

# MIN FU

## INTERNATIONAL HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8511



2024  
ANNUAL REPORT

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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 will be available on the Company’s website [www.minfuintl.com](http://www.minfuintl.com) and will remain on the “Latest Company Announcements” page on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Zeng Weijin (*Chairman and Chief Executive Officer*)  
Mr. Huang Minzhi  
Ms. Ye Jialing

#### Non-executive Directors

Ms. Li Xiaoxuan  
Ms. Zhang Xiaoling  
Mr. Zhou Ruizhao

#### Independence non-executive Directors

Ms. Chen Meng (*appointed on 2 May 2024*)  
Mr. Lu Shengwei (*appointed on 20 July 2023*)  
Dr. Zhou Wenming  
Mr. Leung Gavin L. (*resigned on 24 April 2023*)  
Mr. Ning Jie (*resigned on 1 August 2023*)  
Ms. Du Li (*appointed on 1 August 2023 and resigned on 2 February 2024*)

### AUDIT COMMITTEE

Mr. Lu Shengwei (*Chairman*)  
(*appointed on 20 July 2023*)  
Ms. Chen Meng (*appointed on 2 May 2024*)  
Dr. Zhou Wenming  
Mr. Leung Gavin L. (*resigned on 24 April 2023*)  
Mr. Ning Jie (*resigned on 1 August 2023*)

### REMUNERATION COMMITTEE

Dr. Zhou Wenming (*Chairman*)  
Ms. Chen Meng (*appointed on 2 May 2024*)  
Mr. Zeng Weijin  
Mr. Ning Jie (*resigned on 1 August 2023*)  
Ms. Du Li (*appointed on 1 August 2023 and resigned on 2 February 2024*)

### NOMINATION COMMITTEE

Mr. Zeng Weijin (*Chairman*)  
Ms. Chen Meng (*appointed on 2 May 2024*)  
Dr. Zhou Wenming  
Mr. Ning Jie (*resigned on 1 August 2023*)  
Ms. Du Li (*appointed on 1 August 2023 and resigned on 2 February 2024*)

### AUTHORISED REPRESENTATIVES

Mr. Zeng Weijin  
Mr. Cheng Wai Hei

### COMPANY SECRETARY

Mr. Cheng Wai Hei

### COMPLIANCE OFFICER

Mr. Zeng Weijin

### AUDITOR

McMillan Woods (Hong Kong) CPA Limited  
*Registered Public Interest Entity Auditor*  
24/F., Siu On Centre 188 Lockhart Road  
Wanchai, Hong Kong

### REGISTERED OFFICE

Office of Sertus Incorporations (Cayman) Limited  
Sertus Chambers, Governors Square  
Suite # 5-204, 23 Lime Tree Bay Avenue  
P.O. Box 2547  
Grand Cayman, KY1-1104  
Cayman Islands





## CORPORATE INFORMATION

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit E, 23/F, YHC Tower  
1 Sheung Yuet Road  
Kowloon Bay, Kowloon  
Hong Kong

### PRINCIPAL SHARE REGISTRAR

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

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shop 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation  
Industrial and Commercial Bank of China

### COMPANY'S WEBSITE

[www.minfuintl.com](http://www.minfuintl.com)

### STOCK CODE

8511

### LISTING DATE

20 April 2018





## CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the “**Board**”) of Min Fu International Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), it is my pleasure to present to you the annual report of the Group for the year ended 31 March 2024.

### SMART MANUFACTURING SOLUTION BUSINESS

The Group is one of the leading smart manufacturing solution providers in China. For the year ended 31 March 2024, the Group continued to focus on providing high-end precision 3D testing solutions and precision machining solutions to customers in industries such as aviation, aerospace, shipbuilding, ground transportation vehicles and electronics.

For the year ended 31 March 2024, the Group has undertaken more business in precision 3D testing solutions comparing with that of last year through our efforts to improve the level of operation and management, strengthen the efforts to expand the market and increase investment in research and development, and our sales performance has also reached a new level. The Groups achieved a revenue of approximately HK\$71.5 million for the year ended 31 March 2024.

### EQUIPMENT MANUFACTURING AND SYSTEM CONSTRUCTION SERVICES

On 18 May 2022, the Group and Huanggang Buddhist Culture Development Co., Ltd (currently known as Huanggang Fuyuan Culture Development Co., Ltd.) (“**Huanggang Fuyuan Culture**”) have entered into an equipment manufacturing and system construction service agreement (the “**Service Agreement**”) in respect of the digital smart worship ancestors services, and provision of relevant technical service in the Huilong Mountain area. This project contributed a revenue of approximately HK\$6.9 million for the year ended 31 March 2024.

### OUTLOOK

Even though the external economic environment continues to be weak, since the target customers for the Group’s key business are mainly domestic business, we remain optimistic about the prospects of the smart manufacturing solution business. Looking forward, the management believes that the economy will recover in an orderly manner in the coming year, which is expected to have a positive impact on the Group’s core business.

### APPRECIATION

On behalf of the Board and management, I would like to take this opportunity to express my sincere gratitude to our shareholders, all staff, business partners and customers for their ongoing support and contributions to the Group.

**Mr. Zeng Weijin**  
*Chairman*

Hong Kong, 26 June 2024





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The principal activities of the Group consist of (i) equipment manufacturing business; and (ii) burial business in the PRC.

### Equipment manufacturing business

Equipment manufacturing business included (i) smart manufacturing solution services focusing on precision 3D testing solutions and precision machining solutions; and (ii) equipment manufacturing and system construction services.

#### *Smart manufacturing solution services*

The Group is a smart manufacturing solution provider focusing on precision 3D testing solutions and precision machining solutions in China. The Company provides smart manufacturing solutions to serve the needs of high-end equipment manufacturers which require a high level of precision in the manufacture of their industrial products. Its solutions comprise and integrate various equipment and services, ranging from solution concept and design, procurement of machinery, auxiliary tools and software and system installation and debugging to provision of aftersales services such as technical support and training.

For the year ended 31 March 2024, the Group continued to devote great efforts in expanding the market scopes, approaching new customers in various industries and regions, and maintaining the productive relationships with existing customers. Benefited from its sales efforts, the Group obtained a total of 4 new projects. 4 new projects together with 3 projects which were carried forward from prior years, were completed during the year. As at 31 March 2024, the Group had 1 on-going project, which was a precision 3D scanning solutions project.

The Group had been persisting in developing new technology, including new auxiliary tools design and relevant software applications. As of 31 March 2024, the Group has 31 registered patents, including 6 invention patents and 25 utility model patents as well, and 18 invention patents and 1 utility model patent in the registration process.

#### *Equipment manufacturing and system construction services*

On 18 May 2022, the Group and Huanggang Buddhist Culture Development Co., Ltd (currently known as Huanggang Fuyuan Culture Development Co., Ltd.) ("**Huanggang Fuyuan Culture**") have entered into an equipment manufacturing and system construction service agreement (the "**Service Agreement**") in respect of the digital smart worship ancestors services, and provision of relevant technical service in the Huilong Mountain area. This project contributed a revenue of approximately HK\$6.9 million for the year ended 31 March 2024.

### Burial business

Burial business included the agency services for sale of burial plots and columbarium units and provision of other burial-related services in the PRC. The burial business contributed a revenue of approximately HK\$2.1 million for the year ended 31 March 2024.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$80.5 million, representing an increase of approximately 151.8% comparing with that of approximately HK\$32.0 million for the year ended 31 March 2023. The increase in revenue was mainly due to the sales of equipment of smart manufacturing solutions business increased by HK\$46.3 million.

### Cost of sales

Cost of sales increased by 182.6% to HK\$62.9 million for the year ended 31 March 2024 from HK\$22.3 million for the year ended 31 March 2023.

### Gross profit and gross profit margin

Gross profit increased by 81.0% to HK\$17.6 million for the year ended 31 March 2024 from HK\$9.7 million for the year ended 31 March 2023. The increase in gross profit was mainly due to increase in revenue.

Gross profit margin keeps at 21.8% for the year ended 31 March 2024 (2023: 30.3%).

### Selling and marketing expenses

Selling and marketing expenses keep at HK\$2.5 million for the year ended 31 March 2024 (2023: HK\$2.6 million).

### Administrative expenses

Administrative expenses increased by 7.1% to HK\$26.3 million for the year ended 31 March 2024 from HK\$24.5 million for the year ended 31 March 2023, which was due to increase in entertainment, and research and development expenses.

### Income tax expense

The Group had an income tax expense of HK\$2.6 million (2023: income tax expenses HK\$1.6 million) for the year ended 31 March 2024.

### Loss for the year

Loss for the year decreased by 28.7% to HK\$20.3 million for the year ended 31 March 2024 from HK\$28.4 million for the year ended 31 March 2023. Such decrease was mainly attributable to the effect of increase in gross profit.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Cash position

As at 31 March 2024, the net current assets of the Group were approximately HK\$22.6 million (2023: HK\$5.6 million). The increase was mainly attributable to increase of cash at banks and on hand and decrease of other payable of HK\$10.4 million and HK\$9.3 million respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2024, the cash and cash equivalents and bank borrowings of the Group was approximately HK\$14.7 million (2023: HK\$4.3 million) and HK\$4.6 million (2023: HK\$5.5 million) respectively. The Group expected to fund the future cash flow needs through internally generated cash flows from operations, bank facilities and equity financing.

### Gearing ratio

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings, amount due to a related party and amount due to a director net of cash and cash equivalents and restricted cash) divided by total equity as at 31 March 2024 was Nil (31 March 2023: 15%).

As at 31 March 2024, the Group had a two-year credit loan of HK\$4.6 million with weighted average effective interest rate is 4.1%.

### Capital Structure

On 30 May 2023, the Board proposes to conduct the rights issue on the basis of one (1) rights share (the "**Right Share**") for every two (2) Shares held as at the record date at the subscription price of HK\$0.1 (the "**Subscription Price**") per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares.

On 3 July 2023, a total of 8 valid acceptances and applications had been received for a total of 19,893,183 Rights Shares, representing approximately 8.29% of the total number of Rights Shares offered under the Rights Issue. Based on the above results of valid acceptances and applications, the total number of untaken shares (the "**Untaken Shares**") subject to the compensatory arrangements under Rule 10.31(1) of the GEM Listing Rules shall be 220,106,817 Rights Shares.

On 21 July 2023, 220,000,000 Untaken Shares, representing approximately 99.95% of the total number of 220,106,817 Untaken Shares, were successfully placed at the placing price of HK\$0.1 per Share (the "**Placing**"), which is equal to the Subscription Price, under the Placing.

On 2 August 2023, based on the results of acceptance of the Rights Issue and the results of the Placing, the Rights Shares to be allotted and issued amounted to 239,893,183 Rights Shares, representing approximately 99.96% of the total number of Rights Shares offered for subscription under the Rights Issue.

For details of the Rights Issue and the Placing, please refer to the announcements of the Company dated 30 May 2023, 20 June 2023, 10 July 2023 and 1 August 2023 and the listing document dated 16 June 2023.

Save as disclosed above, there was no other material change in the capital structure of the Group during the year ended 31 March 2024. As at 31 March 2024, the Company has 719,893,183 Shares in issue. Details are set out in Note 23 to the audited financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

On 2 August 2023, 239,893,183 Rights Share, have been issued and allotted at the Subscription Price of HK\$0.1 per Rights Share. The net proceeds from the issuance of the Rights Share are approximately HK\$22,338,000 after deducting placing commissions and other costs related to the Rights Issue.

After careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the remaining net proceeds on 18 March 2024. Use of net proceeds as at 31 March 2024 are listed as follows:

	Planned use of proceeds HK\$'million	Percentage of net proceeds	Actual use of proceeds from 2 August 2023 to 31 March 2024 HK\$'million	Percentage of net proceeds	Unutilized net proceeds as at 31 March 2024 HK\$'million	Percentage of net proceeds
Support the upfront working capital requirement of the Equipment Manufacturing and System Construction Service Agreement	6.4	28.7%	6.4	28.7%	–	0%
Recruitment of additional I.T. talents	1.5	6.7%	1.5	6.7%	–	0%
General working capital	14.4	64.6%	11.2	50.3%	3.2	14.3%
	22.3	100%	19.1	85.7%	3.2	14.3%

### CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities.

### CAPITAL COMMITMENTS

As at 31 March 2024, the Group did not have any capital commitments.

### PLEDGE OF ASSETS

As at 31 March 2024, save for the restricted cash approximately of HK\$0.7 million (2023: HK\$3.8 million) and the motor vehicles under hire purchase arrangement is secured by the lessors' charge over the leased assets with net book values of approximately of HK\$ Nil (2023: HK\$4.5 million), the Group did not have any pledge on its assets.



## MANAGEMENT DISCUSSION AND ANALYSIS

### EXCHANGE RATE RISK EXPOSURE

For the operating entities of the Company that are incorporated in Hong Kong and the British Virgin Islands, their functional currencies are United States dollars (“**US\$**”). As certain trade and other receivables, bank balances, lease liabilities, trade and other payables of overseas entities are denominated in Hong Kong dollars (“**HK\$**”) or Euro (“**EUR**”) or Renminbi (“**RMB**”), currencies other than the functional currencies of the entities may cause the foreign exchange risk. Under the Linked Exchange Rate System in Hong Kong, HK\$ is pegged to US\$, the Board considers that there is no significant foreign exchange risk with respect to HK\$. Therefore, the foreign exchange risk mainly arises from the monetary assets and liabilities denominated in EUR and RMB, which the Board considers as not significant to the Group. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

Because of the fluctuation in the exchange rate of the functional currencies of the group entities, mainly RMB and US\$, to the Group’s presentation currency, HK\$, the Group recorded a loss in other comprehensive income of HK\$2.7 million for the year ended 31 March 2024.

### PROSPECTS

Looking forward, the Group will organically expand its business, broaden its operation scale and realise its business growth, improving market competitiveness while increasing market share. In addition, the Group will continue to expand its talent pool to recruit professional sales and marketing staffs, as well as administrative staffs, for future business expansion.

It has been the Company’s business strategy to make investments in development projects with economic growth potential so as to expand its revenue source, improve its profitability and maintain a sustainable growth. The Group will also actively seek for potential business opportunities to create higher value for shareholders.

### SIGNIFICANT INVESTMENTS HELD

As at 31 March 2024, the Group did not hold any significant investments.

### OTHER FINANCIAL ASSETS

As at 31 March 2024, other financial assets held by the Group comprise:

- Trade receivables of HK\$10.8 million;
- Cash and bank deposits of HK\$14.7 million; and
- Other receivables of HK\$6.1 million.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2024, the Group did not have any plans for material investments.



## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as the disposal of an associate, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 March 2024.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal business of the Group is to provide smart manufacturing solutions to its customers on a project basis. As the Company does not have any long-term contractual arrangements with its customers, there is no assurance that the Company will continue to secure new contracts or maintain or increase its current level of business activities with existing or future customers in the future. Therefore, the Group is increasing its sales and marketing efforts, expanding its sales force, sales spots and sales coverage, aiming to continuously get new tenders and secure contracts from more customers.

The Group's major customers are high-end equipment manufacturers in the aviation, aerospace, shipbuilding, ground transportation vehicles and electronics industries. The market for smart manufacturing solutions is characterised by rapidly changing technologies and evolving developments. The success of its business is dependent upon its ability to continuously develop, in a timely manner, new technological applications through research and development and introduce new solution designs to cater its customers' requirements. Therefore, the Group intends to increase its research and development efforts, establish its own research and development centers, recruit more technical staff, so as to hold its edges in terms of technology.

