and prioritise online meetings to avoid unnecessary travelling. During procurement, the Group has given priority to energy-efficient onsite machinery and equipment with the Green Label issued by the Environmental Protection Department of Hong Kong according to the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation. Specific measures taken by the Group to manage its energy consumption are as follows:

- Compare the energy efficiency, as well as the air and GHG emissions of piling machines and other machinery for foundation works during the procurement;
- Adhere to the requirements set out in relevant environmental regulations and standards released by the Environmental Protection Department of the Government of Hong Kong Special Administration Region, such as controls and requirements of the Non-Road Mobile Machinery (NRMM) Regulation;
- Encourage its employees to consider a “low-carbon lifestyle” and choose public transport over driving private cars; and
- Strengthen the education of environmental protection among employees who are expected to build up knowledge of energy conservation in both daily lives and work.

Water

Given the business nature, water has been one of the necessary consumables of the Group’s daily operations. In FY2023/2024, the Group did not face any problem in sourcing water fit for its purpose and the total water consumption of the Group was 1,129.00 m³, which was 46.81% higher than the water consumption in FY2022/2023. Endeavouring to raise awareness over water conservation, educational seminars and activities that encourage its employees to reduce, reuse, and recycle water resources have been arranged. To incorporate the principle of “Saving Water” in its daily operations, the Group has incentivised its construction sites to reduce water consumption by reusing wastewater on site and implemented various measures to enhance water efficiency:

- Place “Saving Water Resource” posters in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid further leakage of the water supply system;
- Strengthen the inspection and maintenance on water taps, water pipelines, and water storage tanks;
- Set quotas and targets for water consumption restrictions for staff to save water;
- Select water-efficient equipment with Water Efficiency Labels; and
- Install rainwater harvest systems and increase water reuse rate at construction sites.

Environmental, Social and Governance Report

Paper

In FY2023/2024, the paper usage of the Group was mainly for administrative purposes of offices. The Group has reviewed its paper consumption pattern and introduced the following measures:

- Promote the concept of “Paperless Office” and publish information through electronic means as much as possible;
- Set duplex printing as the default mode for all network printers when printing is necessary;
- Choose suppliers with more environmentally friendly paper sources such as the certification of Forest Stewardship Council (FSC);
- Place boxes and trays besides the printing machines to collect single-sided paper for reuse and recycling; and
- Encourage guests to use electronic invoices instead of paper ones.

Construction raw materials

Concrete is one of the construction materials that the Group consumed during its bored piling business. The Group has endeavoured to enhance its materials usage management and improve the operational efficiency in a proactive manner to lessen the environmental footprint of its construction processes. The Group has been leveraging its strength in research and development to introduce new construction materials that are more environmentally friendly as well as enhance the quality of the Group’s end products.

Environmental, Social and Governance Report

Targets and Actions

Areas	Targets	Actions and Practices
Electricity	Taking FY2023/2024 as the baseline year, the Group targets that the intensity of its electricity consumption in FY2024/2025 within the same scope will not be higher than that in FY2023/2024.	In addition to the education of “Saving Electricity” among its employees and the implementation of electricity control measures, the Group gives priority to energy-efficient equipment during the procurement of office supplies and onsite equipment to enhance their energy efficiency and thereby reducing electricity reliance.
Other Energy Resources	Taking FY2023/2024 as the baseline year, the Group targets that the amount of diesel consumption in FY2024/2025 within the same scope will not be higher than that in FY2023/2024.	<p>Reckoning diesel consumption for machinery operations and vehicles is the major source of the Group’s air and GHG emissions, the Group is aware of its diesel usage management. In specific, the Group encourages its employees to make use of carpooling and massive transit to eliminate unnecessary business travel, so as to minimise the consumption of diesel for company’s vehicles.</p> <p>Besides, the Group plans to replace the diesel-fuelled machinery with electric powered ones to lessen the Group reliance on diesel, which subsequently lower the Group’s air and GHG emissions.</p>
Water	Taking FY2023/2024 as the baseline year, the Group targets that the amount of water consumption in FY2024/2025 within the same scope will not be higher than that in FY2023/2024.	The Group has been incorporating the principle of “Water Conservation” into its daily operations, where it incentivises its employees to reduce, reuse, and recycle water resources. To ensure its employees utilise water efficiently and avoid water wastage, the Group attaches posters in prominent places to raise their attention, remind the best practices, and foster behavioural changes.

Environmental, Social and Governance Report

A.3. The environment and natural resources

Endeavouring to transition its business operations towards sustainable approaches, the Group is committed to minimising its environmental footprint throughout its operations. Being a company engaged in bored piling activities, the Group does not cause significant disturbances and threats to the environment and natural resources. Nevertheless, the Group pays efforts in enhancing its environmental performance, striving to become a resource-saving and environmentally friendly corporate.

Based on the analysis above, the Group consumes various types of energy such as diesel and electricity, as well as generates air and GHG emissions, solid waste, wastewater, and noise during its operations, which the Group considers them as the most significant impacts that the Group's operations pose on the environment and natural resources.

With an aim to reduce its adverse environmental impacts, the Group has formulated and implemented various innovative and practicable environmental measures in daily operations. While environmental sustainability has become a hot topic, the Group realises the importance of formulating environmentally friendly policies in a proactive manner, through which, the Group strives to improve its energy efficiency and minimise its environmental impacts. For instance, the Group gives priority to energy-efficient onsite equipment and office supplies during the procurement processes, as well as adopting more eco-friendly construction materials. The effective implementation of internal policies enables the Group to determine potential environmental impacts and implement mitigation measures timely.

In response to the "Zero Waste to Landfill" initiative, the Group pays special attention to the life cycle management of waste across its operations, strictly practices waste reduction, reuse, and recycling in construction sites, as well as integrating the concept of waste minimisation into its long-term business strategies. Besides, the Group has reviewed the blueprint outlined in the Climate Action Plan 2030+ proposed by the Hong Kong government and updated its environmental measures accordingly. In FY2023/2024, the Group formulated specific, measurable, and time-bound targets regarding emissions and use of resources with reference to its environmental performance and business development strategies. The specific targets are endorsed and approved by the Board to ensure effectiveness and efficiency, while reviews are proposed to be done annually.

With a proven record in environmental stewardship and delivery of environmental benefits across its operations, the management and all members of the Group under the leadership of the Board will continue to enhance the effective implementation of its internal policies and make action plans to minimise its environmental impacts. Looking ahead, the Group will set up more metrics in monitoring its environmental achievements and effectiveness of measures while identifying opportunities in its business operations that can facilitate sustainability.

Environmental, Social and Governance Report

A.4. Climate Change

To act in alignment with the ambitious goal of realising carbon neutrality by 2050 as announced by the Hong Kong government and enhance its capability and adaptability to the potential risks associated with climate change, the Group has leveraged its strength to establish climate action plans, which provide well-define measures to address climate-related matters.

Given the core businesses and the corresponding projects of the Group are in Hong Kong, climate change may not incur direct acute risks and impacts on the Group's business operations and development. Nevertheless, the Group has referenced recognised frameworks such as the recommendation of the Task Force on Climate-Related Financial Disclosure ("**TCFD**") to assess and identify its potential climate-related risks. In FY2023/2024, the Group considered rising mean temperature and increasingly frequent and severe extreme weather events such as heatwaves, storms, and cyclones as the major physical risks impacting its site operations in the future. The Group reckons extreme weather incidents can lead to interruptions to the operations of suppliers, thereby resulting in unstable supplies of raw materials, which subsequently increases the Group's operation costs, as well as postpones the Group's project completion.

At present, the Group is still at its preliminary stage of formulating mitigation plans to address climate-related physical and transition risks. Yet, the Group has appointed its ESG Taskforce to be the responsible party for identifying and assessing any climate-related risks to which the Group's operations are exposed. The ESG Taskforce is also responsible for updating the Board with the latest news and regulations pertaining to climate change and providing the Board with industry benchmarks on a regular basis. In the future, the Group will gradually integrate climate-related risks and opportunities into its environmental management system and formulate internal climate policies with reference to the guidance of the international framework to better improve its climate management.

Environmental, Social and Governance Report

SOCIAL SUSTAINABILITY

Employment and Labour Practices

Since employees are essential to its operations, the Group values the contribution of every individual staff member. Appreciating the intangible value created by the Group's human resources, the Group has established an effective management system for regulating and promoting the well-being, health and safety, and professional development of its employees.

B.1. Employment

As the Group is committed to establishing a fair and safe working environment for its employees, it complies with relevant laws and regulations regarding recruitment and promotion, compensation and dismissal, working hours and rest periods, equal opportunities and diversity, welfare and other benefits that have a significant impact on the Group.

As of 31 March 2024, the total number of employees of the Group was 83. The breakdown of the Group's workforce in terms of age, gender, position level, and geographical location is detailed in Table S3 in the **Appendix**.

Law Compliance

To offer a safe and prosperous platform for its employees to develop their careers, professionalism, and advancement, the Group has formulated and strictly implemented its internal policies such as the "Staff Handbook" to standardise employee safety practices and code of conduct. The Human Resources Department of the Group and its subsidiaries are responsible for reviewing and updating the relevant internal policies in accordance with the latest laws and regulations. In FY2023/2024, the employment practices of the Group complied with the following relevant laws and regulations:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong);
- Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong); and
- Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong).

Recruitment and Promotion

Striving to uphold and realise the principle of "Openness, Fairness, Transparency, and Standardisation", the Group has implemented a set of transparent and defined procedures for developing annual recruitment plans during its recruitment processes. The Group performs probationary in accordance with its new-hired employees' capability. Besides, the Group offers fair and competitive remuneration and benefit packages with regard to the individual's past experiences, personal attributes, job experiences, and career aspirations. The Group also takes into account market benchmarks when determining its remuneration and benefits policies to attract and retain talents for the Group's development.

Environmental, Social and Governance Report

Compensation and Dismissal

As talent retention is vital to the Group's sustainable business development, the Group evaluates employees' performance on a regular basis while reviewing and updating the compensation packages for employees who have demonstrated satisfying performances and potentials in their positions.

The Group strictly prohibits any kind of unfair or illegitimate dismissal, with stringent policies formulated and specified in the Staff Handbook to regulate the procedures of dismissal. All appointments, promotions, or terminations of employment contracts are based on reasonable and lawful grounds. Specifically, the Group would verbally warn those employees whose working performances are not up to par or who constantly make mistakes before issuing official warning letters. For those who remain untamed despite verbal warnings or keep making the same mistakes repeatedly, the Group would dismiss the personnel according to relevant laws in Hong Kong. The breakdown of the Group's employee turnover in terms of age, gender, and geographical location is detailed in Table S4 in the **Appendix**.

Working Hours and Rest Periods

To ensure its employees are granted reasonable working hours and enjoy adequate rest periods, the Group has formulated internal policies in accordance with local employment laws and regulations. Specifically, the Group has developed and implemented an attendance management system to monitor its employees' working hours. Meanwhile, the Group provides extra pay or additional days off to employees who have worked overtime with approval. The Group respects the rights of employees to rest, and employees are entitled to leave benefits such as marriage leave, maternity leave, and compassionate leave in addition to basic paid annual leave and statutory holidays.

Equal Opportunity and Anti-discrimination

Being a company that promotes diversity and equality, the Group adheres to the Equal Opportunities Commission's Code of Practice and relevant laws and regulations. The Group makes decisions in training and promotion opportunities, dismissals and retirement policies based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job-related elements.

In addition to regulatory compliance, the Group is committed to creating a fair, respectful, and diverse working environment that makes collective decisions in an inclusive manner. The Group aims to facilitate the construction of a harmonious workplace and has zero tolerance for workplace violence, sexual harassment, and discrimination. To this end, the Group strictly implements its internal policies set out in the Staff Handbook to regulate its employment practices and human resources management. Employees are encouraged to report any concerns regarding discrimination or other grievances confidentially to the Human Resources Department.

Environmental, Social and Governance Report

Other benefits and welfare

The employees of the Group are entitled to benefits including employment injury insurance, fitness subsidies, examination subsidies, external training opportunities, festive bonuses, and gifts. Besides, the Group offers travelling benefits for its employees and their families. To reinforce the sense of belonging among its employees, the Group has established the Recreation Committee to organise various events for employees on a regular basis. The Group firmly believes that the sense of belonging is what allows employees to unleash their potentials, which subsequently enhance the Group's long-term competitiveness and success.