Other risks are as follows:

#### Credit risk

Credit risk mainly arises from cash at banks, restricted cash, trade and other receivables. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

#### Interest rate risk

The Group's interest-bearing asset and liability are borrowings and cash at banks. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Directors consider the interest rate risk with respect to cash at banks to be insignificant to the Group.

The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

#### Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The Group met cash flow needs through internally generated cash flows from operation and borrowings from financial institutions.



## DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Zeng Weijin (“Mr. Zeng”)** aged 42, is the Chief Executive Officer and an executive Director of the Company. He was appointed as executive Director on 16 December 2021, as the Chief Executive Officer with effect from 7 January 2022, and as Chairman with effect from 4 November 2022. Mr. Zeng is overseeing the overall management, and corporate policy making of the Group’s business operations.

Mr. Zeng has over five years of investment and management experience in tourism and cultural real estate, cemetery real estate and industrial park. He is currently an executive director and the chief risk officer of Shenzhen Min Fu Cultural Development Co., Ltd.# (深圳市民富文化發展有限公司), where he is responsible for the research and development and promotion of intelligent, digital management system. He was an executive director of Shenzhen Qianhai Min Fu Asset Management Co., Ltd.# (深圳市前海民富資產管理有限公司) in 2018, where he was responsible for asset management and investment management. In 2007, he had worked in OCBC Wing Hang Bank for over ten years. He graduated from Zhaoqing University in Guangdong, the PRC in 2006. He is a registered fund practitioner with the Asset Management Association of China.

**Mr. Huang Minzhi (“Mr. Huang”)** aged 37, is the executive Director of the Company. He was appointed as executive Director on 14 March 2023. Mr. Huang is primarily responsible for strategic planning and business development of the Group’s business operations.

Mr. Huang has over nine years of investment and management experience in tourism and cultural real estate, cemetery real estate and industrial park. He worked in OCBC Wing Hang Bank and Bank of Ningbo. He is currently an executive director of Shenzhen Min Fu Cultural Development Co., Ltd.# (深圳市民富文化發展有限公司), where he is responsible for the design and management of humanities memorial park, research and development of data management system and funeral services. He obtained a bachelor’s degree from Guangzhou Sport University in Guangdong, the People’s Republic of China in 2009 and a master degree from Concordia University Wisconsin, the United States in 2022.

**Ms. Ye Jialing (“Ms. Ye”)**, aged 37, is the executive Director of the Company. She was appointed as non-executive Director on 7 January 2022 and re-designated as executive Director on 4 November 2022.

Ms. Ye has over five years of investment and management experience in tourism and cultural real estate, cemetery real estate and industrial park. She is currently the chief operating officer of Shenzhen Min Fu Cultural Development Co., Ltd.# (深圳市民富文化發展有限公司), where she is responsible for the design and management of humanities memorial park, research and development of digital management system and funeral services. She is currently also the investment consultant of Shenzhen Qianhai Min Fu Asset Management Co., Ltd.# (深圳市前海民富資產管理有限公司), where she is responsible for property investment and cemetery investment. Ms. Ye holds a Bachelor of International Hotel and Tourism Management from The University of Queensland.





## DIRECTORS AND SENIOR MANAGEMENT

### NON-EXECUTIVE DIRECTORS

**Ms. Li Xiaoxuan (“Ms. Li”)**, aged 39, was appointed as non-executive Director on 8 February 2023.

Ms. Li has over six years of experience in administrative management. She is currently the administrative director of 深圳縱橫國際旅行社 (Shenzhen Zongheng International Travel Service Co., Ltd.\*), responsible for (i) supervision and management of the daily work of the company’s administrative personnel; (ii) implementation of various regulations and work instructions; and (iii) arrangement of the work assigned. She obtained a bachelor’s degree in business management from Shenzhen University in Guangdong, the People’s Republic of China in 2008.

**Ms. Zhang Xiaoling (“Ms. Zhang”)**, aged 33, was appointed as non-executive Director on 8 February 2023.

Ms. Zhang is currently the legal representative and general manager of 張家港市鳳凰山塔園有限公司 (Zhangjiagang Fenghuangshan Pagoda Garden Co., Ltd.\*), is responsible for (i) the planning, design and management of ecological cemetery cultural theme park; (ii) the research and development and design of digital management systems; and (iii) funeral services. She obtained a bachelor’s degree in agricultural and forestry economic management from Renmin University of China in 2013 and a bachelor’s degree in software engineering from Peking University in 2018.

**Mr. Zhou Ruizhao (“Mr. Zhou”)**, aged 38, was appointed as non-executive Director on 7 January 2022.

Mr. Zhou has over five years of experience in investment management. He is currently an executive director of Shenzhen Min Fu Cultural Development Co., Ltd.# (深圳市民富文化發展有限公司), where he is responsible for the design and management of humanities memorial park, research and development of digital management system and funeral services. He was an executive director and the general manager of Hunan branch of Shenzhen Tianheng Financial Services Co., Ltd.# (深圳市天恒金融服務有限公司) from June 2016 to September 2018, where he was responsible for financial consultancy, financial services, financial outsourcing services entrusted by financial institutions, entrusted asset management and investment management. He obtained his Certificate in geological engineering from Wuhan University of Engineering Science in Wuhan, the PRC in December 2018.

## DIRECTORS AND SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Chen Meng (“Ms. Chen”)**, aged 31, was appointed as an independent non-executive Director of the Company on 2 May 2024.

Ms. Cheng graduated from Changchun Normal University with a bachelor’s degree in Chinese language and literature. Ms. Chen assumed the position of driving control section officer in public security bureau of Hunchun city from April 2016 to December 2018. She also worked at the office of the People’s Procuratorate of Hunchunlin District, Jilin Province of the PRC from January 2019 to December 2022. She was responsible for the collection of confidential documents and the publicity work of the procuratorate.

**Mr. Lu Shengwei (“Mr. Lu”)**, aged 34, was appointed as an independent non-executive Director of the Company on 20 July 2023.

Mr. Lu graduated from Jiangxi University of Finance and Economics with a bachelor’s degree in accountancy and law in 2012 and has extensive experience in finance and taxation. Mr. Lu assumed various positions in different enterprises in the People’s Republic of China (the “PRC”) including as a tax manager in China Construction Second Bureau Second Construction Engineering Co., Ltd.\* (中建二局第二建築工程有限公司) from 2012 to 2017, as a finance and taxation expert and trainer in Yiqiying Network Technology Co., Ltd.\* (億企贏網絡科技有限公司) from 2017 to 2020, and as a financial manager in Wangqibang Technology Group Co., Ltd.\* (萬企幫科技集團有限公司) from 2021 to 2022. Since July 2022, he has been a partner of Nanqiao Xi Tax Accountant Firm (Shenzhen) Co., Ltd.\* (南橋希稅務師事務所(深圳)有限公司) and is responsible for advising on finance and compliance matters, as well as conducting lectures on tax laws and regulations in the PRC. Mr. Lu passed all the required subjects of the professional stage of the National Uniform CPA Examination of the PRC in 2020. He also obtained the qualification certificate of tax advisor issued by China Certified Tax Agents Association in 2018 and the qualification certificate of public valuer issued by China Appraisal Society in 2021.

**Dr. Zhou Wenming (“Dr. Zhou”)**, aged 42, was appointed as an independent non-executive Director of the Company on 7 January 2022.

Dr. Zhou has over seven years of experience in investment management and risk management. He is currently the chief risk management officer of Szu PhD Investment Management Co., Ltd., where he is responsible for the investment management, and establishment, supervision and implementation of risk management and control system. He is currently also the associate dean of Longhua Bioindustry and Innovation Research Institute, Shenzhen University, where he is responsible for technology transformation and other areas. He worked in Shenzhen University Graduate School from August 2008 to December 2017, where he was responsible for postgraduate admission, training and management. He obtained his Bachelor’s degree in biotechnology from South China University of Tropical Agriculture (which had merged with Hainan University) in Hainan, the PRC in June 2005; his Master’s degree in biochemistry and molecular biology from Shenzhen University in Shenzhen, the PRC in June 2008; and his Doctorate degree in history of economic thoughts from Shenzhen University in Shenzhen, the PRC in December 2016. He is a registered fund practitioner with the Asset Management Association of China.



## DIRECTORS AND SENIOR MANAGEMENT

### COMPLIANCE OFFICER

Mr. Zeng has been appointed as the compliance officer on 4 November 2022. For his biographical information, please refer to the paragraph headed “Executive Directors” above in this section.

### COMPANY SECRETARY

**Mr. Cheng Wai Hei (“Mr. Cheng”)**, aged 43, joined our Group in December 2020 as financial controller and was later appointed as the company secretary of our Group on 7 January 2021. Mr. Cheng is responsible for the accounting and financial functions, internal control as well as the company secretary affairs of the Group. Mr. Cheng holds a Master of Business Administration from The Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and an associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Mr. Cheng has over 15 years of experience in accounting, auditing and corporate governance.





## CORPORATE GOVERNANCE REPORT

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

There was a deviation from code provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company considers that having Mr. Zeng Weijin ("**Mr. Zeng**") acting as both its chairman of the Board and its chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective planning and management for the Group. In view of Mr. Zeng's extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Company considers that it is beneficial to the business prospects of the Group that Mr. Zeng continues to act as both its chairman and its chief executive officer.

Save as disclosed above, the Company has complied with the applicable code provisions of the Code as set out in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2024.

### NON-COMPLIANCE WITH THE GEM LISTING RULES

Following the resignation of Ms. Du Li on 2 February 2024, the Company has two independent non-executive Directors only. The number and composition of independent non-executive directors fail to meet the requirements under (i) Rule 5.05(1) of the GEM Listing Rules which requires the Board to include at least three independent non-executive directors; (ii) Rule 5.05(2) of the GEM Listing Rules which requires the Board to include at least one of the independent non-executive directors with appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 5.05A of the GEM Listing Rules which requires that the Company must appoint independent non-executive directors representing at least one-third of the board; and (iv) Rule 5.28 of the GEM Listing Rules which requires the audit committee to comprise a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2).

Following the appointment of Ms. Chen on 2 May 2024, the Company re-complied with Rules 5.05(1), 5.05(2), 5.05A and 5.28 of the GEM Listing Rules.

### COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Standard of Dealings**"), as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiries of all the Directors, each of the Directors has confirmed that he or she has complied with the required Standard of Dealings for the year ended 31 March 2024.



## THE BOARD

### Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the Group's business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

During the year ended 31 March 2024, all the Directors had carried out duties in good faith and, to their best knowledge and belief, in compliance with applicable laws and regulations, and had acted in the interest of the Company and the Shareholders as a whole at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

### Board composition

During the year ended 31 March 2024 and up to the date of this report, the Directors are as follows:

#### **Executive Directors**

Mr. Zeng Weijin (*Chairman and chief executive officer*)

Mr. Huang Minzhi

Ms. Ye Jialing

#### **Non-executive Directors**

Ms. Li Xiaoxuan

Ms. Zhang Xiaoling

Mr. Zhou Ruizhao

#### **Independent non-executive Directors**

Ms. Chen Meng (*appointed on 2 May 2024*)

Mr. Lu Shengwei (*appointed on 20 July 2023*)

Dr. Zhou Wenming

Mr. Leung Gavin L. (*resigned on 24 April 2023*)

Mr. Ning Jie (*resigned on 1 August 2023*)

Ms. Du Li (*appointed on 1 August 2023 and resigned on 2 February 2024*)

The brief biographic details of the Directors are set out in the section headed "Directors and Senior Management" on pages 12 to 15 of this annual report.

The Company had complied with the requirements under Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules for the year ended 31 March 2024. The Company considers all independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.





# CORPORATE GOVERNANCE REPORT

## Summary of Board Diversity Policy of the Company (the “Policy”)

**1. Purpose:**

1.1 This Policy aims to set out the policy to achieve diversity on the Board of the Group.

**2. Vision:**

2.1 The Group recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company’s performance.

**3. Policy statement:**

3.1 With a view to achieving a balanced and stable development, the Group sees diversity at the Board level as an essential element in achieving balanced development of the Group. In designing the Board’s composition of the Group, Board diversity has comprehensively considered from a number of aspects, including but not limited to gender, age, cultural and educational background or professional experience on the principle of “promotion of the worthy”.

**4. Measurable objectives:**

4.1 Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background or professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Group.

**5. Review and monitoring:**

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

5.2 Details of the policy and any measurable objectives designed for it will be disclosed in the annual report of the Group. The Group has adopted a policy to diversify the membership of the Board.

The Group recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board composition of the Group is based on a range of diverse perspectives, and candidates will be selected from a number of aspects, including but not limited to gender, age, cultural and educational background or professional experience on the principle of “promotion of the worthy”.



## CORPORATE GOVERNANCE REPORT

During the Year and at the date of this report, the Board has nine Directors, one of which is a female. The table below further describes the degree of diversity of the Board:

Name of directors	Age Distribution		Gender	
	31-40	41-60	Male	Female
Mr. Zeng Weijin		✓	✓	
Mr. Huang Minzhi		✓	✓	
Ms. Ye Jialing	✓			✓
Ms. Li Xiaoxuan	✓			✓
Ms. Zhang Xiaoling	✓			✓
Mr. Zhou Ruizhao	✓		✓	
Ms. Chen Meng (appointed on 2 May 2024)	✓			✓
Mr. Lu Shengwei (appointed on 20 July 2023)	✓		✓	
Dr. Zhou Wenming		✓	✓	
Mr. Leung Gavin L. (resigned on 24 April 2023)		✓	✓	
Mr. Ning Jie (resigned on 1 August 2023)		✓	✓	
Ms. Du Li (appointed on 1 August 2023 and resigned on 2 February 2024)		✓		✓

Name of directors	Education background			Professional experience Investment and		
	Management	Legal and/or Finance	Others	Legal and/or Finance	Assets/Risks Management	Others
Mr. Zeng Weijin			✓		✓	
Mr. Huang Minzhi	✓				✓	
Ms. Ye Jialing	✓				✓	
Ms. Li Xiaoxuan	✓					✓
Ms. Zhang Xiaoling			✓			✓
Mr. Zhou Ruizhao			✓		✓	
Ms. Chen Meng (appointed on 2 May 2024)			✓			✓
Mr. Lu Shengwei (appointed on 20 July 2023)				✓		
Dr. Zhou Wenming			✓		✓	
Mr. Leung Gavin L. (resigned on 24 April 2023)		✓		✓		
Mr. Ning Jie (resigned on 1 August 2023)		✓		✓		
Ms. Du Li (appointed on 1 August 2023 and resigned on 2 February 2024)	✓				✓	

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors and the chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

## CORPORATE GOVERNANCE REPORT

As regards the Code provision requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the Company, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

### DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director will receive a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under the statutes and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

All Directors confirmed to comply with the provision of the code provision A.6.5 of the Code in relation to continuous professional development during the year. In doing so, the Directors have undertaken various forms of activities relevant to the Company's business, Directors' duties and responsibilities.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during the year ended 31 March 2024 are summarised as follows:

Name of Directors	Type of trainings
Mr. Zeng Weijin	B
Mr. Huang Minzhi	B
Ms. Ye Jialing	B
Ms. Li Xiaoxuan	B
Ms. Zhang Xiaoling	B
Mr. Zhou Ruizhao	B
Ms. Chen Meng ( <i>appointed on 2 May 2024</i> )	B
Mr. Lu Shengwei ( <i>appointed on 20 July 2023</i> )	B
Dr. Zhou Wenming	B
Mr. Leung Gavin L. ( <i>resigned on 24 April 2023</i> )	B
Mr. Ning Jie ( <i>resigned on 1 August 2023</i> )	B
Ms. Du Li ( <i>appointed on 1 August 2023 and resigned on 2 February 2024</i> )	B

A: attending seminars/conferences/forums/training sessions

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



## CORPORATE GOVERNANCE REPORT

### **APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS**

In accordance with article 108 of the articles of association (the “**Articles**”) of the Company, at each annual general meeting (the “**AGM**”), one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors.

In accordance with article 112 of the Articles, any Director so appointed by the Board to fill a casual vacancy of the Board shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the AGM.

Each of the Directors has been appointed for an initial term of three years until terminated by either party giving not less than three months’ written notice to the other. Pursuant to the Articles, Ms. Chen Meng, Mr. Zeng Weijin, Ms. Ye Jialing, and Mr. Zhou Ruizhao will retire from office as Directors at the forthcoming AGM, and being eligible, will offer themselves for re-election.

### **DELEGATION BY THE BOARD**

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors are provided with sufficient resources to seek independent professional advice in performing their duties at the Company’s expense and are encouraged to access and to consult with the Company’s senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transaction entered into by the management.

### **BOARD MEETINGS AND PROCEDURES**

Board members will be provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days’ notice will be given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version of which are endorsed in the subsequent Board meeting.



# CORPORATE GOVERNANCE REPORT

Details of the attendance of the Board meetings, the Audit Committee meetings, the Remuneration Committee meetings, the Nomination Committee meetings and general meetings of the Company held during the year ended 31 March 2024 are summarised as follows:

	Board meeting	Audit committee meeting	Remuneration committee meeting	Nomination committee meeting	General meeting
<b>Executive Directors</b>					
Mr. Zeng Weijin	14/15	N/A	3/3	5/5	1/1
Mr. Huang Minzhi	15/15	N/A	N/A	N/A	1/1
Ms. Ye Jialing	14/15	N/A	N/A	N/A	1/1
<b>Non-executive Directors</b>					
Ms. Li Xiaoxuan	14/15	N/A	N/A	N/A	1/1
Ms. Zhang Xiaoling	13/15	N/A	N/A	N/A	1/1
Mr. Zhou Ruizhao	12/15	N/A	N/A	N/A	1/1
<b>Independent non-executive Directors</b>					
Ms. Chen Meng <i>(appointed on 2 May 2024)</i>	N/A	N/A	N/A	N/A	N/A
Mr. Lu Shengwei <i>(appointed on 20 July 2023)</i>	5/15	2/4	N/A	N/A	1/1
Dr. Zhou Wenming	14/15	4/4	3/3	5/5	1/1
Mr. Leung Gavin L. <i>(resigned on 24 April 2023)</i>	1/15	0/4	N/A	N/A	0/1
Mr. Ning Jie <i>(resigned on 1 August 2023)</i>	8/15	2/4	2/3	3/5	0/1
Ms. Du Li <i>(appointed on 1 August 2023 and resigned on 2 February 2024)</i>	2/15	2/4	0/3	0/3	1/1

## BOARD COMMITTEES

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

The written terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the respective websites of the Stock Exchange and the Company.

## AUDIT COMMITTEE

The Company established an Audit Committee on 26 March 2018 in compliance with the GEM Listing Rules. The Company has adopted written terms of reference in compliance with Rule 5.28 and code provision C.3.3 of the Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; monitor the integrity of the financial statements, annual reports and interim reports and review significant financial reporting judgements contained therein; and oversee financial reporting system, risk management and internal control procedures.

As at 31 March 2024, the Audit Committee consists of two members who are Mr. Lu Shengwei (an independent non-executive Director and chairman) and Dr. Zhou Wenming (independent non-executive Director).

The Audit Committee held 4 meetings for the year ended 31 March 2024. Details of the attendance of the Audit Committee meeting are set out above.



## CORPORATE GOVERNANCE REPORT

During the meetings, the Audit Committee:

- reviewed the financial results of the Group for the year ended 31 March 2023, for the three months ended 30 June 2023, for the six months ended 30 September 2023 as well as the relevant financial reports;
- reviewed the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit; and
- reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

### REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26 March 2018 in compliance with the GEM Listing Rules. The Company has adopted written terms of reference in compliance with code provision B.1.2 of the Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are mainly to make recommendation to its Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of its Directors or any of their associates determine their own remuneration.

As at 31 March 2024, the Remuneration Committee consists of two members who are Dr. Zhou Wenming (an independent non-executive Director and chairman) and Mr. Zeng Weijin (an executive Director). The majority of the members of the Remuneration Committee are independent non-executive Directors.

The remuneration of the Directors was determined with reference to, among other things, their duties, responsibilities and performance. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual Directors and the members of senior management.

The Remuneration Committee held 3 meetings for the year ended 31 March 2024. Details of the attendance of the Remuneration Committee meeting are set out above.

During the meetings, the Remuneration Committee:

- reviewed and approved the remuneration of directors and senior management of the Company for the year ended 31 March 2023;
- proposed Remuneration Policy and Structure for directors and senior management of the Company for the year ended 31 March 2023; and
- reviewed and approved the remuneration of directors appointed during the year ended 31 March 2024.



# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The Company established a Nomination Committee on 26 March 2018. The Company has adopted written terms of reference in compliance with code provision A.5.2 of the Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity of the Board and make recommendations to the Board on the selection of individuals nominated for directorships, appointment or reappointment of Directors and succession planning for Directors.

As at 31 March 2024, the Nomination Committee consists of two members who are Mr. Zeng Weijin (an executive Director and chairman) and Dr. Zhou Wenming (independent non-executive director). The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held 5 meetings for the year ended 31 March 2024. Details of the attendance of the Nomination Committee meeting are set out above.

During the meetings, the Nomination Committee:

- to review the structure, size, composition and diversity of the Board;
- to assess the independence of the independent non-executive Directors; and
- proposed and approved the changes of directors and submitted to the board of directors for approval.

### Nomination policy

The Board of the Company adopted the nomination policy on 25 December 2018 as follows:

#### 1. Goal

- 1.1 The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the shareholders of the Company (the “**Shareholders**”) for election as Directors at general meetings or appoint as Directors to fill casual vacancies.
- 1.2 The Nomination Committee may nominate suitable number of candidates that it considers to be appropriate for election as Directors at general meetings or nominate the number of candidates who are required to fill casual vacancies.

#### 2. Selection criteria

- 2.1 In assessing the suitability of a proposed candidate, the Nomination Committee would consider the following factors:
  - (a) reputation for integrity;
  - (b) experience in business strategy, management, legal and financial aspects;
  - (c) whether the proposed candidate is able to assist the Board in effective performance of its responsibilities;
  - (d) the perspectives and skills that the proposed candidate is expected to bring to the Board;



## CORPORATE GOVERNANCE REPORT

- (e) commitment in respect of available time and relevant interest;
- (f) diversity in all aspects of the Board, including but not limited to gender, age, cultural background, educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- (g) in the case of selection for independent non-executive Directors, the independence of the proposed candidate.

The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

- 2.2 The proposed candidate shall submit the required personal data in the agreed format and his/her written consent to be appointed as a Director and agree to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to his/her appointment as a Director.
- 2.3 The Nomination Committee may request the proposed candidate to provide additional information and documents, if considered necessary.

### 3. Nomination procedure

- 3.1 The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members, if any, for consideration by the Nomination Committee prior to its meeting. Alternatively, the Nomination Committee may approve the nomination by a written resolution.
- 3.2 For filling a casual vacancy on the Board, the Nomination Committee shall recommend candidates for the Board's consideration and approval. For a proposed candidate to stand for election at a general meeting, the Nomination Committee shall make a nomination to the Board for its consideration and recommendation of the proposed candidate to stand for election.
- 3.3 Until the issue of the circular to Shareholders, the proposed candidates shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- 3.4 According to the articles of association of the Company, and without violating its provisions, any one or more shareholders may send a notice indicating that they intend to put forward a proposal on recommendation of selecting someone as a Director without having to be recommended by the Board or nominated by the Nomination Committee.
- 3.5 The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.



## CORPORATE GOVERNANCE REPORT

### 4. Confidentiality

Unless required by law or any regulatory authority, under no circumstances shall a member of the Nomination Committee or a staff member of the Company disclose any information to or entertain any enquiries from the public with regard to any nomination or candidature before the circular to Shareholders, as the case may be, is issued. Following the issue of the circular by the Company, the Nomination Committee, the company secretary of the Company or other staff member of the Company approved by the Nomination Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and candidates should not be disclosed.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors have been appointed for a fixed term. Pursuant to the letters of appointment between the Company and the independent non-executive Directors of the Group, the independent non-executive Directors have been appointed for a term of three years which may be terminated by either party by giving three months' written notice. Every Director is subject to re-election on retirement by rotation in accordance with the Articles.

### CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the individual and collective responsibility of the Directors which includes:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;
- (e) to review the Company's compliance with corporate governance and disclosure in the corporate governance report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

### COMPANY SECRETARY

The Company's company secretary, Mr. Cheng Wai Hei, coordinates the supply of information to the Directors and is the primary contact person within the Company for all matters relating to the duties and responsibilities of the company secretary. All Directors have access to company secretary to ensure that Board procedures and all applicable laws, rules and regulations are followed.





## CORPORATE GOVERNANCE REPORT

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on Board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with the Shareholders and management. During the year ended 31 March 2024, the company secretary had taken no less than 15 hours of relevant professional training.

For his biographical details, please refer to the section headed “Directors and Senior Management” in this annual report.

### COMPLIANCE OFFICER

Mr. Zeng Weijin has been appointed as the compliance officer of the Company on 4 November 2022. For his biographical details, please refer to the section headed “Directors and Senior Management” in this annual report.

### SENIOR MANAGEMENT’S REMUNERATION

The senior management’s remuneration payment of the Group during the year ended 31 March 2024 falls within the following bands:

	No. of individual
HK\$1,000,001 to HK\$1,500,000	1

### DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditor of the Company about its responsibilities for the financial statements is set out in the independent auditor’s report contained in the annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.

### EXTERNAL AUDITORS’ REMUNERATION

For the year ended 31 March 2024, the total remuneration paid/payable to the Group’s external auditors amounted to HK\$900,000.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Directors confirmed that during the ordinary course of the Company’s business, the Company are exposed to various types of risks, including (i) control risks relating to the Company’s overall monitoring system; (ii) regulatory risks in relation to the Company’s business; (iii) operational risk; and (iv) credit risks relating to assets.







## CORPORATE GOVERNANCE REPORT

The Company has designed and implemented risk management policies to address these potential risks identified in relation to its business. The risk management system of the Company sets out procedures to identify, analyse, assess, mitigate and monitor any potential risks. Its chief executive officer is responsible for overseeing the overall risk management system of the Company and each department carries out their own risk management identification exercise and proposes risk response plan according to the Company's overall risk assessment program. Each department is required to set up appropriate risk management strategies based on the risk identified and their proposed risk response plan and is responsible for the implementation and supervision. For material deficiency or risks identified, the relevant departments should report the situation to the Board for further investigation, internal control, review, enhancement and supervision.

For the year ended 31 March 2024, the Group had not experienced any non-compliance incidents that had or would reasonably be expected to have a material financial or operational impact on its business or would negatively affect the Directors' or senior management's ability or tendency to operate in a compliant matter.

The Directors are responsible for establishing the Company's internal control system and reviewing its effectiveness on an annual basis. In accordance with the applicable laws and regulations, the Company has established procedures for developing and maintaining its internal control system, covering areas such as corporate governance, operations, management, legal, finance and audit. The Company believes that its internal control system is sufficient in terms of comprehensiveness, practicability and effectiveness for its current business operation. To strengthen its internal control and ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules), the Company has adopted the following additional internal control measures:

- (1) the Directors will continuously monitor, evaluate and review the internal control system of the Company to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance its internal control system as appropriate;
- (2) the Company will provide training and updates on the legal and regulatory requirements applicable to its business operations to Directors, members of senior management and relevant employees of the Company from time to time;
- (3) if necessary, the Company may consider appointing external PRC legal advisers to advise the Company on matters relating to compliance with the applicable PRC laws and regulations; and
- (4) if necessary, the Company may consider appointing external Hong Kong legal advisers to advise the Company on matters relating to compliance with the GEM Listing Rules and the applicable Hong Kong laws and regulations.

The Company has also adopted relevant procedures and internal controls for the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

In light of the foregoing and based on the findings and recommendations of the work performed by the internal control consultant, the Directors reviewed the Group's risk management and internal control systems during the year ended 31 March 2024 and are of the view that the Group's risk management and internal control systems are adequate and effective.



## CORPORATE GOVERNANCE REPORT

### **THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING**

Pursuant to article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

### **COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS**

In order to keep shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the shareholders through financial reports and announcements. The Company has established its own corporate website ([www.ztecgroup.com](http://www.ztecgroup.com)) as a channel to facilitate effective communication with its shareholders and the public. The Company will continue to enhance communications and relationships with its shareholders and investors. A shareholders' communication policy was adopted on 20 April 2018 to comply with code provision E.1.4 of the Code.

Shareholders, investors and interested parties can make enquiries directly to the Company through the following e-mail: [info@minfuintl.com](mailto:info@minfuintl.com).

### **PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD**

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Min Fu International Holding Ltd.

Address: Unit E, 23/F, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong

E-mail: [info@minfuintl.com](mailto:info@minfuintl.com)

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Board, where appropriate, to answer the shareholders' questions.

### **PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS**

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the office of the branch share registrar of the Company in Hong Kong no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for shareholders to propose a person for election as a Director is posted on the website of the Company.



## DIRECTORS' REPORT

The Company presents herewith this report of the Directors together with the audited consolidated financial statements of the Group for the year ended 31 March 2024.

### SHARE STRUCTURE

The Company was incorporated in the Cayman Islands as an exempted company on 23 June 2017 with limited liability as a holding company of the Group. The authorised share capital of the Company was 5,000,000,000 ordinary shares of par value of US\$0.0001 each. As at 31 March 2024, the Company has 719,893,183 shares in issue.

### ISSUING OF RIGHTS SHARES OF THE COMPANY

On 30 May 2023, the Board proposes to conduct the rights issue on the basis of one (1) Right Share for every two (2) Shares held as at the record date at the Subscription Price of HK\$0.1 per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares.

On 3 July 2023, a total of 8 valid acceptances and applications had been received for a total of 19,893,183 Rights Shares, representing approximately 8.29% of the total number of Rights Shares offered under the Rights Issue. Based on the above results of valid acceptances and applications, the total number of the Untaken Shares subject to the compensatory arrangements under Rule 10.31(1) of the GEM Listing Rules shall be 220,106,817 Rights Shares.

On 21 July 2023, 220,000,000 Untaken Shares, representing approximately 99.95% of the total number of 220,106,817 Untaken Shares, were successfully placed at the placing price of HK\$0.1 per Share, which is equal to the Subscription Price, under the Placing.

On 2 August 2023, based on the results of acceptance of the Rights Issue and the results of the Placing, the Rights Shares to be allotted and issued amounted to 239,893,183 Rights Shares, representing approximately 99.96% of the total number of Rights Shares offered for subscription under the Rights Issue.

For details of the Rights Issue and the Placing, please refer to the announcements of the Company dated 30 May 2023, 20 June 2023, 10 July 2023 and 1 August 2023 and the listing document dated 16 June 2023.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group consist of (i) smart manufacturing solutions business; and (ii) burial business in the PRC.

The activities and particulars of the Company's subsidiaries are shown under Note 31 to the Financial Statements.

### BUSINESS REVIEW AND FUTURE BUSINESS DEVELOPMENT

The business review and future business development of the Group for the year ended 31 March 2024 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.