In FY2023/2024, the Group has focused on resuming its business operations and refining its business strategies in the evolved business environment. Hence, the Group did not organise any recreational activities for its employees during the year under review. However, the aspiration to arrange entertaining group activities such as the annual dinner and Christmas is always in mind. The Group is prepared to organise various types of employee activities in the coming years to raise their cohesion and create a happy working environment.

The Group has always attached great importance to its employees' welfare and is dedicated to adopting the human resource management practices which orient its employees, and in turn, has brought the Group numerous awards, praises and good recognition in the construction industry.

In FY2023/2024, the Group did not violate relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

As part of its corporate social responsibility, the Group upholds the "Safety First" principle and regards the health and safety of its employees and site workers as the top priority. As such, the Group has formulated a series of occupational health and safety policies that provide guidance on the prevention of work-related hazards and associated risks in offices and construction sites.

Law compliance

To ensure the health of employees is protected and the working environment is safe, the Group purchases liability insurance and compensation insurance for its employees, conducts safety training, and has established and implemented safety and health policies in accordance with relevant local laws and regulations, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong); and
- Employees' Compensation Ordinance (Cap 282 of the Laws of Hong Kong).

In FY2023/2024, the Group complied with the relevant laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

Environmental, Social and Governance Report

Safety Measures

Under the guidance of the Group's Corporate Occupational Safety and Health Policy, which came into effect in 2016, the Group has strictly implemented a set of monitoring and management policies regarding health and safety according to the Occupational Health and Safety Management (OHSAS 18001:2007). To improve occupational safety, the safety review officers conduct safety and health reviews for the Group twice a year, in which the effectiveness of the implementation of the Safety Management System is under review, whilst instruction, training, and supervision are provided to relevant employees in a timely manner. In addition, project supervisors, engineers, managers, and safety officers are responsible for conducting risk assessments before construction projects are started and implementing health and safety measures strictly during the construction processes.

To avoid workplace accidents, relevant warning labels and public memorandum regarding onsite health and safety are posted at construction sites. The Group strictly prohibits smoking, drugging, and drinking liquor in the workplace, which has been clearly set out in the Supplementary Document of the Employment Contract. Meanwhile, the Group prepares sufficient cool drinking water and spares well-ventilated resting areas at construction sites to protect its workers from heat stroke. To further protect its employees' health and safety at the workplace, the Group equips its onsite employees with suitable personal protective equipment ("**PPE**"), such as helmets, safety ropes, gloves, ear plugs, masks, etc. Besides, the Group arranges weekly safety inspections and regular safety work meetings to identify risky spots and take corrective measures.

In strict compliance with the local laws and regulations, including the Occupational Deafness (Compensation) Ordinance (Cap. 469 of the Laws of Hong Kong) and Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360 of the Laws of Hong Kong), the Group compensates the workers who unfortunately suffer from deafness or pneumoconiosis caused by the Group's construction works.

Emergencies Reporting Mechanism

To safeguard the health and safety of employees at the construction site, the Group has formulated and implemented relevant corporate policies stringently. In particular, the Group has established a sound reporting mechanism to handle emergencies and equipment malfunctions in a proper manner. The Group also requires its safety officers to perform an inspection tour every three months for the sake of ensuring the operations in the construction site are in full compliance with relevant standards, policies, and laws.

Intending to improve the emergency response capability of its workers, the Group conducts emergency response drills on a regular basis and provides safety training courses, including Emergency Management and Safe Operation, Site Safety, and Fire Safety, from time to time.

Occupational Safety and Health Training

The Group believes that attending qualified safety training effectively reduces workers' occupational health and safety risks and prevents accidents at the workplace. On top of that, the Labour Department of the Group strictly regulates that only persons who have been trained in basic safety courses and hold valid certificates (commonly known as "**Green Card**") can conduct construction operations. Therefore, the Group assigns project managers to check the attendance of its workers and contractors to compulsory safety training courses. Besides, the project managers are also responsible for ensuring that all workers and skilled operators hold legal licenses and are lawfully employable.

Environmental, Social and Governance Report

Safety Targets

The Group is committed to realising SDG 3: Good Health and Well-being throughout its operations. Attributed to the Group's unremitting efforts in constructing a safe working environment, there were zero work-related fatalities recorded in the past three years (including the reporting year). During the year under review, four workers were injured, leading to 429 lost days of work, with an injury rate of 58 per 1000 workers.

B.3. Development and training

Training and Development Management

The Group has always attached great importance to employee training and paid attention to the development of its employees. To equip its workers with advanced working skillsets and knowledge, the Group has formulated a set of internal regulations and policies such as staff training guidelines, induction training materials, and toolbox training records, which aim at enhancing the working performance of its employees.

For new hires, the Group offers them comprehensive induction training, which covers topics encompassing the Group's corporate culture, development opportunities, business processes, as well as health and safety highlights. Notably, the syllabus provided to new hires emphasises occupational health and safety, covering general duties of employees, personal safety, personal protective equipment, incident and accident reporting, as well as the handling procedure of electricity, portable electric tools, and hand tools. As for the experienced employees, in accordance with corporate and individual needs, non-scheduled profession-oriented courses are arranged. The Group strives to ensure that all its employees possess the necessary professional knowledge to complete their daily tasks in a safe manner and meet the continuous training hour requirements for annual professional qualifications via the provision of different types of training programmes.

To further enhance the professional skills and capabilities of its employees to meet the Group's long-term development goals, the Group highly encourages its employees to sign up for professional qualification examinations and enrol in external training to improve their competitiveness and broaden their horizons. Employees who take the professional qualification examinations and obtain vocational qualification certificates relevant to their roles are entitled to receive reimbursement from the Group. Meanwhile, the Group also partners with external organisations and experts to organise relevant training courses for its employees, covering a variety of topics including accounting, regulatory affairs, finance, and construction engineering.

In FY2023/2024, the Group did not arrange any training courses for its employees because the Group focused on business development to adapt to the new market environment in the post-pandemic era. Yet, in view of the gradually stable development status, the Group plans to restart its training schedules to strengthen its employees' competitiveness.

Environmental, Social and Governance Report

B.4. Labour standards

Dedicated to being a socially responsible enterprise, the Group stringently prohibits forced labour, child labour, and other potential exploitation of workers during its operations.

In FY2023/2024, the Group followed the principle of “Equality, Voluntariness, and Consensus” in its recruitment processes and complied with relevant laws and regulations, including the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) to prohibit any child and forced labour.

To combat illegal employment including child labour, underage workers, and forced labour, all job applicants are required to provide valid identity documents to demonstrate that they are lawfully employable prior to the confirmation of any employment. The Human Resources Department is responsible for ensuring the appearance of the job applicant aligns with its ID card and confirming the age of the applicant fulfils regulatory requirements, so as to avoid all kinds of illegal recruitment. Besides, the Human Resources Department strictly monitors the recruitment processes and ensures the compliance of corporate policies and practices with the latest laws regarding child labour and forced labour. Once the Group identifies any cases that are violating the labour standards, the Group will take immediate actions by terminating the involved employment contracts and relevant responsible employees for the recruitment will be disciplined.

In FY2023/2024, the Group complied with relevant laws and regulations regarding the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply chain management

Realising a sound supply chain management is a crucial part of the Group’s sustainability development, the Group has been unceasingly incorporating responsible practices into its collaboration with its key suppliers and constructing a reliable supply chain that takes environmental and societal impacts into consideration.

Supplier Engagement

The Group has formulated and implemented stringent internal policies pertaining to the selection of suppliers and sub-contractors to ensure the quality of goods and services provided meets the requirements of the Group and the expectations of customers, as well as fulfilling the environmental and safety standards. Project Managers of the Group are responsible for monitoring the selection procedures and reviewing the list of qualified suppliers and sub-contractors regularly. The Group takes the reputations, industry qualifications, reliability, and collaboration records of suppliers and sub-contractors into consideration during the selection processes. To ensure its procurement processes are fair and open, the Group selects at least two suppliers and compares their performance in terms of product quality and cost. For the selection of sub-contractors, a tender process is launched and at least two sub-contractors are selected for evaluation and comparison, enabling the Group to determine the most suitable sub-contractor in a comprehensive approach.

During the operational phase, the Group maintains smooth and ongoing communications with its suppliers and subcontractors through telephone calls and emails, so as to review their performance, understand their difficulties, collect their opinions, and exchange knowledge.

Environmental, Social and Governance Report

Supply Chain Risk Management

The Group values the environmental and social performances of suppliers and subcontractors and takes the view that their ESG commitments form the basis of long-term partnerships. To effectively manage and control the underlying environmental and social risks in the supply chain, the Group has implemented the following practices:

- Conduct interviews with suppliers, through which the Group assesses its suppliers' environmental performance and compliance, especially focusing on their significant environmental hazards in operations;
- Maintain close contact with its suppliers and sub-contractors to ensure that they are in full compliance with the local laws and regulations; and
- Require its suppliers and sub-contractors to meet the standards of regulatory compliance, employee rights, health and safety, and environmental protection.

To establish a stable and quality supply chain, assessments on suppliers and sub-contractors are carried out by the Project Managers of the Group while new suppliers and sub-contractors are selected for comparison and collaboration on a regular basis. The materials purchased from suppliers and the works performed by subcontractors are verified and monitored regularly by the relevant departments of the Group. Suppliers and sub-contractors will be suspended or removed from the approved list should they disregard the established standards of the Group or violate applicable environmental laws and regulations. The partnership will also be terminated once any acute disobediences to environmental and labour laws and regulations are discovered by the Group.

Green Procurement

Adhering to the principle of green procurement, the Group is dedicated to giving priority to local suppliers and subcontractors during the procurement process, in an effort to contribute to the local economy while lessening the negative environmental impacts associated with transportation processes. In addition, the Group considers machinery's energy efficiency during the procurement and prioritises the environmentally friendly ones. During the year under review, the Group's green procurement policies covered approximately 80% of its key suppliers.

In FY2023/2024, the Group collaborated with 56 suppliers located in Hong Kong, which mainly provided the Group with supplies of steel bars, cement, and transportation services. The aforementioned supplier engagement and management policies applied to all the Group's key suppliers, while the implementation of corresponding measures was monitored by Project Managers of the Group during the year under review.

B.6. Product responsibility

In FY2023/2024, the Group complied with relevant laws and regulations that have a significant impact on the Group with regard to product health and safety, advertising, labelling and privacy matters relating to products provided and method of redress, including but not limited to:

- Buildings Ordinance (Cap 123 of the laws of Hong Kong);
- Occupational Safety and Health Ordinance (Cap 509 of the laws of Hong Kong); and
- Construction Workers Registration Ordinance (Cap 583 of the laws of Hong Kong).

Environmental, Social and Governance Report

Quality Management System

In strict compliance with the instructions outlined in the Quality Management Systems Standard (ISO 9001:2008) and the Occupational Health and Safety Management (OHSAS 18001:2007), while following the Site Safety Handbook published by Hong Kong Housing Authority during its construction operations, the Group endeavours to create a working environment with zero accidents for all persons involved in the foundation works. Emphasising the health and safety of its employees throughout the construction projects, the Group only allows workers with relevant qualified site worker certificates and permits to enter the sites. Besides, the Group applies required environmental certificates for the equipment utilised onsite according to the Environmental Protection Department to ensure the quality and performance of its equipment.

With the intention to safeguard the project quality and ensure compliance with relevant laws and regulations, the Group has established an internal quality management system, in which, relevant departments of the Group are responsible for monitoring, inspecting, and reviewing the quality of the projects and conducting a series of tests before the completion and delivery of projects. An immediate and decisive action plan will be implemented to address and rectify the problems once any noncompliance with the Group's standards or relevant laws and regulations is identified.

Given the nature of its business development, the Group considers the establishment of recall procedures not applicable. Therefore, recall-related procedures and policies are not disclosed nor discussed in this ESG Report. In FY2023/2024, the Group did not encounter any products subject to recalls due to health and safety reasons.

Complaints Handling

The Group welcomes clients to provide feedback because their opinions allow the Group to identify room for improvement. Specifically, the Group has set up a specific department for the handling of the customers' feedback and complaints. The Group investigates its clients' satisfaction before and after the project completion through surveying, ensuring their expectations are fulfilled. Once any complaints filed by its clients are received, the Quality Control Department is responsible for confirming, analysing, and ranking issues in terms of materiality and severity. Then, the Quality Control Department formulates corrective and preventive plans targeting the reported issues. The clients will be noticed with the results in writing within a certain period.

Regarding the complaints concerning deferred payment and slight damage to the leased machinery, the Group will negotiate with relevant companies immediately, handle the complaints according to the contract statements, and solve the problems in a way that benefits all parties. Through a series of standardised procedures, the Group aspires to strengthen its ability to deal with various types of complaints in the future and prevent similar problems from occurring again, thereby enhancing its competitiveness and reputation in the industry. During the year under review, the Group did not receive any substantial complaints in relation to the product quality of the Group.