### Risks and uncertainties

The principal risks and uncertainties facing the Group have been addressed in the section headed “Management Discussion and Analysis” on pages 6 to 11 of this annual report. In addition, various financial risks have been disclosed in Note 3 to the consolidated financial statements.

### An analysis using financial key performance indicators

An analysis of the Group's performance during the year ended 31 March 2024 using financial performance indicators is provided in the section headed “Financial Summary” on page 122 of this annual report.

### Environmental protection

The Group recognises its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with laws and regulations regarding environmental protection and encourages environmental protection and promotes awareness towards environmental protections among its staff and employees.

### Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has on-going review the newly enacted laws and regulations affecting the operations of the Group. The Group is not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group during the year ended 31 March 2024.

## KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company maintained good relationships with its employees and the Company had not experienced any significant disputes with its employees nor had there been any material and adverse disruptions to its business operations as a result of strikes, claims, litigation or other labour disputes.

During the year ended 31 March 2024, there was no dispute on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under the individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review of the policies on salary increment, promotion, bonus, allowances and all other related benefits.

The Company maintained good relationships with its customers. The Company believes that delivering quality solutions to its end customers is important to its reputation and to its customer relationships. The Company has implemented stringent quality control measures in every major stage of the project in order to provide high quality smart manufacturing solutions.

The Group also maintained good relationships with its suppliers. During the year ended 31 March 2024, no complaint was received from the suppliers, there were no disputed debts or unsettled debts and all the debts were settled on or before due dates or a later date as mutually agreed.

During the year ended 31 March 2024, the Company did not have any material return to its suppliers or any material return from its customers. In view of the above and as at 31 March 2024, there was no circumstance or any event which would have a significant impact on the Group's business.



## DIRECTORS' REPORT

### EMPLOYEES AND EMOLUMENT POLICIES

The Group had 40 employees (including executive Directors) as at 31 March 2024 (2023: 27 employees). The Company relies on its employees to provide smart manufacturing solutions to its customers. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance-based bonus. The Company generally has a fixed term employment contract with its employees such as administrative and finance staff and the Company generally renews the employment contract with such employees on a yearly basis.

The Group also reviews the performance of the Group's staff periodically and consider the result of such review for staff's annual bonus, salary review and promotion appraisal. The Company has also adopted a share option scheme, details of which are set out on pages 38 to 39 of this annual report.

The Remuneration Committee shall make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of the Directors or any of their associates determine their own remuneration.

### RESULTS AND APPROPRIATIONS

The financial results of the Group for the year ended 31 March 2024 are set forth in the audited consolidated statement of comprehensive income on page 48 of this annual report. The Board did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

### FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 122 of this annual report. This summary does not form part of the audited consolidated financial statements in this annual report.

### RESERVES

Movements in reserves of the Group during the year ended 31 March 2024 are set out in the consolidated statements of changes in equity on page 51 of this annual report.

### DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company's reserves available for distribution to the shareholders of the Company as at 31 March 2024 amounted to HK\$Nil.

### SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 March 2024 are set out in the paragraph headed "Share Structure" above and Note 23 to the consolidated financial statements in this annual report.



### DIRECTORS

The Directors during the year ended 31 March 2024 and up to the date of this annual report were:

#### Executive Directors

Mr. Zeng Weijin (*Chairman and chief executive officer*)

Mr. Huang Minzhi

Ms. Ye Jialing

#### Non-executive Directors

Ms. Li Xiaoxuan

Ms. Zhang Xiaoling

Mr. Zhou Ruizhao

#### Independent non-executive Directors

Ms. Chen Meng (*appointed on 2 May 2024*)

Mr. Lu Shengwei (*appointed on 20 July 2023*)

Dr. Zhou Wenming

Mr. Leung Gavin L. (*resigned on 24 April 2023*)

Mr. Ning Jie (*resigned on 1 August 2023*)

Ms. Du Li (*appointed on 1 August 2023 and resigned on 2 February 2024*)

In accordance with the Articles, at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with its Company for a term of three years until terminated by not less than three months' notice in writing served by either party on the other, but subject to the termination provisions set out in the service contract. Pursuant to the letters of appointment between the Company and the non-executive Directors/independent non-executive Directors, each of the non-executive Directors/independent non-executive Directors has been appointed for an initial term of three years until terminated by either party giving not less than three months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles with regard to vacation of office of Directors, removal and retirement by rotation of Directors. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

### BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Directors and Senior Management" on pages 12 to 15 of this annual report.



## DIRECTORS' REPORT

### DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors during the year ended 31 March 2024 are set out in Note 8 to the consolidated financial statements in this annual report.

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 March 2024 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There had been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year ended 31 March 2024.

### MANAGEMENT CONTRACTS

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

### MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 93.1% and sales to the Group's largest customer amounted to approximately 55.7% of the total revenue for the year ended 31 March 2024, respectively. Purchases from the Group's five largest suppliers accounted for approximately 82.8% and purchases from the Group's largest supplier amounted to approximately 59.2% of the total purchases for the year ended 31 March 2024.

To the best knowledge of the Directors, neither the Directors, their close associates (as defined in the GEM Listing Rules), nor any shareholders (which to the knowledge of the Directors) owned more than 5% of the Company's issued shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the year ended 31 March 2024.

### RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the year ended 31 March 2024 are disclosed in Note 33 to the consolidated financial statements in this annual report. They did not constitute connected transactions or continuing connected transactions, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.





### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

### **DIVIDENDS**

The Board did not recommend the payment of any dividend for the year ended 31 March 2024 (2023: nil).

### **DIVIDEND POLICY**

The Board of the Company adopted the dividend policy on 25 December 2018 as follows:

#### **1. Goal**

- 1.1 The Board seeks to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy (the "**Dividend Policy**").
- 1.2 Under the Dividend Policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may declare and pay dividends to the Shareholders.
- 1.3 The Dividend Policy aims to allow Shareholders to participate in the Company's profit and for the Company to retain adequate reserves for future development.

#### **2. Criteria**

- 2.1 When proposing to declare dividends, the Board shall consider the followings, inter alia:
  - (a) the actual and expected financial results of the Company and the Group;
  - (b) retained earnings and distributable reserves of the Company and each member of the Group;
  - (c) dividends received from subsidiaries of the Company;
  - (d) the debt-to-equity ratio level, return on equity and related financial covenants of the Group;
  - (e) restrictions on payment of dividends that may be imposed by the Group's lenders;
  - (f) the expected working capital requirements and future expansion plans and prospects of the Group;
  - (g) the general economic and financial conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
  - (h) any other factors that the Board deems appropriate.



## DIRECTORS' REPORT

### 3. Procedure on declaration of dividends

- 3.1 The Dividend Policy and the declaration and/or payment of the dividends under the Dividend Policy in the future shall depend on whether the Board will continue to affirm the Dividend Policy and the declaration and/or payment of dividends is in the best interests of the Group and the Shareholders, and is compliance with all applicable laws and regulations.
- 3.2 The declaration and payment of dividends shall be approved and conducted in accordance with all applicable laws and regulations and the articles of association (as amended from time to time) of the Company.
- 3.3 The declaration and payment of dividends is at the sole discretion of the Board and there is no assurance that dividends will be paid in any particular amount for any given period.

### 4. Review of the Dividend Policy

The Board will continually review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time; and the Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

## CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during and at the end of the year ended 31 March 2024.

No contract of significance (including provision of services) between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2024.



### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

#### (I) Long position in shares or underlying shares of the Company

Name of Director	Nature of interest	No. of ordinary shares held	No. of underlying shares held	Total	Percentage of interest
Mr. Huang Minzhi ("Mr. Huang")	Beneficial owner	122,461,800	–	122,461,800	17.01%

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

So far as was known to the Directors, as at the date of this annual report, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Substantial Shareholder	Long/short position	Capacity	Number of shares	Percentage of interest
Mr. Huang	Long position	Beneficial owner	122,461,800	17.01%

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



## DIRECTORS' REPORT

### SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 26 March 2018 which took effect on the Listing Date. The following is a summary of the principal terms and conditions of the Share Option Scheme.

#### 1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise the Participants (as defined below) who have contributed to the Group and to provide the Participants an opportunity to have a personal stake in the Company.

#### 2. Who may join

The Directors may, at their discretion, invite Directors (including non-executive Directors and independent non-executive Directors) and employees and any advisers, consultants, suppliers, customers and agents who the Board considers, in its sole discretion, have contributed or will contribute to the Group (the “**Participants**”) to take up options at the subscription price.

#### 3. Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of its Company of HK\$1.00 by way of consideration for the grant thereof, is received by its Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for shares may be accepted in respect of less than the number of shares for which it is offered provided that it is accepted in respect of a board lot for dealing in shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

#### 4. Maximum number of shares

The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of its Company must not in aggregate exceed 10% of the total number of shares in issue, being 40,000,000 shares (the “**Scheme Limit**”), excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of its Company). The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of its Company (including both exercised, outstanding options and shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of its Company but subsequently cancelled (the “**Cancelled Shares**”)), to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.



### 5. Subscription price of the shares

The subscription price of a shares in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant; and
- (iii) the nominal value of a shares.

### 6. Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme by the shareholders of its Company (the "**Adoption Date**"). Subject to earlier termination by its Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date.

No options were granted, exercised, cancelled or lapsed and there were no outstanding options from the date of the adoption of the Share Option Scheme to 31 March 2024.

Further particulars of the Share Option Scheme are set out in the section headed "Statutory and General Information — 13. Share Option Scheme" in Appendix IV to the Prospectus.

## INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2024, none of the Directors, controlling shareholder or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

## DIRECTORS' EMOLUMENT POLICY

The Remuneration Committee has been established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices. The Company has adopted a Share Option Scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" of this report.



## DIRECTORS' REPORT

### PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for certain legal actions brought against its Directors and officers.

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2024, the Company had not entered into any connected transaction or continuing connected transactions which is subject to the disclosure requirements under the GEM Listing Rules.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 29 of this annual report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float under the GEM Listing Rules during the year ended 31 March 2024.

### AUDITOR

The consolidated financial statements for the year ended 31 March 2024 have been audited by McMillan Woods (Hong Kong) CPA Limited, who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

### EVENTS AFTER THE REPORTING PERIOD

Details about events after the reporting period are disclosed in Note 36 to the consolidated financial statements in this annual report.

On behalf of the Board

**Mr. Zeng Weijin**

*Chairman*

Hong Kong, 26 June 2024



# INDEPENDENT AUDITOR'S REPORT



**To the Shareholders of  
Min Fu International Holding Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

## **OPINION**

We have audited the consolidated financial statements of Min Fu International Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 48 to 121, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of 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 (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **BASIS FOR OPINION**

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





# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

- 1) Impairment of contract assets, trade and other receivables; and
- 2) Impairment of non-financial assets.

### Impairment on contract assets, trade and other receivables

Key audit matter	How our audit addressed the key audit matter
<p>Refer to the summary of material accounting policy information in note 2, critical judgements and key estimates in note 4, and relevant disclosures in notes 3, 18, 19 and 20 to the consolidated financial statements.</p> <p>As at 31 March 2024, the Group had trade receivables of approximately HK\$10,780,000, contract assets of approximately HK\$1,654,000 and other receivables of approximately HK\$6,060,000. The Group had recognised a reversal of impairment of trade receivables of HK\$302,000, an impairment of contract assets of approximately HK\$50,000, and other receivables of approximately HK\$1,210,000 during the year ended 31 March 2024.</p> <p>The measurement of allowance for expected credit losses ("ECLs") requires the application of judgement and estimation by the management.</p>	<p>Our key audit procedures in relation to management's assessment on the impairment of contract assets, trade and other receivables included:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of and evaluating the Group's credit policies and internal control on ECLs assessment;</li></ul>

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(CONTINUED)*

### Impairment on contract assets, trade and other receivables *(Continued)*

#### Key audit matter

We identified the impairment of contract assets, trade and other receivables as a key audit matter due to the significance of contract assets, trade and other receivables to the Group's consolidated statement of financial position and the involvement of subjective judgement and management estimation in evaluating the ECLs of the Group's contract assets, trade and other receivables at the end of the reporting period.

#### How our audit addressed the key audit matter

- Selecting samples to assess the reasonableness of management judgments on whether the credit risk on other receivables has increased significantly since initial recognition and whether credit impairment has occurred;
- Obtaining and testing the accuracy of contract assets and trade receivables aging analysis as at 31 March 2024, on a sample basis;
- Evaluating, together with auditor's expert, the reasonableness of the Group's ECL models methodology and related parameters, including the probability of default, exposure at default and forward looking information;
- Recalculating the amount of the impairment on contract assets, trade and other receivables and assessing the appropriateness and adequacy of the impairment as at 31 March 2024;
- Inspecting the subsequent settlements of the contract assets, trade and other receivables as at 31 March 2024; and
- Reviewing the appropriateness of the disclosure of credit risk exposure and ECLs in the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(CONTINUED)*

### Impairment of non-financial assets

#### Key audit matter

Refer to the summary of material accounting policy information in note 2, critical judgements and key estimates in note 4, and relevant disclosures in notes 13, 15 and 21 to the consolidated financial statements.

As at 31 March 2024, the Group had property and equipment, intangible assets and prepayments of approximately HK\$4,149,000, HK\$3,883,000 and HK\$5,812,000 respectively.

The management of the Company had performed an impairment review in accordance with HKAS 36 Impairment of Assets in relation to the Group's non-financial assets.

We identified the impairment assessment of non-financial assets as a key audit matter due to the required exercise of significant judgements and high level of estimation uncertainty by management concerning the estimated future cash flows and other key inputs on the estimation of the recoverable amount of the cash generating unit of the equipment manufacturing business ("Equipment CGU") to which non-financial assets have been allocated.

As at 31 March 2024, the recoverable amount of the Equipment CGU was determined by management and based on value-in-use calculations using cash flow projections. Independent external valuations were obtained in order to support management's estimates.

#### How our audit addressed the key audit matter

Our key audit procedures in relation to assessing the impairment assessment of non-financial assets included:

- Understanding the key internal controls over preparation of the discounted cash flow forecasts on which the estimation of the recoverable amount of the Equipment CGU are based;
- Assessing and challenging the Group's identification of the Equipment CGU and the allocation of non-financial assets to the Equipment CGU with reference to the requirements of the prevailing accounting standards;
- Assessing the external valuers' qualifications, experience and expertise and considering their objectivity;
- Obtaining and inspecting the valuation report and model prepared by the external valuers engaged by the Group on which the management's assessments of impairment of non-financial assets were based;
- With the assistance of auditor's expert, evaluating the methodology used in the valuations of the Equipment CGU, challenging the key assumptions and critical judgements made in the preparation of the discounted cash flow forecasts prepared by management by comparing key inputs, with historical performance, management's budgets and forecasts and other external available information, and evaluating the discount rate applied in the discounted cash flow forecasts by assessing if the parameters adopted in calculating the discount rate was within the range of relevant industry; and
- Evaluating the adequacy of disclosures in respect of the impairment of non-financial assets in the consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises 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 the 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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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



## INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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





## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

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

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

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

#### **McMillan Woods (Hong Kong) CPA Limited**

*Certified Public Accountants*

#### **Ho Wai Kuen**

Practising Certificate Number: P05966

24/F., Siu On Centre

188 Lockhart Road, Wan Chai,

Hong Kong

Hong Kong, 26 June 2024



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	6	<b>80,501</b>	31,974
Cost of sales	7	<b>(62,943)</b>	(22,271)
<b>Gross profit</b>		<b>17,558</b>	9,703
Selling and marketing expenses	7	<b>(2,548)</b>	(2,552)
Administrative expenses	7	<b>(26,260)</b>	(24,509)
Reversal of impairment of/(impairment of) trade receivables	18(b)	<b>302</b>	(1,571)
Impairment of contract assets	19	<b>(50)</b>	–
Impairment of other receivables	20	<b>(1,210)</b>	–
Impairment of non-financial assets		<b>(6,590)</b>	(7,015)
Gain on disposal of subsidiaries	30(a)	<b>312</b>	–
Other income	9	<b>1,432</b>	740
Other losses – net	9	<b>(353)</b>	(640)
Share of result of an associate	16	<b>161</b>	–
<b>Operating loss</b>		<b>(17,246)</b>	(25,844)
Finance costs	7	<b>(384)</b>	(934)
<b>Loss before income tax</b>		<b>(17,630)</b>	(26,778)
Income tax expense	10	<b>(2,626)</b>	(1,634)
<b>Loss for the year</b>		<b>(20,256)</b>	(28,412)
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(2,498)</b>	(3,506)
Share of other comprehensive income of an associate		<b>(204)</b>	–
Release of exchange differences upon disposal of subsidiaries		<b>(11)</b>	–
<b>Other comprehensive loss for the year, net of income tax</b>		<b>(2,713)</b>	(3,506)
<b>Total comprehensive loss for the year</b>		<b>(22,969)</b>	(31,918)
<b>Loss for the year attributable to:</b>			
The owners of the Company		<b>(20,098)</b>	(28,251)
Non-controlling interest		<b>(158)</b>	(161)
		<b>(20,256)</b>	(28,412)
<b>Total comprehensive loss for the year attributable to:</b>			
The owners of the Company		<b>(22,801)</b>	(31,756)
Non-controlling interest		<b>(168)</b>	(162)
		<b>(22,969)</b>	(31,918)
<b>Loss per share</b>			(Restated)
– Basic (HK\$)	11	<b>(0.03)</b>	(0.06)
– Diluted (HK\$)	11	<b>N/A</b>	N/A



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	13	<b>4,149</b>	9,714
Right-of-use assets	14	<b>618</b>	7,413
Intangible assets	15	<b>3,883</b>	8,282
Investment in an associate	16	–	–
Prepayments	21	–	5,142
		<b>8,650</b>	30,551
<b>Current assets</b>			
Trade receivables	18	<b>10,780</b>	12,425
Contract assets	19	<b>1,654</b>	–
Other receivables	20	<b>6,060</b>	1,545
Prepayments	21	<b>5,812</b>	9,303
Restricted cash	22(a)	<b>687</b>	3,823
Cash at banks and on hand	22(b)	<b>14,676</b>	4,301
		<b>39,669</b>	31,397
<b>Total assets</b>		<b>48,319</b>	61,948
<b>CAPITAL AND RESERVERS</b>			
Share capital	23	<b>562</b>	375
Other reserves	24	<b>79,207</b>	59,759
Accumulated losses		<b>(50,295)</b>	(30,197)
<b>Equity attributable to owners of the Company</b>		<b>29,474</b>	29,937
Non-controlling interests		–	(39)
<b>Total equity</b>		<b>29,474</b>	29,898

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	26	<b>198</b>	4,949
Deferred tax liabilities	17	<b>1,582</b>	1,267
		<b>1,780</b>	6,216
<b>Current liabilities</b>			
Trade payables	27	<b>5,237</b>	689
Other payables	28	<b>3,961</b>	13,285
Contract liabilities	29	<b>1,102</b>	3,352
Borrowings	25	<b>4,584</b>	5,543
Current income tax liabilities		<b>1,723</b>	426
Lease liabilities	26	<b>458</b>	2,539
		<b>17,065</b>	25,834
<b>Total liabilities</b>		<b>18,845</b>	32,050
<b>Total equity and liabilities</b>		<b>48,319</b>	61,948

These consolidated financial statements on pages 48 to 121 were approved by the board of directors of the Company on 26 June 2024 and were signed on its behalf.

**Zeng Weijin**

*Director*

**Huang Minzhi**

*Director*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i> <i>(Note 23)</i>	Other reserves <i>HK\$'000</i> <i>(Note 24)</i>	Accumulated losses <i>HK\$'000</i>	Equity attributable to owners of the Company <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 April 2022</b>	312	58,027	(1,946)	56,393	–	56,393
Comprehensive loss						
– Loss for the year	–	–	(28,251)	(28,251)	(161)	(28,412)
– Other comprehensive loss	–	(3,505)	–	(3,505)	(1)	(3,506)
<b>Total comprehensive loss for the year</b>	–	(3,505)	(28,251)	(31,756)	(162)	(31,918)
Placing of new shares <i>(note 23(a))</i>	63	5,457	–	5,520	–	5,520
Transaction cost attributable to placing of new shares <i>(note 23(a))</i>	–	(220)	–	(220)	–	(220)
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	123	123
<b>Balance at 31 March 2023 and 1 April 2023</b>	<b>375</b>	<b>59,759</b>	<b>(30,197)</b>	<b>29,937</b>	<b>(39)</b>	<b>29,898</b>
Comprehensive loss						
– Loss for the year	–	–	(20,098)	(20,098)	(158)	(20,256)
– Other comprehensive loss	–	(2,703)	–	(2,703)	(10)	(2,713)
<b>Total comprehensive loss for the year</b>	–	<b>(2,703)</b>	<b>(20,098)</b>	<b>(22,801)</b>	<b>(168)</b>	<b>(22,969)</b>
Capital contribution from non- controlling interest of a subsidiary	–	–	–	–	404	404
Issuance of shares upon right issue <i>(note 23(b))</i>	<b>187</b>	<b>23,802</b>	–	<b>23,989</b>	–	<b>23,989</b>
Transaction cost attributable to issuance of shares upon right issue <i>(note 23(b))</i>	–	(1,651)	–	(1,651)	–	(1,651)
Disposal of subsidiaries	–	–	–	–	(197)	(197)
<b>Balance at 31 March 2024</b>	<b>562</b>	<b>79,207</b>	<b>(50,295)</b>	<b>29,474</b>	–	<b>29,474</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	30(b)	3,318	(8,850)
Income tax paid		(902)	(327)
Net cash generated from/(used in) operating activities		2,416	(9,177)
<b>Cash flows from investing activities</b>			
Interest income received		98	22
Acquisition of an associate		(4,794)	–
Net cash outflow from disposal of a subsidiary		(18)	–
Proceeds from disposal of property and equipment		–	3
Purchases of property and equipment ( <i>note (a)</i> )		–	(521)
Net cash used in investing activities		(4,714)	(496)
<b>Cash flows from financing activities</b>			
Other interest paid		(188)	(268)
Proceeds from borrowings		–	5,693
Repayment of borrowings		(600)	(2,448)
(Repayment to)/advanced from a related party		(2,492)	992
Principal element of lease rental paid		(734)	(2,494)
Interest element of lease rental paid		(196)	(666)
(Repayment to)/advanced from a director		(4,572)	4,572
Capital contribution from non-controlling interest of a subsidiary		404	123
Proceeds from placing of new shares		–	5,520
Transaction cost attributable to placing of new shares		–	(220)
Proceeds from issuance of shares upon right issue		23,989	–
Transaction cost attributable to issuance of shares upon right issue		(1,651)	–
Net cash generated from financing activities		13,960	10,804
<b>Net increase in cash and cash equivalents</b>		<b>11,662</b>	<b>1,131</b>
Cash and cash equivalents at the beginning of the year		4,301	3,738
Effect of exchange rate change on cash and cash equivalents		(1,287)	(568)
<b>Cash and cash equivalents at the end of the year</b>		<b>14,676</b>	<b>4,301</b>

Note:

### Non-cash transactions:

- (a) During the year ended 31 March 2024, additions of property and equipment and intangible assets of approximately Nil (2023: HK\$3,728,000) and Nil (2023: HK\$6,367,000), respectively, were prepaid in prior years and the amounts were transferred from prepayments (Note 21).
- (b) As at 31 March 2024, the consideration for the disposal of an associate amounting to approximately HK\$4,594,000 (2023: Nil) was not settled and classified as other receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Min Fu International Holding Limited (the “Company”) was incorporated in the Cayman Islands on 23 June 2017 as an exempted company with limited liability. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 April 2018. The address of its registered office is Offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit E, 23/F, YHC Tower, No. 1 Sheung Yuet Road Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in i) equipment manufacturing business and ii) burial business in the People’s Republic of China (the “PRC”).

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the Company’s functional currency, and all values are rounded to the nearest thousand unless otherwise stated.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

This note provides a list of the material accounting policy information adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

**(a) *Compliance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”)***

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. HKFRSs comprise all applicable Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretations. These consolidated financial statements also comply with applicable disclosures provisions of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policy information adopted by the Group are discussed below.

**(b) *Historical cost convention***

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### (c) *New and amendments to HKFRSs adopted by the Group*

The Group has applied the following new and 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 (including the October 2020 and February 2022 Amendments to 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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

None of these new and amendments to HKFRSs have had a material effect on the Group's financial performance and financial position for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

#### *Impacts 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 consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose consolidated financial statements make on the basis of those consolidated 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 consolidated financial statements. Guidance and examples are added to the Practice Statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.1 Basis of preparation *(Continued)*

#### **(c) New and amendments to HKFRSs adopted by the Group** *(Continued)*

##### *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" (Continued)*

The application of the amendments has had no material impact on the Group's financial positions and performance and the disclosure of the Group's accounting policies set out in note 2 to the consolidated financial statements.

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

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1st May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that 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 particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group's LSP liability and staff cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.1 Basis of preparation *(Continued)*

#### **(d) New standards, amendments to standards and interpretations not yet adopted**

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

	<b>Effective for accounting periods beginning on or after</b>
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 Sale 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	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 Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

### 2.2 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.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.2 Consolidation *(Continued)*

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 and consolidated 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.

### 2.3 Government grants

Grants from the government are recognised in statement of comprehensive income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

### 2.4 Separate financial statements

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

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

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments. The CODM has been identified as the executive directors of the Company that make strategic decisions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.6 Foreign currency translation

**(a) 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 consolidated financial statements is presented in HK\$, which is the Company's functional currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within finance income/costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within other gains/(losses) – net.

**(c) Group companies**

The results and financial position of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the 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 for each statement of comprehensive income are translated at average exchange rates (unless this average rate 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 rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. On the disposal of a foreign operation, all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.7 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the any component accounted for as a separated asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Furniture and office equipment	4 – 5 years
Machinery and equipment	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the profit or loss.

### 2.8 Intangible assets

#### ***Intangible assets represent software and patent***

Separately acquired computer software and patent are shown at historical cost. The computer software and patents have a finite useful life and are carried at cost less accumulated amortisation and impairment (note 2.9), if any.

Amortisation is calculated using the straight-line method to allocate the cost over its estimated useful lives, as follows:

Patent	10 years
Software	5 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.9 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.10 Financial assets

#### *(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### *(b) Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### *(c) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.10 Financial assets *(Continued)*

#### *(c) Measurement (Continued)*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Trade and other receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) – net, if any, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.10 for further information about the Group's accounting for trade receivables and the Group's impairment policies.

### 2.13 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.

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

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks. Bank deposits which are restricted for use are included in "restricted cash". Restricted cash are excluded from cash and cash equivalents included in the consolidated statement of cash flows.

### 2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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.

### 2.18 Borrowing costs

Other borrowing costs are expensed in the period in which they are incurred.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.19 Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **(a) Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **(b) Deferred income tax**

##### *Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

#### **(c) Offsetting**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.20 Employee benefits

#### **(a) Pension obligations**

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The Group's contributions to these plans are expensed as incurred.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the group company in Hong Kong (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the group company and its employees are subject to a cap of HK\$1,500 and thereafter contributions are voluntary.

#### **(b) Housing funds, medical insurances and other social insurances**

Employees of the group companies in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these funds are expensed of as incurred.

#### **(c) Bonus entitlements**

The expected cost of bonus payments are recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.21 Revenue recognition

Revenues are recognised when or as the control of the asset is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

#### *(a) Sales of goods*

Sales of goods are recognised when control of the products has been transferred to the customers and the collectability of the related receivables is reasonably assured.

#### *(b) Rendering of services*

The Group provided technical services to external parties. Service fee is recognised as revenue when services are rendered.

#### *(c) Agency service on burial business*

The Group provided agency services for sale of burial plots and columbarium to external parties. The service income is recognised at a point in time when services are rendered.

### 2.22 Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost, contract assets, trade receivables, other receivables and deposits, restricted cash and cash and cash equivalents. 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 receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.22 Impairment of financial assets *(Continued)*

#### ***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; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.22 Impairment of financial assets *(Continued)*

#### ***Significant increase in credit risk*** *(Continued)*

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

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

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

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

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

#### ***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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.22 Impairment of financial assets *(Continued)*

#### ***Credit-impaired financial assets***

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

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

#### ***Write-off policy***

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. 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. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

The Group uses a practical expedient in estimating ECL on trade receivables using a provisional matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without under cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.22 Impairment of financial assets *(Continued)*

#### ***Measurement and recognition of ECL*** *(Continued)*

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

### 2.23 Interest income

Interest income is recognised using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.24 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.

#### *(a) The Group as a lessee*

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets 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.

To determine the incremental borrowing rate, the Group:

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.24 Leases *(Continued)*

#### *(a) The Group as a lessee (Continued)*

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

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.

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

### 2.25 Research and development

Research expenditures are recognised as expenses or cost of sales as incurred. Costs incurred on development projects (relating to the design and developing of new or improved utility models and utility patents) are recognised as intangible assets if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures that do not meet these criteria are recognised as expenses or cost of sales when incurred. Development costs previously recognised as expenses or cost of sales are not recognised as an asset in a subsequent period.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity 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.

#### 3.1.1 Market risk

##### (a) Foreign exchange risk

The Group is exposed to currency risk primarily through most of its transactions that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Swiss Franc ("CHF"). 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.1 Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate of USD and CHF, with all other variables held constant, of the Group's loss before tax.

	At 31 March 2024	
	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in loss before income tax HK\$'000
USD	5	(250)
USD	(5)	250
CHF	5	(399)
CHF	(5)	399

	At 31 March 2023	
	Increase/ (decrease) in foreign exchange rate %	Increase/ (decrease) in loss before income tax HK\$'000
USD	5	(503)
USD	(5)	503
CHF	5	(40)
CHF	(5)	40

##### (b) Interest rate risk

The Group's interest-bearing asset and liabilities are borrowings, lease liabilities, restricted cash and cash at banks. Borrowings and lease liabilities bore at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to cash flow interest rate risks arises from its restricted cash and cash at banks and therefore bear interest at variable rates varied with the then prevailing market condition. The directors of the Company consider the cash flow interest rate risk with respect to restricted cash and cash at banks to be insignificant to the Group.

During the reporting period, the Group did not hedge its interest rate risk.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk

Credit risk mainly arises from cash at banks, restricted cash, contract assets and trade and other receivables. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Majority of the Group's bank balances and restricted cash are placed in reputable banks and financial institution. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

#### *Trade receivables and contract assets*

For trade receivables and contract assets, periodical credit evaluations are performed on all customers taking into account market conditions, the customers' reputation, financial capacity, payment history, and other factors. The Group generally requires customers to settle progress billings in accordance with contracted terms and other debts in accordance with agreements. Normally, the Group does not obtain collateral from customers.

The Group has concentration of credit risk in certain individual customers. As at 31 March 2024, approximately 34.3% (2023: 54.8%) of total trade receivables and contract assets were concentrated in one customer of the Group, and approximately 98.9% (2023: 89.4%) of the total trade receivables and contract assets were concentrated in five customers of the Group. The Group seeks to minimise its risk by dealing with counterparties which have good credit history.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. The level of credit granted must not exceed a predetermined level set by the management. Credit evaluation is performed on a regular basis. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group applies HKFRS 9 and measures ECL based on a lifetime expected loss allowance for all trade receivables and contract assets. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the ECL based on past due status is not further distinguished between the Group's different customer bases.