Environmental, Social and Governance Report

Customer Privacy Protection

In FY2023/2024, the Group complied with relevant laws and regulations, including the Personal Data (Privacy) Ordinance (Cap. 486 of The Laws of Hong Kong), Corporate Finance Consultant Code of Conduct, and other local regulations in terms of consumer data policy. The Group has always respected the privacy of its customers and formulated policies to prevent any leakages or breaches of customers' personal information.

To enhance data management, the Group has established assess authority to confidential data, in which, only authorised personnel can access that information and they shoulder the responsibility for protecting the information from misuse and unauthorised disclosure. In addition, the Group has formulated a series of internal guidelines and policies in the Compliance Manual, which are implemented and monitored by the Finance Department. All staff members of the Group, including directors, the management, and general staff, should not disclose any confidential information without prior authorisation nor use the information for purpose other than the ordinary conduct of the Group's business. Unauthorised sale of personal information is strictly prohibited. Furthermore, to prevent unauthorised data disclosure, exportation and copy, the Information Technology Department has set up obstructions between office and commercial networks. Through the internal training and confidential agreements signed with its employees, the Group stresses the conformance with confidentiality obligations and the legal consequences of the breaches of obligations among its employees.

In FY2023/2024, the Group did not receive any substantial complaints regarding data leakage or personal privacy breaches.

Intellectual Property Rights

As a construction contractor, the Group respects intellectual property rights and endeavours to protect its intellectual property rights. As such, the Group has implemented the following policies:

- The documentation rooms with commercial secrets are set as confidential areas where non-related personnel cannot enter and isolated from the ordinary area of operation;
- The Group make timely applications to register its new trademarks and product designs;
- External legal advisor and internal legal personnel are arranged to provide legal advice and prevent intellectual property infringement;
- In the employment contract, it has been agreed upon that when the staff with significant influence on the company's technical and economic rights and interests leaves the Group, he or she shall not operate or uphold any business that competes against the Group for a certain period; and
- When entering into a commercial contract for any external business activities, the Group needs to request a confidential agreement with other parties if necessary.

Environmental, Social and Governance Report

Advertising and Labelling

In strict compliance with the relevant legislations and code of conduct, the Group rigorously prohibits the publication of misleading or exaggerated advertising with false descriptions, claims, or illustrations about the Group and its products and services. The Group has formulated the sales and promotion guidelines to ensure that its advertisements and marketing materials are unbiased and correct. The Group only discloses accurate information to the customers, as well as acts stringently in line with local laws and regulations. The Legal Department of the Group is responsible for monitoring and reviewing the advertising and marketing materials before publication. Immediate corrective measures will be taken if the marketing practices fail to meet its internal requirements. Given the business nature, labelling is not applicable to the Group's business operations and therefore is not discussed in this ESG Report.

B.7. Anti-corruption

Reckoning the significance of maintaining a fair and ethical working environment for all its employees, the Group has zero tolerance for any behaviours associated with corruption or other misconduct. Employees at all levels are expected to uphold the Group's core values, behave in an ethical manner, and deliver service with integrity. In FY2023/2024, the Group did not violate any relevant laws and regulations in relation to bribery, extortion, fraud, and money laundering that have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615 of the laws of Hong Kong).

Anti-corruption

With the objective of maintaining a fair working environment for growth and development, the Group requires all its employees to strictly abide by professional ethics to avoid any practices related to corruption and bribery. The Group also requires its staff members, including directors, to understand and follow its internal policies, such as the Code of Conduct of Bribery (the "**Code**") in the Group's Compliance Manual.

Besides, the Group collaborated with the Independent Commission Against Corruption ("**ICAC**") to formulate anti-corruption plans in the past years. To facilitate an anti-corruption culture in the Group, the management of the Group is encouraged to attend seminars and training programmes provided by the ICAC, raising their knowledge and awareness in this regard.

Whistle-blowing Policy

The Group has set up an effective whistle-blowing policy to encourage employees to report suspected cases. Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details of the incident and supporting evidence. The Compliance Officer of the Group is responsible for handling and investigating cases regarding possible breaches of the Code. Any suspected cases of corruption or violation of the Ordinance should be escalated to the Board for consideration and a report should be made to the ICAC and the relevant authorities when the Board deems appropriate.

In FY2023/2024, the Group held a one hour internal training workshop, covering the introduction of the Internal Monitoring Handbook and Code of Conduct of Bribery, in which one executive director and three independent non-executive directors participated to strengthen their awareness of anti-corruption. During the year under review, there were zero concluding legal cases filed against the Group or its staff members regarding bribery, extortion, fraud, and money laundering.

Environmental, Social and Governance Report

COMMUNITY

B.8. Community investment

The Group pays great attention to its corporate social responsibility and is dedicated to practicing its corporate citizenship. The Group has been sparing no effort in making positive contributions to the society where it operates and supporting societal prosperity and well-being via participation in charitable events and collaboration with non-governmental organisations (“**NGOS**”). For instance, in previous years, the Group has worked on “Food Angel by Bo Charity Foundation” and participated in programmes that focus on poverty relief and youth development. Over the years, the Group has been committed to building a sound relationship with community members through social participation and contribution. As part of its strategic development, the Group incorporates the well-being of the local community into its business development approaches, striving to enhance the quality of life of citizens while enhancing its business performance.

In FY2023/2024, because the Group shifted its focus to business development to adapt to the new market environment in the post-pandemic era, the Group did not organise or participate in community activities and investment. However, the Group maintains its commitment to fulfil corporate social responsibility and is prepared to support the vulnerable groups of society.

Looking forward, the Group will unswervingly practice its corporate citizenship by allocating more resources to community investment while engaging in meaningful philanthropic events and charitable activities that bring positive influences on those who need us. To further facilitate the stability of the society and leverage all its strength to help the underprivileged and people in need, the Group is in the process of formulating a set of quantitative targets and indicators regarding its social contributions as well as inspiring its internal employees to be involved in public welfare activities.

Environmental, Social and Governance Report

APPENDIX

Table E1. The Group's Total Emissions by Category in FY2023/2024 and FY2022/2023^{9, 10}

Emission Category	Key Performance Indicator (KPI)	Unit	FY2023/2024		FY2022/2023	
			Amount	Intensity ¹ (Unit/ employee)	Amount ²	Intensity ² (Unit/ employee)
Air Emissions ³	SO _x	Kg	0.39	4.65 x 10 ⁻³	0.37	4.65 x 10 ⁻³
	NO _x	Kg	217.25	2.62	20.65	0.29
	PM	Kg	15.64	0.19	1.52	0.02
GHG Emissions	Scope 1 (Direct Emissions) ⁴	Tonnes of CO ₂ e	2,840.55	34.22	2,143.42	29.77
	Scope 2 (Energy Indirect Emissions) ⁵	Tonnes of CO ₂ e	19.23	0.23	15.97	0.22
	Scope 3 (Other Indirect Emissions) ⁶	Tonnes of CO ₂ e	0.74	0.01	0.48	0.01
	Total (Scope 1, 2 & 3)	Tonnes of CO ₂ e	2,860.51	34.46	2,159.87	30.00
Non-hazardous Waste	Solid wastes ⁷	Tonnes	166.00	2.00	110.00	1.53
	Wastewater ⁸	m ³	1,129.00	13.60	769.00	10.68

1 Intensity for FY2023/2024 was calculated by dividing the amount of air, GHG and other emissions respectively by the number of employees of 83 in FY2023/2024;

2 The amount and intensity in FY2022/2023 were extracted from the data in the ESG report for FY2022/2023;

3 The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;

4 The Group's Scope 1 (Direct Emissions) included the consumption of diesel in motor vehicles and diesel for industrial usage;

5 The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;

6 The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from electricity used for processing fresh water and sewage by government departments;

7 The solid wastes included excess mud from the construction work which was regarded as the major solid waste of operations;

8 The total amount of wastewater generated by the Group was primarily based on the direct measurement together with appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain;

9 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories;

10 The environmental data in the above table only includes the operations of the Group's subsidiaries, namely Triangular Force and TMP Machinery.

Environmental, Social and Governance Report

Table E2. Total Resource Consumption in FY2023/2024 and FY2022/2023⁴

Use of Resources	Key Performance Indicator (KPI)	Unit	FY2023/2024		FY2022/2023	
			Amount	Intensity ¹ (Unit/ employee)	Amount ²	Intensity ² (Unit/ employee)
Energy	Electricity	000' kWh	51.97	0.63	40.94	0.57
	Diesel	L	1,058,171.00	12,749.05	798,565.00	11,091.18
	TOTAL ³	000' kWh	11,377.83	137.08	8,588.17	119.28
Water	Water	m ³	1,129.00	13.60	769.00	10.68
Raw materials	Concrete	Tonnes	9,687.00	116.71	18,009.00	250.13

1 Intensity for FY2023/2024 was calculated by dividing the amount of resources that the Group consumed in FY2023/2024 by the number of employees of 83 in FY2023/2024;

2 The amount and intensity in FY2022/2023 were extracted from the data in the ESG report for FY2022/2023;

3 The methodology adopted for energy conversion and calculation conversion factors set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; and

4 The environmental data in the above table only includes the operations of the Group's subsidiaries, namely Triangular Force and TMP Machinery.

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Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Level, Geographical Location of The Group in FY2023/2024¹

Unit: Number of employees

Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Male	11	3	13	43	70
Female	1	4	2	6	13
Total	12	7	15	49	83

Gender	Position Level			Total
	General staff	Middle-level managers	Senior management and directors	
Male	52	11	7	70
Female	5	4	4	13
Total	57	15	11	83

	Employment type			Total
	Full time	Part time	Contract	
	29	0	54	83

Locations	Number of employees
Hong Kong	83
Total:	83

1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees, within the reporting boundary. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The number of employees stated in this ESG Report may be different from that in the Annual Report as the reporting boundary of this ESG Report only includes the data from Triangular Force and TMP Machinery. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Environmental, Social and Governance Report

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Location in FY2023/2024¹

Unit: Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Gender					
Male	2	4	16	32	54
Employee turnover rate	18.18%	133.33%	123.08%	74.42%	77.14%
Female	0	0	1	1	2
Employee turnover rate	0.00%	0.00%	50.00%	16.67%	15.38%
Total	2	4	17	33	56
Total employee turnover rate	16.67%	57.14%	113.33%	67.35%	67.47%

Locations	Geographical locations	
	Employee turnover	Employee turnover rate
Hong Kong	56	67.47%

1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees within the reporting boundary. Turnover rate was calculated by dividing the number of employees who resigned in FY2023/2024 by the number of employees in FY2023/2024. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S5. Number and Rate of Work-related Fatalities of the Group in Past Three Years¹

Year	FY2021/2022	FY2022/2023	FY2023/2024
Number of work-related fatalities	0	0	0
Rate of fatalities (per hundred workers)	0	0	0
Lost days due to work injuries	194	381	429

1 The injury and fatality information was obtained from the Group's Human Resources Department, within the reporting boundary. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Environmental, Social and Governance Report

THE REPORTING CONTENT INDEX FROM THE HKEX

Aspects	ESG Indicators	Description	Section/Explanation	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: 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. Hazardous wastes are those defined by national regulations.	Environmental sustainability	41
	KPI A1.1	The types of emissions and respective emissions data.	Appendix	63
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix	63
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental sustainability	42
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix	42
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental sustainability	45
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental sustainability	42

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Aspects	ESG Indicators	Description	Section/Explanation	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental sustainability	46
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix	64
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix	64
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental sustainability	49
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental sustainability	47
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental sustainability – Explained	46
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental sustainability	50
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental sustainability	50
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental sustainability	51
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental sustainability	51

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Aspects	ESG Indicators	Description	Section/Explanation	Page
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social sustainability	52
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Appendix	65
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix	66
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social sustainability	54
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social sustainability	56
	KPI B2.2	Lost days due to work injury.	Social sustainability	56
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social sustainability	55

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Aspects	ESG Indicators	Description	Section/Explanation	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Social sustainability	56
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social sustainability – explained	56
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social sustainability – explained	56
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social sustainability	57
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social sustainability	57
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social sustainability	57

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Aspects	ESG Indicators	Description	Section/Explanation	Page
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social sustainability	57
	KPI B5.1	Number of suppliers by geographical region.	Social sustainability	58
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social sustainability	57
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social sustainability	58
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social sustainability	58
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social sustainability	58
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social sustainability – Explained	59
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social sustainability	59
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social sustainability	60
	KPI B6.4	Description of quality assurance process and recall procedures.	Social sustainability	59
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social sustainability	60

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Aspects	ESG Indicators	Description	Section/Explanation	Page
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social sustainability	61
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social sustainability	61
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social sustainability	61
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social sustainability	61
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social sustainability	62
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social sustainability	62
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	No substantial resources contribution has been made in the reporting year.	—

The Directors present their annual report together with the audited consolidated financial statements of the Group for the Reporting Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. The Group also engaged in leasing of machinery. Details of the principal activities of the subsidiaries of the Company are set out in note 19 to the consolidated financial statements of this annual report.