Expected loss 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. It considers available reasonable and supportive forwarding-looking information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

On that basis, the loss allowance for trade receivables and contract assets as at 31 March 2024 and 2023 was determined as follows:

Trade receivables

	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
<b>As at 31 March 2024</b>				
Current	4.4%	11,129	(485)	10,644
Past due				
0 – 180 days	19.5%	169	(33)	136
Over 180 days	100%	959	(959)	–
		12,257	(1,477)	10,780
<b>As at 31 March 2023</b>				
Current	0.2%	10,564	(20)	10,544
Past due				
0 – 180 days	21.0%	2,381	(500)	1,881
Over 180 days	100%	1,343	(1,343)	–
		14,288	(1,863)	12,425

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

##### Trade receivables (Continued)

As at 31 March 2024 and 2023, management made assessment on the ECLs of trade receivables. The movement in provision for impairment of trade receivables as at 31 March 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	1,863	311
(Reversal of)/ECLs recognised during the year	(302)	1,571
Currency translation differences	(84)	(19)
At the end of the year	1,477	1,863

The following significant changes in the gross carrying amounts of trade receivables contributed to the decrease in the loss allowance:

- a decrease in days past due 0 – 180 resulted in a decrease in loss allowance of approximately HK\$467,000, and
- a decrease in days past due over 180 days resulted in a decrease in loss allowance of approximately HK\$384,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

Contract assets

	Expected loss rate	Gross carrying amount <i>HK\$'000</i>	Loss allowance <i>HK\$'000</i>	Net carrying amount <i>HK\$'000</i>
<b>As at 31 March 2024</b>				
Current	2.9%	1,704	(50)	1,654
<b>As at 31 March 2023</b>				
Current		–	–	–

As at 31 March 2024, management made assessment on the ECLs of contract assets. The movement in the provision for impairment of contract assets as at 31 March 2024 are as follows:

	2024 <i>HK\$'000</i>
At the beginning of the year	–
ECLs recognised during the year	50
Currency translation differences	–*
At the end of the year	50

\* Amount less than HK\$1,000

During the year ended 31 March 2024, the origination of new contract assets resulted in an increase in loss allowance of approximately HK\$50,000 (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### *Deposits and other receivables*

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, the likelihood of recovery, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management considers that there is no significant increase in credit risk of these balances since initial recognition and the Group provided impairment on these balances based on 12m ECL. For the years ended 31 March 2024 and 2023, provision for ECL on deposits and other receivables of approximately HK\$1,210,000 (2023: Nil) is recognised.

For financial assets whose impairment losses are measured using expected credit loss model except trade receivables and contract assets, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their expected credit losses, as follows:

Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

Stage 2: If the credit risk has increased significantly since its initial recognition but not yet deemed to be credit-impaired, the financial instrument is included in stage 2.

Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in stage 3.

	<b>As at 31 March 2024 Stage 1 HK\$'000</b>
Deposits and other receivables, gross	<b>7,259</b>
Less: Loss allowance	<b>(1,199)</b>
Deposits and other receivables, net	<b>6,060</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.2 Credit risk (Continued)

##### Deposits and other receivables (Continued)

	As at 31 March 2023 Stage 1 HK\$'000
Deposits and other receivables, gross	1,545
Less: Loss allowance	–
Deposits and other receivables, net	<u>1,545</u>

As at 31 March 2024 and 2023, management made assessment on the ECLs of other receivables. The movement in the provision for impairment of other receivables as at 31 March 2024 and 2023 are as follows:

	12 month ECL for stage 1 HK\$'000
At 1 April 2022, 31 March 2023 and 1 April 2023	–
ECLs recognised during the year	1,210
Currency translation difference	(11)
At 31 March 2024	<u>1,199</u>

During the year ended 31 March 2024, the origination of new other receivable net of those settled resulted in an increase in loss allowance of approximately HK\$1,210,000 (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Interest rate	Less than 1 year or on demand <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 March 2024</b>				
Financial liabilities subject to a repayment on demand clause				
Borrowings	4.1%	4,584	–	4,584
Financial liabilities not subject to a repayment on demand clause				
Trade payables	N/A	5,237	–	5,237
Other payables	N/A	3,885	–	3,885
Lease liabilities	0.42%	480	200	680
		<b>14,186</b>	<b>200</b>	<b>14,386</b>
<b>As at 31 March 2023</b>				
Financial liabilities subject to a repayment on demand clause				
Borrowings	4.1%	5,543	–	5,543
Other payables	N/A	7,064	–	7,064
Financial liabilities not subject to a repayment on demand clause				
Trade payables	N/A	689	–	689
Other payables	N/A	6,032	–	6,032
Lease liabilities	0.42% – 1.75%	3,246	5,745	8,991
		<b>22,574</b>	<b>5,745</b>	<b>28,319</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### 3.1.3 Liquidity risk (Continued)

The table that follows summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the “on demand” time band in the maturity analysis above. Taking into account the Group’s financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates.

	Within 1 year <i>HK\$'000</i>	Between 1 and 2 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 March 2024</b>			
Borrowings	4,657	–	4,657
<b>As at 31 March 2023</b>			
Borrowings	844	4,934	5,778

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. In order to maintain the capital structure, the Group will balance its overall capital structure through the new shares issues as well as the issue of new debt or the redemption of existing debt. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

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.

The Group has maintained a sufficient public float to comply with the GEM Listing Rules during the years ended 31 March 2024 and 2023.

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

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings, amounts due to a related party and a director net of cash at banks and on hand and restricted cash) divided by total equity as of the end of the respective year.

	2024 HK\$'000	2023 HK\$'000
Total borrowings	4,584	5,543
Amount due to a related party	–	2,492
Amount due to a director	–	4,572
Less: Cash at banks and on hand	(14,676)	(4,301)
Restricted cash	(687)	(3,823)
Net (cash surplus)/debts	(10,779)	4,483
Total equity	29,474	29,898
Net gearing ratio	N/A	15%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.3 Financial instruments by category

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost		
Trade receivables	10,780	12,425
Other receivables	6,060	1,545
Restricted cash	687	3,823
Cash at banks	14,676	4,301
<b>Total</b>	<b>32,203</b>	<b>22,094</b>

	2024 HK\$'000	2023 HK\$'000
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
Trade payables	5,237	689
Other payables	3,885	13,096
Borrowings	4,584	5,543
<b>Total</b>	<b>13,706</b>	<b>19,328</b>

### 3.4 Fair value estimation

As at 31 March 2024 and 2023, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their fair value due to their short maturities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, the directors of the Company 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 judgements in applying accounting policies**

In the process of applying the accounting policies, the directors of the Company 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).

#### ***Principal versus agent consideration for income from equipment manufacturing business***

The Group concluded that the Group acts as the principal for the sales of equipment as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide and install of equipment in the customers' specified location. The Group has discretion in establishing the price for the sales of equipment with the customers. The Group also bears the loss if the customers are not satisfied the quality of the equipment. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

#### ***Significant increase in credit risk***

As explained in note 2.22, ECL under general approach 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, 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.

#### ***Impairment assessment on contract assets, trade and other receivables***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

### Key sources of estimation uncertainty (Continued)

#### **Impairment assessment on contract assets, trade and other receivables (Continued)**

As at 31 March 2024, the carrying amount of contract assets, trade and other receivables are approximately HK\$1,654,000 (net of allowance for doubtful debts of HK\$50,000), HK\$10,780,000 (net of allowance for doubtful debts of HK\$1,477,000) and HK\$6,060,000 (net of allowance for doubtful debts of HK\$1,199,000) (2023: Nil (net of allowance for doubtful debts of Nil), HK\$12,425,000 (net of allowance for doubtful debts of HK\$1,863,000) and HK\$1,545,000 (net of allowance for doubtful debts of Nil).

#### **Impairment assessment on non-financial assets**

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.

As at 31 March 2024, the carrying amounts of the Group's property and equipment, intangible assets and prepayments are approximately HK\$4,149,000 (2023: HK\$9,714,000), HK\$3,883,000 (2023: HK\$8,282,000) and HK\$5,812,000 (2023: HK\$14,445,000) respectively. Impairment loss on property and equipment, intangible assets and prepayments of approximately HK\$3,197,000 (2023: HK\$2,112,000), HK\$3,011,000 (2023: HK\$1,801,000) and HK\$382,000 (2023: HK\$3,102,000) were recognised for the year ended 31 March 2024 respectively.

## 5 SEGMENT INFORMATION

The Group manages its businesses by business operations in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("CODM"), being the executive directors of the Company, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

- equipment manufacturing business: sales of equipment relating to (i) smart manufacturing solution services focusing on precision 3D testing solutions and precision machining solutions and (ii) digital smart worship ancestors service, and provision of relevant technical service in the PRC; and
- burial business: agency services for sale of burial plots and columbarium units and other burial-related service in the PRC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 SEGMENT INFORMATION (CONTINUED)

#### Segment results

Segment results represent the loss before income tax from each segment except for the unallocated corporate expenses, being central administrative costs. Segment assets and liabilities are not presented in the consolidated financial statements as they are not regularly reviews by the Group's CODM.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	For the year ended 31 March 2024		
	Equipment Manufacturing Business <i>HK\$'000</i>	Burial Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	78,450	2,051	80,501
Reportable segment loss	(10,119)	(1,739)	(11,858)
Central administrative expenses			(5,772)
Loss before income tax			(17,630)

	For the year ended 31 March 2024		
	Equipment Manufacturing Business <i>HK\$'000</i>	Burial Business <i>HK\$'000</i>	Total <i>HK\$'000</i>

Amounts included in the  
measure of segment loss:

Depreciation			
– Property and equipment	1,859	–	1,859
– Right-of-use assets	507	437	944
Amortisation of intangible assets	1,285	–	1,285
Income tax expense	2,626	–	2,626
Reversal of impairment of trade receivables	(302)	–	(302)
Impairment of other receivables	1,039	171	1,210
Impairment of contract assets	50	–	50
Impairment loss			
– Property and equipment	3,197	–	3,197
– Intangible assets	3,011	–	3,011
– Prepayments	382	–	382
Waiver of other payables	(602)	–	(602)
Interest expenses	339	45	384
Interest income	(97)	(1)	(98)
Addition of non-current assets	4,794	872	5,666

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 March 2023		
	Equipment Manufacturing Business HK\$'000	Burial Business HK\$'000	Total HK\$'000
Reportable segment revenue	30,669	1,305	31,974
Reportable segment loss	(13,373)	(6,367)	(19,740)
Central administrative expenses			(7,038)
Loss before income tax			(26,778)

	For the year ended 31 March 2023		
	Equipment Manufacturing Business HK\$'000	Burial Business HK\$'000	Total HK\$'000
Amounts included in the measure of segment loss:			
Depreciation			
– Property and equipment	1,589	–	1,589
– Right-of-use assets	38	2,562	2,600
Amortisation of intangible assets	2,746	–	2,746
Income tax expense	1,634	–	1,634
Impairment of trade receivables	1,571	–	1,571
Impairment loss			
– Property and equipment	2,112	–	2,112
– Intangible assets	1,801	–	1,801
– Prepayments	3,102	–	3,102
Interest expenses	324	610	934
Interest income	(22)	–	(22)
Addition of non-current assets	10,616	12,400	23,016

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 SEGMENT INFORMATION (CONTINUED)

All of the Group's revenue was derived in the PRC during the years ended 31 March 2024 and 2023.

All of the Group's non-current assets were located in the PRC as at 31 March 2024 and 2023.

#### Revenue from major customer

Revenues from transactions with external customers amounted to 10% or more of the Group's revenues are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A#	Not applicable*	10,875
Customer B#	11,161	Not applicable*
Customer C#	44,822	Not applicable*
Customer D#	Not applicable*	9,121
Customer E#	Not applicable*	3,996

\*: The revenue from each customer is less than 10% of the Group's revenue for the respective year.

#: Income from equipment manufacturing business.

### 6 REVENUE

Revenues from contracts with customers within the scope of HKFRS 15:

	2024 HK\$'000	2023 HK\$'000
<b>Equipment Manufacturing Business</b>		
– Sales of equipment	75,981	29,642
– Technical services	2,469	1,027
	<b>78,450</b>	<b>30,669</b>
<b>Burial Business</b>		
– Agency services for sale of burial plots and columbarium units and other burial-related service	2,051	1,305
Total	<b>80,501</b>	<b>31,974</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6 REVENUE (CONTINUED)

The Group does not disclose information about remaining unsatisfied performance obligations for the year as permitted under the practical expedient in accordance with HKFRS 15 as their original expected duration is less than one year.

	2024 HK\$'000	2023 HK\$'000
<b>Timing of revenue recognition:</b>		
– Service recognised over time	2,051	–
– Service recognised at a point in time	2,469	2,332
– Sales of goods recognised at a point in time	75,981	29,642
	<b>80,501</b>	<b>31,974</b>

### 7 EXPENSES BY NATURE

	2024 HK\$'000	2023 HK\$'000
Cost of goods sold	62,943	22,271
Outsourced research and development expenses*	5,022	3,009
Staff costs (including directors' emoluments) (Note 8)	10,034	10,205
Professional fees	1,740	2,083
Entertainment expenses	2,503	972
Depreciation and amortisation, included in administrative expenses		
– property and equipment (Note 13)	1,859	1,589
– right-of-use assets (Note 14)	944	2,600
– intangible assets (Note 15)	1,285	2,746
Travelling expenses	710	636
Short-term lease expenses	509	720
Auditor's remuneration		
– Audit service	900	900
– Non-audit service	180	–
Other expenses	3,122	1,601
	<b>91,751</b>	<b>49,332</b>
Interest expense on borrowings	188	268
Interest expense on lease liabilities	196	666
	<b>384</b>	<b>934</b>

\* For the year ended 31 March 2024, no outsourced research and development expenses have been recognised as intangible assets (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK\$'000	2023 HK\$'000
Salaries, wages, bonuses and other benefits	9,037	8,964
Contribution to pension scheme	997	1,241
	<b>10,034</b>	<b>10,205</b>

### (a) Directors' and chief executive's emoluments

Directors' emoluments paid or payable disclosed pursuant to the GEM Listing Rules and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

#### For the year ended 31 March 2024

	Fees HK\$'000	Salaries, and other benefits HK\$'000	Contribution to pension scheme HK\$'000	Total HK\$'000
<b>Executive directors</b>				
Mr. Huang Minzhi (Note i)	–	1,200	20	1,220
Mr. Zeng Weijin (Note ii)	–	630	18	648
Ms. Ye Jialing (Note iii)	–	450	18	468
<b>Non-executive directors</b>				
Mr. Zhou Ruizhao	360	–	–	360
Ms. Zhang Xiaoling (Note iv)	50	–	–	50
Ms. Li Xiaoxuan (Note v)	50	–	–	50
<b>Independent non-executive directors</b>				
Dr. Zhou Wenming	50	–	–	50
Mr. Ning Jie (Note vii)	17	–	–	17
Mr. Leung Gavin L. (Note vi)	8	–	–	8
Mr. Lu Shengwei (Note viii)	21	–	–	21
Ms. Du Li (Note ix)	15	–	–	15
	<b>571</b>	<b>2,280</b>	<b>56</b>	<b>2,907</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

### (a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 March 2023

	Fees <i>HK\$'000</i>	Salaries, and other benefits <i>HK\$'000</i>	Contribution to pension scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Executive directors</b>				
Mr. Huang Minzhi ( <i>Note i</i> )	–	771	11	782
Mr. Zeng Weijin ( <i>Note ii</i> )	–	1,080	18	1,098
Ms. Ye Jialing ( <i>Note iii</i> )	210	150	56	416
<b>Non-executive directors</b>				
Mr. Zhou Ruizhao	360	–	–	360
Ms. Zhang Xiaoling ( <i>Note iv</i> )	7	–	–	7
Ms. Li Xiaoxuan ( <i>Note v</i> )	7	–	–	7
<b>Independent non-executive directors</b>				
Dr. Zhou Wenming	50	–	–	50
Mr. Ning Jie ( <i>Note vii</i> )	50	–	–	50
Mr. Leung Gavin L. ( <i>Note vi</i> )	120	–	–	120
	804	2,001	85	2,890

Note:

- (i) Mr. Huang Minzhi was resigned as executive director and the chairman of the Company with effect from 4 November 2022. He was re-appointed as an executive director of the Company with effect from 14 March 2023.
- (ii) Mr. Zeng Weijin was appointed as the chairman of the Company with effect from 4 November 2022.
- (iii) Ms. Ye Jialing was non-executive director of the Company and re-designated as an executive director of the Company with effect from 4 November 2022.
- (iv) Ms. Zhang Xiaoling was appointed as a non-executive director of the Company with effect from 8 February 2023.
- (v) Ms. Li Xiaoxuan was appointed as a non-executive director of the Company with effect from 8 February 2023.
- (vi) Mr. Leung Gavin L. was resigned as an independent non-executive directors of the Company with effect from 24 April 2023.
- (vii) Mr. Ning Jie resigned as an independent non-executive director of the Company with effect from 1 August 2023.
- (viii) Mr. Lu Shengwei was appointed as independent non-executive director of the Company with effect from 20 July 2023.
- (ix) Ms. Du Li was appointed and resigned as an independent non-executive director of the Company with effect from 1 August 2023 and 2 February 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

#### (a) Directors' and chief executive's emoluments (Continued)

Fees, salaries and other benefits in kind paid to or for the executive directors of the Company are generally emoluments paid or receivable in respect of the executive directors' services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

#### (b) Five highest paid individuals

For the year ended 31 March 2024, the five individuals whose emoluments were the highest in the Group included four directors (2023: two directors) whose emoluments is reflected in the analysis presented above. The emoluments paid to the remaining individual during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, wages, bonuses and other benefits	1,105	1,870
Contribution to pension scheme	18	166
	<b>1,123</b>	<b>2,036</b>

The emoluments of the remaining individuals of the Group fell within the following band:

	Number of individuals	
	2024	2023
Nil-HK\$1,000,000	–	2
HK\$1,000,001-HK\$1,500,000	1	1

#### (c) Benefits and interests of directors

During the year ended 31 March 2024, none of the directors of the Company waived or agreed to waive any emoluments (2023: Nil) and no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

Save for disclosed in note 33 to the consolidated financial statements, no directors of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party that subsisted at the end of the year or at any time during the year (2023: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9 OTHER INCOME AND OTHER LOSSES – NET

	2024 HK\$'000	2023 HK\$'000
<b>Other income</b>		
– Government grants (note)	–	671
– Gain on termination of leases	243	22
– Interest income from bank deposits	98	22
– Waiver of other payables	602	–
– Others	489	25
	<b>1,432</b>	<b>740</b>
<b>Other losses – net</b>		
– Loss on disposal of an associate	(157)	–
– Exchange differences – net	(1,150)	(438)
– Loss on disposal of property and equipment	–	(218)
– Other operating gains	954	16
	<b>(353)</b>	<b>(640)</b>

*Note:* Government grants were related to “廣州市推動高新技術企業高質量發展扶持” in respect of equipment manufacturing business for the year ended 31 March 2023. There are no unfulfilled conditions attached to the grants.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current income tax		
– PRC corporate income tax	2,231	670
Under-provision in respect of prior years		
– PRC corporate income tax	4	42
Deferred tax ( <i>Note 17(b)</i> )	391	922
	<b>2,626</b>	1,634

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using income tax rate applicable to loss of the consolidated entities as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(17,630)	(26,778)
Tax calculated at applicable tax rate on loss before income tax	(3,382)	(3,903)
Tax effect of preferential tax rate ( <i>Note (a)</i> )	(1,684)	(1,064)
Tax calculated on deemed profit basis ( <i>Note (b)</i> )	2,228	682
Expenses not deductible for tax purposes	5,583	2,406
Additional deduction on research and development expenses	(727)	(484)
Tax effect of tax losses not recognised	891	3,955
Tax effect of utilisation of tax losses not previously recognised	(287)	–
Under-provision in prior years	4	42
	<b>2,626</b>	1,634

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10 INCOME TAX EXPENSE (CONTINUED)

Notes:

- (a) Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") and the Implementation Rules of the CIT Law in the PRC, the standard tax rate is 25% for the Group's subsidiaries and operations in the PRC.

In 2020, Quick Tech Corporation Ltd. ("Quick Tech"), the Group's subsidiary incorporated in the PRC, was qualified as the High and New Technology Enterprise which commencing on 1 January 2017 and is entitled to preferential income tax rate of 15% for subsequent three years. In 2020 and 2023, Quick Tech had successfully renewed the qualification of High and New Technology Enterprise and is entitled to the preferential tax treatment of 15% for the period from 2020 to 2026. Accordingly, tax rate of 15% (2023:15%) has been applied for Quick Tech for the year ended 31 March 2024.

- (b) Hong Kong Cheng Phong Technology Limited ("Hong Kong Cheng Phong"), Bow Chak Industry (HK) Limited ("Bow Chak") and MGW Swans Ltd. ("MGW Swans") are the Group's subsidiaries incorporated in Hong Kong and the BVI. However, their principal businesses for the years ended 31 March 2024 and 2023 were carried out in the PRC and the related income was subject to PRC corporate income tax. Hong Kong Cheng Phong, Bow Chak and MGW Swans were approved by the PRC in-charge tax bureau to pay PRC income tax on a "deemed profit basis", according to which their taxable income was calculated at 15% (2023:15%) of revenue for the year ended 31 March 2024.
- (c) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying Group's entities incorporations in Hong Kong will be taxed at 8.25% (2023: 8.25%), and assessable profits above HK\$2,000,000 will be taxed at 16.5% (2023: 16.5%). The assessable profits of the Group's entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a rate of 16.5% (2023: 16.5%). No provision for Hong Kong Profits Tax has been made as the income of the Group's subsidiaries incorporated in Hong Kong neither arises in, nor is derived from Hong Kong during both years.
- (d) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly is exempted from Cayman Islands income tax.
- (e) The Company's subsidiaries in the BVI were incorporated under the International Business Companies Act of the BVI and are exempted from the BVI income tax.

## 11 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023 (Restated)
Loss for the year attributable to the owners of the Company (HK\$'000)	<b>(20,098)</b>	(28,251)
Weighted average number of ordinary shares in issue (number of shares)	<b>645,704,024</b>	439,193,391
Basic loss per share (HK\$)	<b>(0.03)</b>	(0.06)

Adjustments to the weighted average number of shares for the year and prior year are required for the purpose of calculating the basic loss per share for the rights issue during the year because the exercise price of the rights issue (note 23(b)) was lower than the market price immediately before the exercise of the right.

No diluted loss per share is to be presented as the Company did not have potentially dilutive ordinary shares during the year ended 31 March 2024 (2023: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 March 2024 (2023: Nil).

### 13 PROPERTY AND EQUIPMENT

	Furniture and office equipment <i>HK\$'000</i>	Machinery and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 1 April 2022</b>			
Cost	814	10,123	10,937
Accumulated depreciation	(463)	(337)	(800)
Net book amount	351	9,786	10,137
<b>Year ended 31 March 2023</b>			
Opening net book amount	351	9,786	10,137
Additions	–	4,249	4,249
Disposal	(221)	–	(221)
Depreciation charge	(67)	(1,522)	(1,589)
Impairment loss recognised	(7)	(2,105)	(2,112)
Currency translation differences	(26)	(724)	(750)
Closing net book amount	30	9,684	9,714
<b>At 31 March 2023 and 1 April 2023</b>			
Cost	544	13,630	14,174
Accumulated depreciation and impairment	(514)	(3,946)	(4,460)
Net book amount	30	9,684	9,714
<b>Year ended 31 March 2024</b>			
Opening net book amount	<b>30</b>	<b>9,684</b>	<b>9,714</b>
Depreciation charge	<b>(19)</b>	<b>(1,840)</b>	<b>(1,859)</b>
Impairment loss recognised	<b>(4)</b>	<b>(3,193)</b>	<b>(3,197)</b>
Currency translation differences	<b>(1)</b>	<b>(508)</b>	<b>(509)</b>
Closing net book amount	<b>6</b>	<b>4,143</b>	<b>4,149</b>
<b>At 31 March 2024</b>			
Cost	<b>349</b>	<b>12,863</b>	<b>13,212</b>
Accumulated depreciation and impairment	<b>(343)</b>	<b>(8,720)</b>	<b>(9,063)</b>
Net book amount	<b>6</b>	<b>4,143</b>	<b>4,149</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 PROPERTY AND EQUIPMENT (CONTINUED)

As at 31 March 2024 and 2023, due to the continuous loss of the equipment manufacturing business, the management of the Group concluded there was impairment indication for the equipment manufacturing business and the Group's related property and equipment, intangible assets and prepayments were allocated to the equipment manufacturing business's cash-generating unit (the "Equipment CGU") for the purpose of impairment assessment. The recoverable amount of the Equipment CGU has been determined based on a value-in-use calculation which uses cashflow projection based on financial budgets approved by the directors of the Company and valued by International Valuation Limited, an independent valuation firm of the Company, covering a five-year period with pre-tax discount rate. Cash flows beyond that five-year period have been extrapolated using the estimated growth rate stated below.

Key assumptions used in the calculation are as follows:

	2024	2023
EBITDA margin (average of next five years)	1%	6%
Terminal growth rate	2%	2%
Discount rate	16%	16%

The above key assumptions were used in the value-in-used calculation of the Equipment CGU as at 31 March 2024 and 2023. The following describes each key assumption on which the management has based its cash flow projection to undertake impairment testing:

Management determined the earning before income tax, finance cost, depreciation and amortisation ("EBITDA margin") based on past performance and its expectations regarding market development.

Terminal growth rate – The terminal growth rate does not exceed the long-term average growth rate for the industry and the country in which the Equipment CGU currently operates.

Discount rate – The discount rate is pre-tax and reflects specific risk relating to the Equipment CGU.

Based on the assessment, the management of the Group assessed the recoverable amount of the Equipment CGU was lower (2023: lower) than its carrying value as at 31 March 2024. Accordingly, an impairment loss of approximately HK\$3,197,000 (2023: HK\$2,112,000), HK\$3,011,000 (2023: HK\$1,801,000) and HK\$382,000 (2023: HK\$3,102,000) were recognised in the Group's consolidated statement of comprehensive income during the year ended 31 March 2024 in respect of property and equipment, intangible assets and prepayments on the basis of the Equipment CGUs' past performance, management expectations for the market development and volatility in financial markets including potential disruptions of the equipment manufacturing business.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 RIGHT-OF-USE ASSETS

The movement of right-of-use assets is shown in the table below:

	Leased building HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>			
Cost	581	–	581
Accumulated depreciation	(540)	–	(540)
Net book amount	41	–	41
<b>Year ended 31 March 2023</b>			
Opening net book amount	41	–	41
Additions	6,929	5,471	12,400
Termination of lease	(2,415)	–	(2,415)
Depreciation charge	(1,595)	(1,005)	(2,600)
Currency translation differences	(9)	(4)	(13)
Closing net book amount	2,951	4,462	7,413
<b>At 31 March 2023 and 1 April 2023</b>			
Cost	3,539	5,467	9,006
Accumulated depreciation	(588)	(1,005)	(1,593)
Net book amount	2,951	4,462	7,413
<b>Year ended 31 March 2024</b>			
Opening net book amount	2,951	4,462	7,413
Additions	872	–	872
Termination of leases	(2,436)	(3,934)	(6,370)
Depreciation charge	(629)	(315)	(944)
Currency translation differences	(140)	(213)	(353)
Closing net book amount	618	–	618
<b>At 31 March 2024</b>			
Cost	872	–	872
Accumulated depreciation	(254)	–	(254)
Net book amount	618	–	618

The Group has lease contracts for various items of motor vehicles and leased properties used in its operations. Leases for motor vehicles generally have lease terms of Nil years (2023: 3 to 5 years), while lease properties generally have lease terms of 2 years (2023: 3 years). 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. Expense relating to short-term leases with lease terms end within 12 months amounted to approximately HK\$509,000 during the year ended 31 March 2024 (2023: HK\$720,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15 INTANGIBLE ASSETS

	Patent HK\$'000	Software HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>			
Cost	349	11,297	11,646
Accumulated amortisation	(196)	(4,702)	(4,898)
Net book amount	153	6,595	6,748
<b>Year ended 31 March 2023</b>			
Opening net book amount	153	6,595	6,748
Additions	–	6,367	6,367
Amortisation charge	(33)	(2,713)	(2,746)
Impairment loss recognised	(19)	(1,782)	(1,801)
Currency translation differences	(12)	(274)	(286)
Closing net book amount	89	8,193	8,282
<b>At 31 March 2023 and 1 April 2023</b>			
Cost	323	17,240	17,563
Accumulated amortisation and impairment	(234)	(9,047)	(9,281)
Net book amount	89	8,193	8,282
<b>Year ended 31 March 2024</b>			
Opening net book amount	<b>89</b>	<b>8,193</b>	<b>8,282</b>
Amortisation charge	<b>(25)</b>	<b>(1,260)</b>	<b>(1,285)</b>
Impairment loss recognised	<b>(26)</b>	<b>(2,985)</b>	<b>(3,011)</b>
Currency translation differences	<b>(5)</b>	<b>(98)</b>	<b>(103)</b>
Closing net book amount	<b>33</b>	<b>3,850</b>	<b>3,883</b>
<b>At 31 March 2024</b>			
Cost	<b>305</b>	<b>16,139</b>	<b>16,444</b>
Accumulated amortisation and impairment	<b>(272)</b>	<b>(12,289)</b>	<b>(12,561)</b>
Net book amount	<b>33</b>	<b>3,850</b>	<b>3,883</b>

During the years ended 31 March 2024 and 2023, intangible assets, together with the related property and equipment and prepayments, are allocated to the Equipment CGU for impairment assessment. Details of impairment assessment are set out in note 13 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16 INVESTMENT IN AN ASSOCIATE

	2024 HK\$'000	2023 HK\$'000
As at 1 April	–	–
Acquisition of an associate	4,794	–
Share of profit of an associate	161	–
Disposal of an associate	(4,751)	–
Currency translation difference	(204)	–
As at 31 March	–	–

Details of the Group's associate as at 31 March 2024 are as follows:

Name of entity	Type of legal entity	Place of incorporation	Particulars of issued shares	Proportion of ownership interest held by a subsidiary	Group's effective interest	Principal activities
黃岡市福圓文化發展有限公司*	Limited liability Company	The PRC	RMB100,000,000	–	–	Provision of burial services and funeral services

\* Registered as domestic owned enterprise under the PRC law.

*Note:* On 13 April 2023, the Group acquired 20% equity interest in 黃岡市福圓文化發展有限公司 (“黃岡市福圓”) at a consideration of approximately HK\$4,794,000 (RMB4,195,000). On 7 February 2024, the Group disposed 20% equity interest in 黃岡市福圓 at a consideration of approximately HK\$4,594,000 (RMB4,200,000) and loss on disposal of approximately HK\$157,000 (2023: Nil) was made during the year ended 31 March 2024.