There were no significant changes in the nature of the Group's principal activities during the Reporting Year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 154 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject to;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;

Directors' Report

- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

Pursuant to the Dividend Policy, the declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

RESULTS AND DIVIDENDS

The result of the Group for the Reporting Year and the financial position of the Company and of the Group as at 31 March 2024 are set out in the consolidated financial statements on pages 89 to 90 of this annual report.

The Board does not recommend the payment of a final dividend for the Reporting Year.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 25 July 2024 (the "2024 AGM"). For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 22 July 2024 to Thursday, 25 July 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 July 2024.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 6 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the Reporting Year are set out in note 17 to the consolidated financial statements of this annual report.

DONATION

No charitable donations was made by the Group during the Reporting Year (2023: HK\$Nil).

SHARE CAPITAL

Details of the Company's share capital is set out in note 32 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

Details of the Share Option Scheme is set out in note 35 to the consolidated financial statements.

For the Reporting Year, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

On 25 April 2024, the proposed termination of the previous share option scheme of the Company as adopted on 22 September 2017, and the proposed adoption of the new share option scheme of the Company, were duly approved by the shareholders of the Company by way of poll.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 34 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of the Cayman Islands which could oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the Reporting Year are set out in note 39 to the consolidated financial statements of this annual report. To the best knowledge of the Directors, none of these related party transactions fall under the definition of "connected transactions" in Chapter 20 of the GEM Listing Rules and disclosure requirements thereunder are not applicable.

DISTRIBUTABLE RESERVE

As at 31 March 2024, none of the Company's reserves were available for distribution to owners.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 40.8%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 86.4%.

During the Reporting Year, the percentage of the Group's largest supplier was approximately 13.1% of the total direct costs for the year, while the percentage of the Group's five largest suppliers accounted for approximately 45.9% of the total direct costs.

None of the Directors, or any of their closed associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the Reporting Year and up to the date of this annual report were as follows:

Executive Directors

Ms. Liu Ching Man (*re-designated from independent non-executive Director on 29 December 2023*)

Mr. Tang Kwai Leung Stanley (*Former Chairman*) (*resigned on 29 December 2023*)

Independent Non-executive Directors

Mr. He Dingding

Ms. Chan Tsz Hei Sammi

Mr. Ng Kim Lung (*appointed on 29 December 2023*)

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Director for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first annual general meeting of shareholders after their appointment and be eligible for re-election at such meeting.

Pursuant to Article 108 and 112 of the Company's articles of association, Ms. Liu and Mr. Ng will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election at the said meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 16 to 19 of this annual report.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 14 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the Reporting Year falls within the following band:

Remuneration band	Number of senior management
HK\$1,000,001 to HK\$1,500,000	4

REMUNERATION POLICY

The Company's remuneration policy (the "**Remuneration Policy**") comprises primarily a fixed component (in the form of a base salary) and variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the Remuneration Policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

Directors' Report

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2024 are set out in note 14 to the consolidated financial statements of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in note 39 to the consolidated financial statements of this annual report, no Directors or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Year.

MANAGEMENT CONTRACTS

As at 31 March 2024, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group, and reviewed by the Remuneration Committee. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares and debentures of the Company" below, at no time during the Reporting Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 March 2024, none of the Directors and chief executives of the Company has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL AND OTHER SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executives of the Company, as at 31 March 2024, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Number of shares of the Company held/ interested	Percentage of shareholding
Success Run International Limited ("Success Run")	Beneficial owner	33,675,000 ^(Note 1)	7.01%
Ms. Wong Fei Heung Terbe ("Ms. Wong")	Interest in controlled corporations	47,875,000 ^(Note 1)	9.97%

Note:

- Ms. Wong Fei Heung Terbe ("Ms. Wong") legally and beneficially owns the entire issued share capital of Success Run International Limited ("Success Run") and Lion Spring Enterprises Limited ("Lion Spring"), the latter of which hold 14,200,000 Shares, representing approximately 2.96% of the entire issued share capital of the Company. Therefore, Ms. Wong is deemed, or taken to be, interested in all the Shares held by Success Run and Lion Spring for the purpose of the SFO. Ms. Wong is the sole director of Success Run and the director of Lion Spring.

Save as disclosed above, as at 31 March 2024, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares, underlying shares and debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Directors' Report

PURCHASE, SALE OR REDEMPTION OR LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Year.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rule, or has any other conflict of interests with the Group during the Reporting Year.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" on pages 20 to 33 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Option Scheme" on page 75 of this annual report, there was no equity-linked agreement entered into by the Company during the Reporting Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, throughout the Reporting Year and prior to the issue of this annual report, the Company maintained a sufficient public float of at least 25% in the issued share capital of the Company pursuant to the GEM Listing Rules.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes for reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the independent non-executive Directors of the Company.

The summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the Reporting Year of the Group are set out in note 41 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the Reporting Year has been audited by RSM Hong Kong (“**RSM**”), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for the re- appointment of RSM as auditor of the Company.

ON BEHALF OF THE BOARD

China New Consumption Group Limited

Liu Ching Man

Executive Director

Hong Kong, 24 June 2024

Independent Auditor's Report



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TO THE SHAREHOLDERS OF CHINA NEW CONSUMPTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 89 to 153, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and, including material accounting policy information.

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



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 matters we identified are:

1. Recognition of revenue and cost from construction contracts and contract assets
2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses (“ECL”)

Key Audit Matter

How our audit addressed the Key Audit Matter

- | | |
|---|---|
| 1. Recognition of revenue and costs from construction contracts and contract assets | Our audit procedures to revenue recognition and costs from construction contracts and contract assets included the following: |
|---|---|

Refer to notes 8 and 22 to the consolidated financial statements.

As disclosed in note 8 to the consolidated financial statements, during the year ended 31 March 2024, the Group generated revenue of approximately HK\$131,149,000 (2023: HK\$129,514,000) from construction contracts. As disclosed in note 22 to the consolidated financial statements, the carrying amounts of contract assets for contract work of approximately HK\$26,094,000 (net of allowance for impairment loss of approximately HK\$12,716,000 (2023: HK\$21,074,000 (net of allowance for impairment loss of approximately HK\$13,979,000)) were recorded in the consolidated statement of financial position as at 31 March 2024.

The Group's main revenue is construction revenue from the provision of foundation works. The Group recognises contract revenue progressively over time using output method, based on direct measurements of the value of services delivered or surveys of work performed and the estimated total revenue for the contracts entered into by the Group. Contract costs are recognised when work is performed, together with any provisions for expected contract losses.

Management reviews and revises the estimates of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses.

1. Understanding and evaluating the design and implementation of key controls over the assessment process of revenue and cost recognition from construction contracts, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
2. Evaluating the outcome of prior period assessment of recognition of revenue and costs from construction contracts and contract assets to assess the effectiveness of management's estimation process;
3. Agreeing the total contract value to the contracts and variation orders, if any, to customers' instructions or other form of agreements or other correspondences, on a sample basis;
4. Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis;

Independent Auditor's Report



Key Audit Matter

The recognition of revenue and profit relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated and ascertained damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable.

We identified the recognition of revenue and cost from construction contracts and contract assets as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.

2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("ECL")

Refer to notes 6(c), 21 and 22 to the consolidated financial statements.

As disclosed in notes 6(c) and 21 to the consolidated financial statements, as at 31 March 2024, the Group's trade and retention receivables amounted to approximately HK\$21,016,000 (net of allowance for impairment loss of approximately HK\$15,374,000) (2023: HK\$26,534,000 (net of allowance for impairment loss of approximately HK\$15,233,000)). The net carrying amounts of trade and retention receivables which are past due amounted to approximately HK\$15,098,000 (2023: HK\$10,713,000). As disclosed in note 22 to the consolidated financial statements, the Group's contract assets amounted to approximately HK\$26,094,000 (net of allowance for impairment loss of approximately HK\$12,716,000) (2023: HK\$21,074,000 (net of allowance for impairment loss of approximately HK\$13,979,000)).

How our audit addressed the Key Audit Matter

5. Assessing the reasonableness of contract revenue recognised by inspecting the certificate of completion stage issued by customers, and comparing with payment application prepared by the in-house surveyor; and

6. Discussing with management the performance of contracts in progress during the year, on a sample basis, and challenging the key estimates and assumptions adopted in the forecasts for contract revenue and contract costs, including estimated costs to completion, the recognition of variation orders, the adequacy of contingency provisions and the assessment of potential liquidated and ascertained damages for contracts which were behind schedule, by obtaining and evaluating relevant information in connection the assumptions adopted, including contract agreements and subcontracts, correspondence with customers regarding contract variations and claims and by considering historical outcomes of similar contracts.

Our audit procedures to assess the impairment of trade and retention receivables and contract assets in respect of ECL included the following:

1. Understanding and evaluating the design and implementation of key controls over the collection and the impairment assessment of the trade and retention receivables and contract assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
2. Evaluating the outcome of prior period assessment of ECLs on trade and retention receivables and contract assets to assess the effectiveness of management's estimation process;
3. Assessing the external valuer's qualifications, experience and expertise and considering their objectivity and independence;

Independent Auditor's Report



Key Audit Matter

We identified the impairment of trade and retention receivables and contract assets as a key audit matter because the assessment of the impairment of trade and retention receivables and contract assets under ECL model is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.

As disclosed in note 6(c) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade and retention receivables and contract assets based on provision matrix, after considering internal credit ratings, ageing and past due status of respective trade and retention receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade and retention receivables that are credit impaired are assessed for ECL individually.

How our audit addressed the Key Audit Matter

4. Assessing whether trade and retention receivables and contract assets was appropriately grouped by management into categories with shared credit risk characteristics;
5. Testing on a sample basis the accuracy and completeness of the data used by management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data;
6. Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis;
7. Inspecting cash receipts from customers after the financial year end relating to trade and retention receivables and contract assets balances as at 31 March 2024, and subsequent progress billing after the financial year end relating to contract assets on a sample basis; and
8. With the assistance of external independent valuation experts:
 - (i) assessing the appropriateness of the impairment model used by the Group;
 - (ii) considering the appropriateness of forward-looking adjustments to historical loss rates;
 - (iii) testing inputs to the model to market data;
 - (iv) testing the calculation of historical loss rates; and
 - (v) testing the calculation of the expected credit loss provisions.

Independent Auditor's Report



OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

Independent Auditor's Report



As part of an audit in accordance with HKSAAs, 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.

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

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

Independent Auditor's Report



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

The engagement partner on the audit resulting in this independent auditor's report is Yu Kwok Keung.

RSM Hong Kong

Certified Public Accountants

Hong Kong

24 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	8	139,969	135,099
Cost of sales		(105,043)	(142,068)
Gross profit/(loss)		34,926	(6,969)
Other income, gains/(losses)	9	6,249	2,549
Administrative expenses		(29,117)	(20,058)
Allowance for impairment loss of financial assets, net		(1,076)	(1,383)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(3,337)	(1,456)
Profit/(loss) from operations		7,645	(27,317)
Finance costs	11	(518)	(569)
Profit/(loss) before tax		7,127	(27,886)
Income tax credit	12	490	797
Profit/(loss) for the year	13	7,617	(27,089)
Profit/(loss) for the year attributable to:			
Owners of the Company		8,351	(26,757)
Non-controlling interests		(734)	(332)
		7,617	(27,089)
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value change of financial assets at fair value through other comprehensive income ("FVTOCI")		(4,446)	44
Other comprehensive income for the year, net of tax		(4,446)	44
Total comprehensive income for the year		3,171	(27,045)
Total comprehensive income for the year attributable to:			
Owners of the Company		3,905	(26,713)
Non-controlling interests		(734)	(332)
		3,171	(27,045)
Profit/(loss) per share			(Restated)
Basic and diluted (cents)	16	2.21	(10.48)

Consolidated Statement of Financial Position

As at 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	17	38,558	50,569
Right-of-use assets	18	2,058	4,984
Financial assets at FVTOCI	20	3,698	8,144
Deferred tax assets	31	905	441
Prepayments	23	2,227	1,025
Total non-current assets		47,446	65,163
Current assets			
Trade and retention receivables	21	21,016	26,534
Contract assets	22	26,094	21,074
Deposits, prepayments and other receivables	23	7,906	3,529
Held for trading securities	24	17,140	5,076
Debt investments	25	7,589	1,564
Bank and cash balances	26	41,512	5,525
Total current assets		121,257	63,302
Current liabilities			
Trade and retention payables	27	30,008	32,244
Accruals and other payables	28	11,282	16,420
Bank and other borrowings	29	1,077	1,862
Lease liabilities	30	2,032	2,411
Current tax liabilities		–	41
Total current liabilities		44,399	52,978
Net current assets		76,858	10,324
Total assets less current liabilities		124,304	75,487
Non-current liabilities			
Lease liabilities	30	923	3,197
Total non-current liabilities		923	3,197
NET ASSETS		123,381	72,290
Capital and reserves			
Share capital	32	4,800	80,001
Reserves	34	118,581	(7,379)
Non-controlling interests		–	72,622 (332)
TOTAL EQUITY		123,381	72,290

Approved by the Board of Directors on 24 June 2024 and are signed on its behalf by:

Ms. Liu Ching Man
Executive Director

Mr. He Dingding
Independent non-executive Director

Consolidated Statement of Changes In Equity

For the year ended 31 March 2024

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Financial assets at FVTOCI reserve	Capital reserve	Retained profit/ (Accumulated losses)	Sub-total	Non-controlling interests	Total equity
	HK\$'000 (note 32)	HK\$'000 (note 34(b)(i))	HK\$'000 (note 34(b)(ii))	HK\$'000 (note 34(b)(iii))	HK\$'000 (note 34(b)(iv))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	27,000	56,252	22	-	-	(32,748)	50,526	-	50,526
Issuance of shares upon rights issue (note 32(i))	40,500	4,050	-	-	-	-	44,550	-	44,550
Transaction costs on issuance of shares upon rights issue (note 32(i))	-	(2,254)	-	-	-	-	(2,254)	-	(2,254)
Issuance of shares upon placing (note 32(iii))	12,501	(5,750)	-	-	-	-	6,751	-	6,751
Transaction costs on issuance of shares upon placing (note 32(iii))	-	(238)	-	-	-	-	(238)	-	(238)
Total comprehensive income for the year	-	-	-	44	-	(26,757)	(26,713)	(332)	(27,045)
Changes in equity for the year	53,001	(4,192)	-	44	-	(26,757)	22,096	(332)	21,764
At 31 March 2023	80,001	52,060	22	44	-	(59,505)	72,622	(332)	72,290
At 1 April 2023	80,001	52,060	22	44	-	(59,505)	72,622	(332)	72,290
Capital reduction, share premium reduction and share sub-division (note 32(v))	(78,401)	(52,060)	-	-	36,656	93,805	-	-	-
Issuance of shares upon rights issue (note 32(vii))	2,400	32,880	-	-	-	-	35,280	-	35,280
Transaction costs on issuance of shares upon rights issue (note 32(vii))	-	(867)	-	-	-	-	(867)	-	(867)
Issuance of shares upon placing (note 32(viii))	800	13,280	-	-	-	-	14,080	-	14,080
Transaction costs on issuance of shares upon placing (note 32(viii))	-	(573)	-	-	-	-	(573)	-	(573)
Acquisition of non-controlling interests	-	-	-	-	-	(1,066)	(1,066)	1,066	-
Total comprehensive income for the year	-	-	-	(4,446)	-	8,351	3,905	(734)	3,171
Changes in equity for the year	(75,201)	(7,340)	-	(4,446)	36,656	101,090	50,759	332	51,091
At 31 March 2024	4,800	44,720	22	(4,402)	36,656	41,585	123,381	-	123,381

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		7,127	(27,886)
Adjustments for:			
Depreciation on property, plant and equipment	17	6,794	7,272
Depreciation on right-of-use assets	18	2,648	2,591
Finance costs		518	569
Interest income		(1,206)	(91)
Loss/(gain) on disposals/write-off of property, plant and equipment	9	5,802	(115)
Gain on disposals of right-of-use assets	9	(230)	(30)
Fair value gain on disposals of held for trading securities	9	(10,600)	–
Allowance for impairment loss of financial assets, net		1,076	1,383
Change in fair value of held for trading securities		3,337	1,456
Other gains		(7)	(4)
Operating cash flows before working capital changes		15,259	(14,855)
Decrease/(increase) in trade and retention receivables		3,921	(2,912)
(Increase)/decrease in contract assets		(4,499)	2,714
(Increase)/decrease in deposits, prepayments and other receivables		(4,377)	(803)
(Decrease)/increase in trade and retention payables		(2,236)	(3,632)
(Decrease)/increase in accruals and other payables		(5,138)	6,793
Proceeds from trading held for trading securities		20,269	8,621
Purchase of held for trading securities		(25,070)	(15,255)
Cash used in operations		(1,871)	(19,329)
Income taxes (paid)/refunded, net		(15)	33
Interest paid		(460)	(547)
Net cash used in operating activities		(2,346)	(19,843)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(287)	(16,907)
Prepayment of intangible assets and property, plant and equipment		(1,500)	(1,025)
Proceeds from disposal of property, plant and equipment		–	91
Proceeds from disposals of right-of-use assets		230	30
Proceeds from disposal of insurance policies		–	8,863
Purchase of financial assets at FVTOCI		–	(8,100)
Purchase of debt investments		(7,450)	(1,500)
Proceeds from disposal of debt investments		1,500	–
Interest received		1,131	27
Net cash used in investing activities		(6,376)	(18,521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(58)	(94)
Repayments of bank and other borrowings		(785)	(3,363)
Repayments of promissory note		–	(3,000)
Repayments of lease liabilities		(2,368)	(2,803)
Issuance of share from rights issue		34,413	42,296
Issuance of share from placing		13,507	6,513
Net cash generated from financing activities		44,709	39,549
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,987	1,185
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,525	4,340
CASH AND CASH EQUIVALENTS AT END OF YEAR		41,512	5,525

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 3 January 2017. The address of its registered office is at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is Room 204, 2/F, Yue Shing Commercial Building, 15 Queen Victoria Street, Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Beaver Group (Holding) Company Limited changed to "State Innovation Holdings Limited". On 8 June 2023, the Company changed its English name from "State Innovation Holdings Limited" to "China New Consumption Group Limited".

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

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

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

(a) Application of new and revised HKFRSs

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

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules –
	Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

(Continued)

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

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

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

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

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

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

Impact on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

- (i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and
- (ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

(Continued)

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

Impact on application of Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (Continued)

Based on the management’s assessment, there was immaterial impact on the consolidated statement of financial position as at 1 April 2022, 31 March 2023 and 31 March 2024, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. The change primarily impacts disclosures of components of deferred tax assets and liabilities in Note 31, but does not impact the overall deferred tax balances presented on the consolidated statement of financial position as the related deferred tax balances qualify for offset under HKAS 12.

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

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

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

Based on the management’s assessment, there was immaterial impact on the statement of financial position as at 1 April 2022, 31 March 2023 and 31 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

(Continued)

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

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss unless the investment is classified as held for sale.

(b) Foreign currency translation

(i) Functional and presentation currency

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

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

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

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

(c) Property, plant and equipment

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

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

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

Land and buildings	4%
Leasehold improvement	4%
Plant and machinery	12.5% to 20%
Casing and equipment	20%
Motor vehicles	30%
Furniture, fixture and office equipment	33%

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Leases

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

(i) The Group as lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. 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. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. 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.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Leases (Continued)

(i) The Group as lessee (Continued)

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.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

(ii) The Group as lessor

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.

(e) Contract assets and contract liabilities

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

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

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Construction contracts

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method based on direct measurements of value of services delivered or surveys of work performed.

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

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

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

(g) Recognition and derecognition of financial instruments

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial assets

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

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest (“**SPPI**”). Interest income from the investment is calculated using the effective interest method.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“**FVTOCI**”) (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

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

(i) Trade, retention and other receivables

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

Trade, retention and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(l) Borrowings

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

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

(m) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9 and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(n) Trade and other payables

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Equity instruments

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

(p) Revenue and other income

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

(i) Construction contract income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in note 4(f) above.

(ii) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Interest income

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

(q) Employee benefits

(i) Employee leave entitlements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(q) Employee benefits (Continued)

(ii) Pension obligations

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

(iii) Termination benefits

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

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

(s) Government grants

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

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Taxation

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

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right of use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right of use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

(u) Impairment of non-financial assets

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

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

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

(v) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and retention receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

Significant increase in credit risk

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

Significant increase in credit risk (Continued)

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

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

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

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

Definition of default

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

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

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

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty; or
- a breach of contract, such as a default or past due event; or

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

Credit-impaired financial assets (Continued)

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

Write-off policy

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

Measurement and recognition of ECL

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(x) Events after the reporting period

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

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

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

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

Critical judgement in applying accounting policies

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

(a) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Critical judgement in applying accounting policies (Continued)

(a) Determining the lease term (Continued)

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 18 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(c) Significant increase in credit risk

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

Key sources of estimation uncertainty

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

(a) Revenue and profit recognition of construction contracts

As explained in policy notes 4(f) and 4(p), revenue from construction contracts are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Revenue and profit recognition of construction contracts (Continued)

Based on the Group's recent experience and the nature of construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 22 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year ended 31 March 2024, approximately HK\$131,149,000 (2023: HK\$129,514,000) of revenue from construction contracts was recognised.

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

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

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 March 2024 was approximately HK\$38,558,000 (2023: HK\$50,569,000) and approximately HK\$2,058,000 (2023: HK\$4,984,000) respectively.

(c) Impairment of trade and retention receivables and contract assets

The Group uses practical expedient in estimating ECL on trade and retention receivables and contract assets using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 March 2024, the carrying amount of trade and retention receivables and contract assets is approximately HK\$21,016,000 and HK\$26,094,000 (net of allowance for impairment loss of approximately HK\$15,374,000 and HK\$12,716,000) respectively.

As at 31 March 2023, the carrying amount of trade and retention receivables and contract assets is approximately HK\$26,534,000 and HK\$21,074,000 (net of allowance for impairment loss of approximately HK\$15,233,000 and HK\$13,979,000) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. For the year ended 31 March 2024, approximately HK\$490,000 of income tax (2023: HK\$797,000) was credited to profit or loss based on the estimated profit.

(e) Fair value measurement of financial investments

In the absence of quoted market prices in an active market, the Group has engaged independent professional qualified valuers to estimate the fair value of the Group's investment in unlisted equity securities measured at FVTOCI as at 31 March 2024.

The carrying amount of the investment in unlisted equity securities measured at FVTOCI as at 31 March 2024 was approximately HK\$3,698,000 (2023: HK\$8,144,000).

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities in HK\$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower:

- profit after tax for the year ended 31 March 2024 would increase/decrease by HK\$1,714,000, and loss after tax for the year ended 31 March 2023 would decrease/increase by HK\$508,000. This is mainly due to the changes in fair value of held-for-trading investments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

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

Trade and retention receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 7–60 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Retention receivables are usually due within 365 days from the date of completion of the projects. The Group's credit terms with its customers are mainly based on the contract terms. Normally, the Group does not obtain collateral from customers.

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

The following table provides information about the Group's exposure to credit risk and ECL for trade and retention receivables and contract assets as at 31 March 2024:

Trade receivables	Expected loss rate %	2024	Loss allowance HK\$'000
		Gross carrying amount HK\$'000	
Current (not past due)	6.30	4,920	310
1 – 30 days past due	8.29	3,159	262
31 – 60 days past due	9.49	527	50
61 – 90 days past due	N/A	–	–
More than 90 days past due	48.30	22,677	10,953
		31,283	11,575

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

Retention receivables	Expected loss rate %	2024 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	49.89	2,610	1,302
Up to 3 months	N/A	–	–
Over 6 months	100	2,497	2,497
		5,107	3,799

Contract assets	Expected loss rate %	2024 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	32.76	38,810	12,716

Trade receivables	Expected loss rate %	2023 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	14.75	18,116	2,672
1 – 30 days past due	20.18	446	90
31 – 60 days past due	23.36	976	228
61 – 90 days past due	23.61	4,549	1,074
More than 90 days past due	61.95	13,356	8,274
		37,443	12,338

Retention receivables	Expected loss rate %	2023 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	50.07	755	378
Up to 3 months	N/A	–	–
Over 6 months	70.52	3,569	2,517
		4,324	2,895

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For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

Contract assets	Expected loss rate %	2023	Loss allowance HK\$'000
		Gross carrying amount HK\$'000	
Current (not past due)	39.88	35,053	13,979

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

Movement in the loss allowance account in respect of trade and retention receivables and contract assets during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 April	29,212	34,090
Allowance for impairment losses recognised for the year	1,076	1,383
Amounts written off during the year	(2,198)	(6,261)
At 31 March	28,090	29,212

Other receivables

All of the Group's other receivables are considered to have low credit risk, and the allowance for impairment recognised during the year was therefore limited to 12-month expected losses. Management considers other receivables to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

As at 31 March 2024, there were 3 customers (2023: 3 customers) which individually contributed over 10% of the Group's trade and retention receivables respectively. The aggregate amounts of trade and retention receivables from these customers amounted to 63% of the Group's total trade and retention receivables as at 31 March 2024 (2023: 61%).

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For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

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

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

At 31 March 2024	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Trade and retention payables	30,008	–	–	30,008	30,008
Accruals and other payables	9,989	–	–	9,989	9,989
Bank and other borrowings	1,077	–	–	1,077	1,077
Lease liabilities	2,489	1,004	50	3,543	2,955
	43,563	1,004	50	44,617	44,029

At 31 March 2023	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Trade and retention payables	32,244	–	–	32,244	32,244
Accruals and other payables	15,882	–	–	15,882	15,882
Bank and other borrowings	1,862	–	–	1,862	1,862
Lease liabilities	2,877	3,192	608	6,677	5,608
	52,865	3,192	608	56,665	55,596

Bank and other borrowings with a repayment on demand clause are included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2024 and 2023, the aggregate undiscounted principal amounts of these bank and other borrowings with a repayment on demand clause amounted to approximately HK\$1,077,000 and HK\$1,862,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks and the lenders will exercise their discretionary rights to demand immediate repayment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The directors believe that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the repayment cash outflows are as below:

	Repayable within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total HK\$'000
At 31 March 2024				
Contractual undiscounted cash flows	898	207	–	1,105
At 31 March 2023				
Contractual undiscounted cash flows	901	826	193	1,920

(e) Interest rate risk

The Group's lease liabilities and bank and other borrowings of approximately HK\$4,032,000 (2023: HK\$7,396,000) bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

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

At 31 March 2024, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, profit after tax for the year would have been HK\$28,000 lower/higher (2023: loss before tax HK\$4,000 higher/lower), arising mainly as a result of net of lower/higher interest expenses on bank deposits and bank and other borrowings.

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For the year ended 31 March 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 March

	2024 HK\$'000	2023 HK\$'000
Financial assets:		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
– Held for trading	17,140	5,076
Financial assets at FVTOCI:		
Equity instruments	3,698	8,144
Financial assets at amortised costs (including cash and cash equivalents)	103,272	57,578
Financial liabilities:		
Financial liabilities at amortised cost	44,028	55,596

(g) Fair values

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

7. FAIR VALUE MEASUREMENTS

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March 2024 and 2023:

Description	Fair value measurements using: Level 1		Fair value measurements using: Level 3	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL:				
Listed securities in Hong Kong	17,140	5,076	-	-
Financial assets at FVTOCI:				
Unlisted equity securities	-	-	3,698	8,144
Total	17,140	5,076	3,698	8,144

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

	Financial assets at FVTOCI	
	2024 HK\$'000	2023 HK\$'000
At 1 April	8,144	8,761
Purchase	-	8,100
Disposal	-	(8,863)
Total gains or losses recognised		
in profit or loss	-	102
in other comprehensive income	(4,446)	44
At 31 March	3,698	8,144

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

Key unobservable inputs used in level 3 fair value measurements are mainly:

- weighted average cost of capital
- long-term revenue growth rate
- discount for lack of marketability

Level 3 fair value measurements							
Description	Valuation technique	Unobservable inputs	Range		Effect on fair value for increase of inputs	Fair value	
			2024 %	2023 %		2024 HK\$'000	2023 HK\$'000
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	13.3%	13.2%	Decrease	3,698	8,144
		Long-term revenue growth rate	2%	2.5%	Increase		
		Discount for lack of marketability	15.7%	15.7%	Decrease		
						Assets	

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE

(a) Disaggregation of revenue from contracts with customers by major service line for the year is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Construction contract income	131,149	129,514
Rental income from machinery	8,820	5,585
	139,969	135,099

The Group derives revenue from the construction contract and machinery rental over time in the following major service lines and geographical regions:

For the year ended 31 March	Construction contract income		Rental income from machinery		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Primary geographical markets						
– Hong Kong	131,149	129,514	8,820	5,585	139,969	135,099
Segment Revenue	131,149	129,514	8,820	5,585	139,969	135,099
Timing of revenue recognition						
– Over time	131,149	129,514	8,820	5,585	139,969	135,099

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

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

	Construction contracts	
	2024 HK\$'000	2023 HK\$'000
Within one year	128,439	88,700

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. OTHER INCOME, GAINS/(LOSSES)

	2024 HK\$'000	2023 HK\$'000
Gain on disposals of right-of-use assets	230	30
(Loss)/gain on disposals/write-off of property, plant and equipment	(5,802)	115
Fair value gain on disposals of held for trading securities	10,600	–
Government grants (note)	–	2,054
Insurance claims	–	231
Interest income	1,206	91
Others	15	28
	6,249	2,549

Note: During the year ended 31 March 2023, the Group recognised government grants of HK\$2,054,000 in respect of COVID-19 related subsidies, of which HK\$2,054,000 relates to Employment Support Scheme provided by the Hong Kong government.

10. SEGMENT INFORMATION

Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

As the Group is principally engaged in the provision of foundation work and machinery rental in Hong Kong, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the loss before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the year.

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of the total revenue of the Group is as below:

	2024 HK\$'000	2023 HK\$'000
Customer 1	57,136	46,677
Customer 2	24,168	20,913
Customer 3	15,650	19,261

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For the year ended 31 March 2024

11. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on:		
– bank and other borrowings	58	140
– lease liabilities	460	407
– promissory note payable	–	22
	518	569

12. INCOME TAX CREDIT

	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	–
Over-provision in prior years	(26)	–
	(26)	–
Deferred tax (note 31)	(464)	(797)
	(490)	(797)

No provision for Hong Kong Profits Tax is required since the assessable profits during the year ended 31 March 2024 has been fully offset by the tax loss brought forward from prior years (2023: No provision for Hong Kong Profits Tax is required since the Group has no assessable profits during the year ended 31 March 2023).

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

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

The reconciliation between the income tax credit and the product of profit/(loss) before tax multiplied by respective applicable tax rates is as follows:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before tax	7,127	(27,886)
Tax at the respective applicable tax rates	1,176	(3,472)
Tax effect of expenses that are not deductible	2,913	1,957
Tax effect of income that is not taxable	(298)	(1,157)
Tax effect of tax losses not recognised	146	1,874
Tax effect of utilisation of tax losses previously not recognised	(3,181)	–
Tax effect of temporary differences previously not recognised	(1,220)	1
Over-provision in prior years	(26)	–
Income tax credit	(490)	(797)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

13. PROFIT/(LOSS) FOR THE YEAR

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

	Note	2024 HK\$'000	2023 HK\$'000
Allowance for impairment loss of trade and retention receivables, net		1,597	1,610
Reversal of impairment loss of contract assets		(521)	(227)
Auditor's remuneration			
– Audit services		680	600
– Non-audit services		120	315
Costs of construction materials	(a)	800	915
Depreciation on property, plant and equipment		37,470	55,620
Depreciation on right-of-use assets		6,794	7,272
		2,648	2,591
Gain on disposals of right-of-use assets	(b)	9,442	9,863
Loss/(Gain) on disposals/write-off of property, plant and equipment, net		(230)	(30)
Operating lease charges		5,802	(115)
– Land and buildings	(c)	216	181
Staff costs including directors' emoluments			
– Salaries, bonuses, allowances and other benefits		47,446	43,405
– Retirement benefits scheme contributions		1,132	1,070
	(d)	48,578	44,475

Notes:

- (a) The amounts were included in cost of sales for the year.
- (b) The amounts included in cost of sales for the year ended 31 March 2024 and 31 March 2023 amounted to HK\$7,581,000 and HK\$8,291,000 respectively.
- (c) The amounts included in cost of sales for the year ended 31 March 2024 and 31 March 2023 amounted to HK\$80,630 and HK\$Nil respectively.
- The amounts included in contract assets as at 31 March 2024 and 2023 amounted to HK\$242,000 and HK\$208,000 respectively.
- (d) The amounts included in cost of sales for the year ended 31 March 2024 and 31 March 2023 amounted to HK\$34,686,000 and HK\$37,363,000 respectively.
- The amounts included in contract assets as at 31 March 2024 and 2023 amounted to HK\$3,601,000 and HK\$2,747,000 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. EMPLOYEE BENEFITS EXPENSE

	Note	2024 HK\$'000	2023 HK\$'000
Employee benefits expense:			
Basic salaries, bonuses, allowances and other benefits		47,446	43,405
Retirement benefits scheme contributions	(a)	1,132	1,070
		48,578	44,475

Notes:

(a) Retirement benefits scheme contributions:

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme. No forfeited contribution is available for use by the Group to reduce the existing level of contributions for the year ended 31 March 2024.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

(b) Directors' emoluments:

For the year ended 31 March 2024	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive Directors					
Ms. Liu Ching Man (note (i))	90	135	–	4	229
Mr. Tang Kwai Leung, Stanley (note (ii))	–	850	–	14	864
Independent Non-executive Directors					
Mr. He Dingding	120	–	–	–	120
Ms. Chan Tsz Hei Sammi	120	–	–	–	120
Mr. Ng Kim Lung (note (iii))	30	–	–	–	30
Total	360	985	–	18	1,363

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For the year ended 31 March 2024

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

(b) Directors' emoluments: (Continued)

For the year ended 31 March 2023	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				Total HK\$'000
	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
Executive Directors					
Mr. Chui Koon Yau (note (iv))	–	657	–	14	671
Mr. Tang Kwai Leung, Stanley (note (ii))	–	876	–	18	894
Independent Non-executive Directors					
Mr. He Dingding	120	–	–	–	120
Ms. Chan Tsz Hei Sammi	120	–	–	–	120
Ms. Liu Ching Man (note (i))	120	–	–	–	120
Total	360	1,533	–	32	1,925

Notes:

- (i) Ms. Liu Ching Man was re-designated from an independent non-executive director to executive director on 29 December 2023. The director fee of HK\$90,000 represents her emoluments as an independent non-executive director. The remaining HK\$139,000 represents her emoluments as an executive director.
- (ii) Mr. Tang Kwai Leung, Stanley resigned as an executive director on 29 December 2023.
- (iii) Mr. Ng Kim Lung was appointed as an independent non-executive director on 29 December 2023.
- (iv) Mr. Chui Koon Yau resigned as an executive director on 12 January 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

(c) Five highest paid individuals:

The five highest paid individuals in the Group during the year included one director (2023: two) whose emoluments are reflected in the analysis presented above. The aggregate emoluments of the remaining four (2023: three) individuals are set out below:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, bonuses, allowances and other benefits	7,039	2,631
Retirement benefits scheme contributions	72	36
	7,111	2,667

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Nil to HK\$1,000,000	–	3
HK\$1,000,001 – HK\$1,500,000	4	–

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

None of the directors waived or agreed to waive any emoluments during the years ended 31 March 2024 and 2023.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the directors of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(e) Director's termination benefits

None of the directors of the Company received any termination benefits during the year ended 31 March 2024 (2023: Nil).

(f) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2024, the Company did not pay considerations to any third parties for making available directors' services (2023: Nil).

(g) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 March 2024, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and the directors' connected entities (2023: Nil).

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For the year ended 31 March 2024

15. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend (2023: HK\$Nil).

16. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted profit/(loss) per share attributable to the owners of the Company is based on the following:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) attributable to owners of the Company	8,351	(26,757)
Number of shares	'000	'000 (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted profit/(loss) per share	378,294	255,243

The calculation of the basic and diluted profit/(loss) per share is based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares after adjusting the effect of the rights issue in August 2023 and placing in January 2024.

The corresponding weighted average number of ordinary shares for the year ended 31 March 2023 has been retrospectively adjusted to reflect the rights issue. Details of rights issue completed during the year is set out in note 32.

The weighted average number of ordinary shares used as denominators in calculating the basic and diluted profit per share are the same.

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17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Land and buildings HK\$'000	Plant and machinery HK\$'000	Casing and equipment HK\$'000	Motor vehicles HK\$'000	Furniture, fixture and office equipment HK\$'000	Total HK\$'000
Cost							
As at 1 April 2022	–	–	46,303	71,856	1,081	180	119,420
Additions	–	16,251	650	637	–	19	17,557
Disposal	–	–	–	(150)	(431)	–	(581)
As at 31 March 2023 and 1 April 2023	–	16,251	46,953	72,343	650	199	136,396
Additions	331	113	–	–	105	36	585
Written off	–	–	(9,957)	–	–	–	(9,957)
As at 31 March 2024	331	16,364	36,996	72,343	755	235	127,024
Accumulated depreciation							
As at 1 April 2022	–	–	27,163	50,666	1,027	154	79,010
Charge for the year	–	460	1,957	4,839	–	16	7,272
Disposal	–	–	–	(24)	(431)	–	(455)
As at 31 March 2023 and 1 April 2023	–	460	29,120	55,481	596	170	85,827
Charge for the year	13	653	2,457	3,629	16	26	6,794
Written off	–	–	(4,155)	–	–	–	(4,155)
As at 31 March 2024	13	1,113	27,422	59,110	612	196	88,466
Carrying amount							
As at 31 March 2024	318	15,251	9,574	13,233	143	39	38,558
As at 31 March 2023	–	15,791	17,833	16,862	54	29	50,569

At 31 March 2024, the carrying amount of property, plant and equipment pledged as security for the Group's bank and other borrowings amounted to HK\$Nil (2023: HK\$2,673,000).

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For the year ended 31 March 2024

18. RIGHT-OF-USE ASSETS

	Motor Vehicles HK\$'000	Leased properties HK\$'000	Total HK\$'000
At 1 April 2022	2,246	4,638	6,884
Additions	–	691	691
Depreciation	(1,050)	(1,541)	(2,591)
At 31 March 2023 and 1 April 2023	1,196	3,788	4,984
Depreciation	(922)	(1,726)	(2,648)
Disposal	–	(278)	(278)
At 31 March 2024	274	1,784	2,058

Lease liabilities of HK\$2,955,000 (2023: HK\$5,608,000) are recognised with related right-of-use assets of HK\$2,058,000 (2023: HK\$4,984,000) as at 31 March 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2024 HK\$'000	2023 HK\$'000
Depreciation expenses on right-of-use assets	2,648	2,591
Interest expense on lease liabilities (included in finance cost)	460	407
Expenses relating to short-term lease (included in contract assets, cost of goods sold and administrative)	216	181

Details of total cash outflow for leases is set out in note 36(c).

For both years, the Group leases various offices, warehouses and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 4 years (2023: 1 year to 4 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. INVESTMENTS IN SUBSIDIARIES

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

Name	Place of incorporation/ registration and operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing		Principal Activities
			Direct	Indirect	
Everest Enterprise Company Limited (" Everest Enterprise ")	BVI	US\$100	100%	–	Investing holding
Triangular Force Construction Engineering Limited (" Triangular Force ")	Hong Kong	HK\$10,000	–	100%	Provision of foundation works and machinery rental services
TMP Machinery Engineering Limited (" TMP Machinery ")	Hong Kong	HK\$10,000	–	100%	Provision of management service for construction work
Longson Enterprise Development Company Limited (" Longson ")	Hong Kong	HK\$2,000	–	100%	Provision of machinery rental service and investment in securities
Goldstone Communications Limited(*) (" GCL ")	Hong Kong	HK\$100	100%* (2023: 51%)	–	Public relation services, brand building and marketing services
Goldstone Finance Limited (" GFL ")	Hong Kong	HK\$1,000,000	100%	–	Investment holding
Greater Bay Area Development Group Limited (#) (" GBA ")	Hong Kong	HK\$10,000,000	100%# (2023: Nil)	–	Dormant
北京紐默森網絡科技有限公司	The People's Republic of China	RMB1,000,000	–	100%	Dormant

Notes:

* On 8 December 2023, the company acquired the remaining 49% of the shares of GCL at the consideration of HK\$1.

On 20 October 2023, GBA was newly incorporated and the Company held 51% of its equity interest. On 8 December 2023, the company acquired the remaining 49% of the shares at a consideration of HK\$1.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

20. FINANCIAL ASSETS AT FVTOCI

	2024 HK\$'000	2023 HK\$'000
Financial assets at FVTOCI:		
Unlisted equity securities (note (i))	3,698	8,144
Analysed as:		
Non-current assets	3,698	8,144

The financial assets at FVTOCI are denominated in HK\$.

Note:

- (i) It represents investment in Central Champion Holding Limited incorporated in BVI and owned 14.23% (2023: 14.23%) equity interests in that company. The Group is unable to exercise significant influence over that company and the investment is classified as financial assets at FVTOCI.

21. TRADE AND RETENTION RECEIVABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade receivables	(a)	31,283	37,443
Allowance for impairment loss		(11,575)	(12,338)
		19,708	25,105
Retention receivables (note)	(b)	5,107	4,324
Allowance for impairment loss		(3,799)	(2,895)
		1,308	1,429
		21,016	26,534

Note: Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycles.

- (a) The Group receives progress billings from contract customers. The credit terms generally range from 7 to 60 days from the date of billing. Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The ageing analysis of trade receivables, based on the progress payment, and net of allowance for impairment loss is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	4,610	15,444
31 to 60 days	2,897	356
61 to 90 days	477	748
Over 90 days	11,724	8,557
	19,708	25,105

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

21. TRADE AND RETENTION RECEIVABLES (Continued)

(a) (Continued)

Movement in allowance for impairment loss of trade receivables is as follows:

	HK\$'000
At 1 April 2022	15,631
Allowance for the year	2,968
Written off	(6,261)
At 31 March 2023 and 1 April 2023	12,338
Reversal of allowance for the year	(168)
Written off	(595)
At 31 March 2024	11,575

The carrying amounts of the Group's trade receivables are denominated in HK\$.

(b) The ageing analysis of retention receivables based on invoice date, and net of allowance for impairment loss is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	1,308	377
Between 1 to 2 years	–	18
Between 2 to 5 years	–	1,034
	1,308	1,429

Movement in allowance for impairment loss of retention receivables is as follows:

	HK\$'000
At 1 April 2022	4,253
Reversal of allowance for the year	(1,358)
At 31 March 2023 and 1 April 2023	2,895
Allowance for the year	1,765
Written off	(861)
At 31 March 2024	3,799

The carrying amounts of the Group's retention receivables are denominated in HK\$.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

22. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Contract assets arising from:		
Performance under construction contracts	15,243	10,096
Less: Allowance for impairment loss	(960)	(1,489)
	14,283	8,607
Retention receivables from contracts with customers	23,567	24,957
Less: Allowance for impairment loss	(11,756)	(12,490)
	11,811	12,467
	26,094	21,074

As at 31 March 2024, all contract assets were expected to be billed within one year (2023: one year).

Movement in allowance for impairment loss of contract assets is as follows:

	HK\$'000
At 1 April 2022	14,206
Reversal of allowance for the year	(227)
At 31 March 2023 and 1 April 2023	13,979
Reversal of allowance for the year	(521)
Written off	(742)
At 31 March 2024	12,716

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. Additionally, the Group typically agrees 6 months – 1 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the year-end date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	3,072	1,673
Other receivables	7,061	2,881
Total deposits, prepayments and other receivables	10,133	4,554
Analyzed as:		
Current assets	7,906	3,529
Non-current assets	2,227	1,025
	10,133	4,554

24. HELD FOR TRADING SECURITIES

	2024 HK\$'000	2023 HK\$'000
Equity securities, at fair value		
Listed in Hong Kong	17,140	5,076

The carrying amount of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of listed securities are based on current bid prices.

25. DEBT INVESTMENTS

		2024 HK\$'000	2023 HK\$'000
At amortised cost			
Bond	(i)	–	1,564
Loan receivable	(ii)	5,039	–
Promissory notes	(iii)	2,550	–
		7,589	1,564

- (i) As at 31 March 2023, the Group subscribed a bond issued by an indirect wholly-owned subsidiary of a listed company in Hong Kong, and carry fixed interest at 2% per month for the first to third month, 2.5% per month for the fourth and sixth month and 3% for the seventh to ninth month, and matured in October 2023. The principal and interests were settled on 16 June 2023 by the issuer.
- (ii) As at 31 March 2024, the Group entered into a loan agreement with a company listed in Hong Kong. The loan is unsecured, carries a fixed interest rate at 9% per annum and will be settled on 3 March 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

25. DEBT INVESTMENTS (Continued)

- (iii) As at 31 March 2024, the Group had subscribed to two promissory notes issued by unlisted companies in Hong Kong. The promissory notes are unsecured, carry a fixed interest rate at 12% per annum and will mature on 28 November 2024, with being guaranteed by the beneficial owners of the issuers.

26. BANK AND CASH BALANCES

Bank and cash balances are denominated in HK\$.

27. TRADE AND RETENTION PAYABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade payables	(a)	27,860	30,096
Retention payables (note)	(b)	2,148	2,148
		30,008	32,244

Note: Retention payables are included in current liabilities as the Group expects to realise these within its normal operating cycles.

- (a) The ageing analysis of trade payables, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	5,000	3,989
31 to 60 days	3,501	5,207
61 to 90 days	2,410	970
Over 90 days	16,949	19,930
	27,860	30,096

The carrying amounts of the Group's trade payables are denominated in HK\$.

- (b) Retention payables from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

The carrying amounts of the Group's retention payables are denominated in HK\$.

28. ACCRUALS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accruals	8,230	14,217
Other payables	3,052	2,203
	11,282	16,420

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

29. BANK AND OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings – unsecured	1,077	1,788
Other borrowings – secured (note a)	–	74
	1,077	1,862

In the consolidated statement of financial position, bank and other borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities. Based on the scheduled repayment set out in the banking facility agreements, the maturity of obligations under bank and other borrowings are as follows:

	2024 HK\$'000	2023 HK\$'000
On demand or within one year	871	862
More than one year, but not exceeding two years	206	808
More than two years, but not exceeding five years	–	192
	1,077	1,862
Less: Amount due for settlement within 12 months	(871)	(862)
	206	1,000
Represented by:		
Amount due for settlement after 12 months	–	–
Portion of bank and other borrowings that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	206	1,000

The bank and other borrowings are guaranteed by the Company.

Note (a): As at 31 March 2023, the other borrowings of approximately HK\$74,000 were secured by a charge over the property, plant and equipment of the Group with a carrying amount of HK\$2,673,000.

The average interest rates per annum at 31 March were as follows:

	2024	2023
Bank and other borrowings	3.63%	1.82%

As at 31 March 2024, bank and other borrowings of approximately HK\$1,077,000 (2023: HK\$1,788,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk, other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

30. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	2,489	2,877	2,032	2,411
In the second year	1,004	3,192	874	2,606
In the third to fifth years, inclusive	50	608	49	591
	3,543	6,677	2,955	5,608
Less: Future finance charges	(588)	(1,069)	–	–
Present value of lease obligations	2,955	5,608	2,955	5,608
Less: Amount due for settlement within 12 months (shown under current liabilities)			(2,032)	(2,411)
Amount due for settlement after 12 months			923	3,197

All lease liabilities are denominated in HK\$.

The incremental borrowing rates applied to lease liabilities range from 2.00% to 5.63% (2023: from 2.00% to 13.60%).

At 31 March 2024, the Group's lease liabilities of approximately HK\$Nil (2023: HK\$200,000) were guaranteed by the Company.

It is the Group's policy to lease certain of its property, plant and equipment. The average lease term is 5 years for the year ended 31 March 2024 and 2023 respectively. At the end of each lease term, the Group has the option to purchase the property, plant and equipment at nominal prices.

As at 31 March 2024 and 2023, all lease liabilities bear fixed interest rate at the contract date and thus expose the Group to fair value interest rate risk.

None of the portion of lease liabilities due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

31. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
As at 1 April 2022	(6,178)	5,822	(356)
Credit/(charge) for the year (note 12)	797	–	797
As at 31 March 2023 and 1 April 2023	(5,381)	5,822	441
Credit/(charge) for the year (note 12)	1,858	(1,394)	464
As at 31 March 2024	(3,523)	4,428	905

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	4,428	5,822
Deferred tax liabilities	(3,523)	(5,381)
	905	441

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$32,039,087 (2023: HK\$48,884,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$4,428,000 (2023: HK\$5,822,000) of such losses. Unused tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. SHARE CAPITAL

	Note	2024		2023	
		Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:					
At the beginning of the reporting period, ordinary shares of HK\$0.5 each for 2022 and 2023 respectively		400,000,000	200,000	200,000,000	100,000
Increase of authorised share capital	(ii)	–	–	200,000,000	100,000
Increase of authorised share capital	(iv)	500,000,000	250,000	–	–
Capital reduction, share premium reduction and share sub-division	(v)	44,100,000,000	–	–	–
At the end of the reporting period, ordinary shares of HK\$0.5 each for 2023 and HK\$0.01 each for 2024 respectively		45,000,000,000	450,000	400,000,000	200,000
Issued and fully paid:					
At the beginning of the reporting period, ordinary shares of HK\$0.5 each for 2022 and 2023 respectively		160,001,378	80,001	54,000,000	27,000
Capital reduction, share premium reduction and share sub-division	(v)	–	(78,401)	–	–
Issuance of shares upon rights issue	(i)	–	–	81,000,000	40,500
Issue of shares upon placement	(iii)	–	–	25,001,378	12,501
Issuance of shares upon rights issue	(vi)	240,002,067	2,400	–	–
Issue of shares upon placement	(vii)	80,000,000	800	–	–
At the end of the reporting period, ordinary shares of HK\$0.5 each for 2023 and HK\$0.01 each for 2024 respectively		480,003,445	4,800	160,001,378	80,001

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. SHARE CAPITAL (Continued)

Notes:

- (i) On 3 May 2022 the Company issued 81,000,000 ordinary shares upon completion of the rights issue on the basis of 3 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK\$0.55 per rights share. The gross proceeds from the rights issue were approximately HK\$44,550,000. The net proceeds after deducting related expenses of approximately HK\$2,254,000 were approximately HK\$42,296,000.
- (ii) On 23 September 2022, the Company increased its authorised share capital from 200,000,000 shares into 400,000,000 shares.
- (iii) On 2 December 2022, the Company issued 25,001,378 ordinary shares upon completion of the placing. The placing shares have been successfully placed by the placing agent to not less than six places at the placing price of HK\$0.27 per placing share. The net proceeds after deducting related expenses of approximately HK\$238,000 were approximately HK\$6,513,000.
- (iv) On 12 April 2023, the Company increased its authorised share capital from 400,000,000 shares into 900,000,000 shares.
- (v) On 30 June 2023, an order confirming the Capital reduction and the minute approved by the Court from Cayman Islands containing the particulars required under the Companies Act with respect to the Capital reduction were filed and duly registered with the Registrar of Companies in the Cayman Islands. The nominal value of each of the Company's issued share was reduced from HK\$0.5 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each issued share and the existing issued share capital of HK\$80,001,000 was reduced by approximately HK\$78,401,000 to approximately HK\$1,600,000 comprising 160,001,378 shares of HK\$0.01 each with effect from 6 July 2023.

As a result, (i) an amount of approximately HK\$52,060,000 share premium was reduced; (ii) an amount of approximately HK\$93,805,000 was credited to accumulated losses; and (iii) the balance of approximately HK\$36,656,000 was credited to capital reserve on 6 July 2023.

Upon the completion of capital reduction effective on 6 July 2023, the number of authorised shares of the Company was increased from 900,000,000 ordinary shares of HK\$0.5 each to 45,000,000,000 ordinary shares of HK\$0.01 each. Each share ranks pari passu in all respects.

- (vi) On 3 August 2023, the Company issued 240,002,067 ordinary shares upon completion of the rights issue on the basis of 3 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK\$0.147 per rights share. The net proceeds after deducting related expenses of approximately HK\$867,000 were approximately HK\$34,413,000.
- (vii) On 8 February 2024, the Company issued 80,000,000 ordinary shares upon completion of the placing. The placing shares have been successfully placed by the placing agent to not less than six places at the placing price of HK\$0.176 per placing share. The net proceeds after deducting related expenses of approximately HK\$573,000 were approximately HK\$13,507,000.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. SHARE CAPITAL (Continued)

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

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by total equity. Total debt comprises lease liabilities and bank and other borrowings. Adjusted capital comprises all components of equity, retained earnings and other reserves except for non-controlling interests.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings. As at 31 March 2024, 90.03% (2023: 57.65%) of the shares were in public hands.

The debt-to-adjusted capital ratios at 31 March 2024 and at 31 March 2023 were as follows:

	2024 HK\$'000	2023 HK\$'000
Lease liabilities	2,955	5,608
Bank and other borrowings	1,077	1,862
Less: cash and cash equivalents	(41,512)	(5,525)
Net (cash)/debts	(37,480)	1,945
Adjusted capital	123,549	72,622
Debt-to-adjusted capital ratio	N/A*	2.7%

The decrease in the debt-to-adjusted capital ratio during 2024 resulted primarily from proceed of the rights issue and placing of shares.

* As at 31 March 2024, bank and cash equivalents amounted to approximately HK\$41,512,000, which exceed total debt of approximately HK\$4,032,000. Accordingly, there was no net debt at 31 March 2024 and calculation of debt-to-equity ratio at 31 March 2024 is not meaningful.

Notes to the Consolidated Financial Statements

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

(a) Statement of financial position of the Company

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment in subsidiaries		11,001	1,001
Current assets			
Prepayment		2,625	406
Debt investments		2,550	1,564
Held for trading securities		9,061	–
Due from subsidiaries		19,711	7,462
Bank and cash balances		24,739	874
		58,686	10,306
Current liabilities			
Due to a subsidiary		1	1
Accruals		488	1,107
		489	1,108
Net current assets		58,197	9,198
NET ASSETS		69,198	10,199
Capital and reserves			
Share capital	32	4,800	80,001
Reserves	33(b)	64,398	(69,802)
TOTAL EQUITY		69,198	10,199

Approved by the Board of Directors on 24 June 2024 and are signed on its behalf by:

Ms. Liu Ching Man
Executive Director

Mr. He Dingding
Independent non-executive Director

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

(Continued)

(b) Reserve movement of the Company

	Share premium HK\$'000 (note 34(b)(i))	Capital Reserve HK\$'000 (note 34(b)(iv))	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2022	56,252	–	(85,275)	(29,023)
Issuance of shares upon rights issue (note 32(i))	4,050	–	–	4,050
Transaction costs on issuance of shares upon rights issue (note 32(i))	(2,254)	–	–	(2,254)
Issuance of shares upon placing (note 32(iii))	(5,750)	–	–	(5,750)
Transaction costs on issuance of shares upon placing (note 32(iii))	(238)	–	–	(238)
Total comprehensive income for the year	–	–	(36,587)	(36,587)
Change in the equity for the year	(4,192)	–	(36,587)	(40,779)
As at 31 March 2023 and 1 April 2023	52,060	–	(121,862)	(69,802)
Capital reduction, share premium reduction and share sub-division (note 32(v))	(52,060)	36,656	93,805	78,401
Issuance of shares upon rights issue (note 32(vi))	32,880	–	–	32,880
Transaction costs on issuance of shares upon rights issue (note 32(vi))	(867)	–	–	(867)
Issuance of shares upon placing (note 32(vii))	13,280	–	–	13,280
Transaction costs on issuance of shares upon placing (note 32(vii))	(573)	–	–	(573)
Total comprehensive income for the year	–	–	11,079	11,079
Change in the equity for the year	(7,340)	36,656	104,884	134,200
As at 31 March 2024	44,720	36,656	(16,978)	64,398

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. RESERVES

(a) Reserves of the Group

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

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law 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 dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve represented the aggregate of paid-in capital of Triangular Force, TMP Machinery and Longson, subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK\$1 each respectively.

(iii) Financial assets at FVTOCI reserve

The financial assets at reserve comprises the cumulative net change in the fair value of financial assets as held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(h) to the consolidated financial statements.

(iv) Capital reserve

The capital reserve represents the capital reduction, share premium reduction and share sub-division of the Company on 5 July 2023.

35. SHARE-BASE PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 22 September 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

35. SHARE-BASE PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

No share option was granted during the years ended 31 March 2024 and 2023. As at 31 March 2024 and 2023, there were no outstanding share options issued under the Scheme.

The Scheme was terminated and a new share option scheme was adopted on 25 April 2024 as approved by the shareholders of the Company by way of poll.

36. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Additions to right-of-use assets during the year of HK\$Nil (2023: HK\$691,000) were financed by lease liabilities.

(b) Reconciliation of liabilities arising from financing activities

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

	Decrease in lease liabilities		Cash flows	Interest expenses	31 March 2024
	1 April 2023 HK\$'000	from early termination HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank and other borrowings (note 29)	1,862	–	(727)	(58)	1,077
Lease liabilities (note 30)	5,608	(285)	(1,908)	(460)	2,955
	7,470	(285)	(2,635)	(518)	4,032

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

36. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	1 April 2022 HK\$'000	Entering new leases HK\$'000	Cash flows HK\$'000	Interest expenses HK\$'000	31 March 2023 HK\$'000
Bank and other borrowings (note 29)	5,225	–	(3,223)	(140)	1,862
Lease liabilities (note 30)	7,720	691	(2,396)	(407)	5,608
Promissory note payable	3,000	–	(2,978)	(22)	–
	15,945	691	(8,597)	(569)	7,470

(c) Total cash outflow for leases

	2024 HK\$'000	2023 HK\$'000
Within operating cash flows	216	181
Within financing cash flows	2,368	2,803
	2,584	2,984

These amounts relate to the following:

	2024 HK\$'000	2023 HK\$'000
Lease rental paid	2,584	2,984

37. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2024 HK\$'000	2023 HK\$'000
Capital contribution to: Office improvement	–	33

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For the year ended 31 March 2024

38. LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices. As at 31 March 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 18, and the outstanding lease commitments relating to short-term leases for offices is HK\$312,000 (2023: HK\$Nil).

39. RELATED PARTY TRANSACTIONS

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

	2024 HK\$'000	2023 HK\$'000
Interests paid to loan from a former director	–	24
Rent paid to Mr. Tang's spouse	54	72

Note: Mr. Tang resigned as an executive director of the Company on 29 December 2023.

- (b) Outstanding balances with a related party during the year:

	2024 HK\$'000	2023 HK\$'000
Rental deposit held by Mr. Tang's spouse	12	12

- (c) The remuneration of directors and other members of key management during the year were as follow:

	2024 HK\$'000	2023 HK\$'000
Short term benefits	2,515	2,853
Retirements benefit scheme contribution	36	54
	2,551	2,907

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For the year ended 31 March 2024

40. CONTINGENT LIABILITIES

As at 31 March 2024 and 2023, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap.282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees' compensation insurance and contractors' all risk insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites.

During the year ended 31 March 2024, an indirectly owned subsidiary of the Company has been involved in a dispute with a potential claim relating to the breach of contract. The related maximum exposure of the claims is approximately HK\$33,797,000. As at 31 March 2024, no court or arbitration proceedings have been commenced. After considering the current status of the dispute and the opinion from the legal counsels, the Directors were of the view that no provision should be recognised as at 31 March 2024.

Save as disclosed herein, the Group had no other significant contingent liabilities as at 31 March 2024.

41. EVENT AFTER THE REPORTING PERIOD

On 21 February 2024, the Board resolved to propose, among others, i) the termination of the share option scheme of the Company adopted on 22 September 2017 (the "**Existing Scheme**"); and ii) the adoption of a new share option scheme (the "**New Scheme**").

The proposed termination of the Existing Scheme and the proposed adoption of the New Scheme were approved by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company held on 25 April 2024.

Save as disclosed herein above, there was no significant event after the reporting period up to the date of this report.

Financial Summary

The consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements are summarised below.

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
RESULTS					
REVENUE	139,969	135,099	146,737	141,791	86,999
PROFIT/(LOSS) BEFORE TAX	7,127	(27,886)	(42,331)	(14,466)	(13,908)
INCOME TAX CREDIT/(EXPENSE)	490	797	4,535	(248)	1,304
PROFIT/(LOSS) FOR THE YEAR	7,617	(27,089)	(37,796)	(14,714)	(12,604)
ASSETS AND LIABILITIES					
NON-CURRENT ASSETS	47,446	65,163	56,055	56,012	69,008
NET CURRENT ASSETS	76,858	10,324	111	10,885	5,361
NON-CURRENT LIABILITIES	(923)	(3,197)	(5,640)	(12,131)	(11,753)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	123,381	72,622	50,526	54,766	62,616