### Loss on disposal

	2024 HK\$'000	2023 HK\$'000
Consideration	4,594	–
Carrying amount of investment in an associate at date of disposal	(4,751)	–
Loss on disposal	(157)	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17 DEFERRED TAXATION

(a) The analysis of deferred tax (liabilities)/assets is as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred tax liabilities	<b>(1,582)</b>	(1,267)

(b) The movements in deferred tax (liabilities)/assets during the year is as follows:

	Provisions for credit losses on trade receivables HK\$'000	Expense in excess of allowance HK\$'000	Tax loss HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Total HK\$'000
At 1 April 2022	47	83	528	(1,026)	(368)
Tax charged to the profit or loss (Note 10)	–	–	(487)	(435)	(922)
Currency translation differences	(3)	(7)	(41)	74	23
At 31 March 2023 and 1 April 2023	<b>44</b>	<b>76</b>	–	<b>(1,387)</b>	<b>(1,267)</b>
Tax charged to the profit or loss (Note 10)	<b>178</b>	–	–	<b>(569)</b>	<b>(391)</b>
Currency translation differences	<b>(4)</b>	<b>(3)</b>	–	<b>83</b>	<b>76</b>
At 31 March 2024	<b>218</b>	<b>73</b>	–	<b>(1,873)</b>	<b>(1,582)</b>

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$15,062,000 (2023: HK\$10,807,000), that are available for offsetting against future taxable profits and will expire in five years.

(c) For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>291</b>	120
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(1,873)</b>	(1,387)
	<b>(1,582)</b>	(1,267)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18 TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	12,257	14,288
Accumulated impairment loss recognised ( <i>note b</i> )	(1,477)	(1,863)
Trade receivables – net	<b>10,780</b>	12,425

- (a) As at 31 March 2024 and 2023, ageing analysis of gross trade receivables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	5,408	7,115
1 to 6 months	5,721	3,449
6 months to 1 year	169	2,381
Over 1 year	959	1,343
	<b>12,257</b>	14,288

The credit period of trade receivables is 90 – 180 days.

- (b) Trade receivables were denominated in:

	2024 HK\$'000	2023 HK\$'000
– RMB	3,295	7,932
– US\$	3,222	4,493
– CHF	4,263	–
	<b>10,780</b>	12,425

Details of the impairment assessment of trade receivables are set out in note 3.1.2.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Arising from performance obligation under equipment manufacturing business	1,704	–
Accumulated impairment loss recognised	(50)	–
<b>Contract assets – net</b>	<b>1,654</b>	<b>–</b>

As at 31 March 2024, the contract assets were denominated in RMB.

Contract assets arising from equipment manufacturing business are retention monies held by customers which will be repaid upon expiry of defect liability period, in accordance with sales contracts.

All contract assets is expected to be recovered less than one year.

Details of the impairment assessment of contract assets are set out in note 3.1.2.

### 20 OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Advances to employees	966	384
Tendering deposits	243	1,007
Consideration receivable for disposal of an associate	4,594	–
Others	1,456	154
<b>Accumulated impairment loss recognised</b>	<b>(1,199)</b>	<b>–</b>
<b>Other receivables – net</b>	<b>6,060</b>	<b>1,545</b>

Other receivables were denominated in:

	2024 HK\$'000	2023 HK\$'000
– HK\$	155	–
– RMB	5,721	474
– US\$	184	1,071
<b>Other receivables – net</b>	<b>6,060</b>	<b>1,545</b>

Details of the impairment assessment of other receivables are set out in note 3.1.2.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Prepayments	9,512	17,559
Accumulated impairment loss recognised ( <i>note d</i> )	(3,700)	(3,114)
	<b>5,812</b>	14,445
Representing:		
Included in non-current assets:		
– Prepayments for developing software ( <i>note a</i> )	–	4,046
– Prepaid outsourced research and development expenses ( <i>note c</i> )	–	1,096
	–	5,142
Included in current assets:		
– Prepayments for developing software ( <i>note a</i> )	138	–
– Prepayments for purchasing equipment ( <i>note b</i> )	5,536	3,977
– Prepaid outsourced research and development expenses ( <i>note c</i> )	138	5,326
	<b>5,812</b>	9,303
Total prepayments	<b>5,812</b>	14,445

*Notes:*

- (a) As at 31 March 2024, prepayments for developing software of approximately HK\$138,000 (2023: HK\$4,046,000) represent prepayment to independent software developers for developing software for the Group's self-use.
- (b) Prepayments for purchasing equipment as at 31 March 2024 of approximately HK\$5,536,000 (2023: HK\$3,977,000) represent prepayment to independent equipment manufacturer for purchasing equipment for sales to the Group's customers.
- (c) The Group prepaid outsourced research and development expenses of approximately HK\$138,000 (2023: HK\$6,422,000) to independent software developers for the provision of technological solutions service relating to the specific requirements on the equipment ordered by its customers.
- (d) During the years ended 31 March 2024 and 2023, prepayments for developing software and prepaid outsourced research and development expenses together with the related plant and equipment and intangible assets, are allocated to the Equipment CGU for impairment assessment. Details are set out in note 13 to the consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 PREPAYMENTS (CONTINUED)

Notes: (Continued)

(e) The movement in the impairment of prepayments during the years ended 31 March 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	3,114	–
Impairment loss recognised	382	3,102
Currency translation differences	204	12
	<hr/>	<hr/>
At the end of the year	3,700	3,114

## 22 RESTRICTED CASH AND CASH AT BANKS AND ON HAND

(a) Restricted cash represent bank deposits denominated in US\$, pledged to banks as security for issuance of letter of guarantee.

(b) Cash at banks and on hand were denominated in:

	2024 HK\$'000	2023 HK\$'000
– RMB	6,953	2,997
– US\$	3,445	897
– HK\$	560	232
– EUR	2	3
– CHF	3,716	172
	<hr/>	<hr/>
	14,676	4,301

As at 31 March 2024, there was approximately HK\$6,953,000 (2023: HK\$2,997,000) denominated in RMB and deposited with banks in the PRC that the conversion of these balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23 SHARE CAPITAL

	Number of ordinary shares	Share capital US\$	Share capital HK\$
Ordinary share of US\$0.0001 each Authorised:			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	5,000,000,000	500,000	3,905,000
Issued and fully paid:			
At 1 April 2022	400,000,000	40,000	312,000
Placing of new shares ( <i>Note (a)</i> )	80,000,000	8,000	63,000
At 31 March 2023 and 1 April 2023	480,000,000	48,000	375,000
Issuance of shares upon Right Issue ( <i>Note (b)</i> )	239,893,183	23,989	187,000
At 31 March 2024	719,893,183	71,989	562,000

*Notes:*

- (a) On 30 November 2022, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 80,000,000 placing shares to independent investors at a price of HK\$0.069 per share. The placing was completed on 20 December 2022 pursuant to which the Company has allotted and issued 80,000,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$5,300,000 and resulted in the increase in share capital of approximately HK\$63,000 and share premium of approximately HK\$5,237,000, net of transaction costs of approximately HK\$220,000.
- (b) On 30 May 2023, the Board proposed to conduct the rights issue (the "Right Issue") on the basis of one rights share (the "Rights Shares") for every two issued shares of the Company (the "Shares") held at the subscription price of HK\$0.1 per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares. The Rights Issue was completed on 2 August 2023 pursuant to which the Company has allotted and issued 239,893,183 Rights Shares. The net proceeds derived from the Rights Issue amounting to approximately HK\$22,338,000 and resulted in the increase in share capital of approximately HK\$187,000 and share premium of approximately HK\$22,151,000, net of transaction costs of approximately HK\$1,651,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 OTHER RESERVES

	Share premium <i>HK\$'000</i> <i>(Note(a))</i>	Capital reserve <i>HK\$'000</i> <i>(Note(b))</i>	Statutory reserve <i>HK\$'000</i> <i>(Note(c))</i>	Exchange reserve <i>HK\$'000</i> <i>(Note(d))</i>	Total <i>HK\$'000</i>
<b>Balance at 1 April 2022</b>	51,640	163	3,067	3,157	58,027
Other comprehensive loss for the year	–	–	–	(3,505)	(3,505)
Placing of new shares <i>(note 23(a))</i>	5,457	–	–	–	5,457
Transaction cost attributable to placing of new shares <i>(note 23(a))</i>	(220)	–	–	–	(220)
<b>Balance at 31 March 2023 and 1 April 2023</b>	<b>56,877</b>	<b>163</b>	<b>3,067</b>	<b>(348)</b>	<b>59,759</b>
Other comprehensive loss for the year	–	–	–	(2,703)	(2,703)
Issuance of shares upon right issue <i>(note 23(b))</i>	23,802	–	–	–	23,802
Transaction cost attributable to issuance of shares upon right issue <i>(note 23(b))</i>	(1,651)	–	–	–	(1,651)
<b>Balance at 31 March 2024</b>	<b>79,028</b>	<b>163</b>	<b>3,067</b>	<b>(3,051)</b>	<b>79,207</b>

### (a) 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.

### (b) Capital reserve

Capital reserve included 1) the then combined capital of the operating companies of the Group amounting to HK\$552,000 before the listing of the Company; and 2) the deemed distribution to Mr. Wu Di, the former controlling shareholder and former executive director of the Company, representing the cash consideration of HK\$389,000 (equivalent to RMB331,200) paid to Mr. Wu Di for acquisition of the 97% equity interest of Quick Tech during the reorganisation for the preparation for the listing of the Company.

### (c) Statutory reserve

In accordance with relevant rules and regulations in the PRC, all the Group's subsidiaries incorporated in the PRC that operated exclusively with foreign capitals are required to transfer an amount of not less than 10% of profit after taxation calculated under PRC accounting standards and regulations to the statutory reserve, until the statutory reserve reaches 50% of their registered capital of the respective subsidiaries. The statutory reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or to increase the capital of respective subsidiaries.

### (d) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25 BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings	4,584	5,543

The bank borrowings are repayable on demand and bear annual weighted average effective interest rates of 4.10% (2023: 4.10%).

As at 31 March 2024 and 2023, all the Group's bank borrowings were denominated in RMB and were unsecured. As at 31 March 2024 and 2023, the Group's bank borrowings were guaranteed by Mr. Wu Di, the former controlling shareholder and the former executive director of the Company.

(a) At 31 March, the borrowings were repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	4,584	685
Over 1 year but within 2 years	–	4,858
Total borrowings	4,584	5,543
Less: Current portion of borrowings due for repayment within one year	(4,584)	(685)
Non-current portion of borrowings subject to immediate demand repayment clause	–	4,858

The Group's bank borrowings contain clauses which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with loan covenants. Its repayments up to date are in accordance with the scheduled repayments of the loans. The Group does not consider that the banks will probably exercise their discretions to demand repayments immediately so long as the Group continues to meet these requirements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 LEASE LIABILITIES

### (a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Right-of-use assets	618	7,413

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Lease liabilities</b>		
Current	458	2,539
Non-current	198	4,949
	<b>656</b>	<b>7,488</b>

### (b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain on termination of lease	(243)	(22)
Depreciation charge of right-of-use assets	944	2,600
Expense for short-term leases	509	720
Interest expense (included in finance costs)	196	666

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 LEASE LIABILITIES (CONTINUED)

**(c) Amounts included in the consolidated statement of cash flows**

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within operating cash flows	509	720
Within financing cash flows	930	3,160
<b>Total cash flows</b>	<b>1,439</b>	<b>3,880</b>

These amounts related to the lease rental paid for the leased buildings and motor vehicles.

The incremental borrowing rates applied to lease liabilities is 0.42% (2023: from 0.42% to 1.75%).

**(d) Lease payments and present value of lease liabilities as at 31 March 2024 and 2023 are shown in the table below:**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease payments in relation to lease liabilities are payable as follows:		
Less than 1 year	480	3,246
Between 1 and 2 years	200	5,745
<b>Minimum lease payments</b>	<b>680</b>	<b>8,991</b>
<b>Future finance charges</b>	<b>(24)</b>	<b>(1,503)</b>
<b>Total lease liabilities</b>	<b>656</b>	<b>7,488</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	5,237	689

- (a) As at 31 March 2024 and 2023, ageing analysis of trade payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	4,747	340
Over 1 year	490	349
	5,237	689

- (b) Trade payables were denominated in:

	2024 HK\$'000	2023 HK\$'000
– RMB	2,927	522
– US\$	2,310	167
	5,237	689

The credit period of trade payables is 90 – 180 days.

### 28 OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accrued expenses	1,666	3,039
Other payables	532	1,668
Other tax payables	76	189
Payroll payables	1,687	1,325
Amount due to a related party (note 33(c))	–	2,492
Amount due to a director (note 33(c))	–	4,572
	3,961	13,285

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 OTHER PAYABLES (CONTINUED)

Other payables were denominated in:

	2024 HK\$'000	2023 HK\$'000
– HK\$	2,070	9,589
– RMB	1,891	3,696
	<b>3,961</b>	13,285

### 29 CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Billing in advance of performance obligation		
– Equipment manufacturing business	–	3,352
– Burial business	1,102	–
	<b>1,102</b>	3,352

Contract liabilities arising from the equipment manufacturing business and burial business represent cash received from customers in advance for which the goods and services are yet to be delivered and rendered. When the Group receives a deposit before the goods and service to be delivered and rendered this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the contract exceeds the amount of the deposit.

Movement in the contract liabilities balance during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	3,352	423
Decrease in contract liabilities as a result of revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	(3,352)	(423)
Increase in contract liabilities as a result of receipts in advance from customers during the year	1,102	3,352
At the end of the year	<b>1,102</b>	3,352

At at 31 March 2024 and 2023, all contract liabilities is expected to be recognised as revenue within one year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29 CONTRACT LIABILITIES (CONTINUED)

The decrease (2023: increase) in contract liabilities was mainly due to the decrease (2023: increase) in advances received from customers in relation to the burial business (2023: equipment manufacturing business) during the year ended 31 March 2024.

## 30 CASH FLOW INFORMATION

### (a) Disposal of subsidiaries

On 29 March 2024, 深圳市民富智能製造有限公司, an indirectly wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with an independent third party of the Group, pursuant to which, 深圳市民富智能製造有限公司 agreed to dispose its 51% equity interest in 民富(廣東)網絡科技有限公司 at a consideration of RMB1 (equivalent to approximately HK\$1). The disposal was completed on 29 March 2024 and resulted a gain on disposal of subsidiaries amounted to approximately HK\$312,000 recognised in the Group's profit or loss for the year ended 31 March 2024. 民富(廣東)網絡科技有限公司 owns the entire equity interest in 廣州肥喜家連鎖餐飲有限公司 which is a company incorporated in the PRC (collectively referred to as the "Disposed Group"). The Disposal Group is principally engaged in provision of internet and other related services and catering services. Details of the disposals of the Disposal Group is set out below:

	<i>HK\$'000</i>
Other receivables	118
Prepayments	333
Cash at banks and on hand	18
Trade payables	(145)
Other payables	(428)
<hr/>	
Total net liabilities disposal of	(104)
Release of foreign currency translation reserve	(11)
Release of non-controlling interests	(197)
Gain on disposal of subsidiaries	312
<hr/>	
Total consideration	—*
<hr/>	
Net cash outflow arising on disposal:	
– Cash consideration paid	—*
– Cash and cash equivalents disposal of	(18)
<hr/>	
Net cash outflow	(18)

\* Amount less than HK\$1,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 CASH FLOW INFORMATION (CONTINUED)

#### (b) Cash generated from/(used in) operations

Reconciliation of loss before income tax to cash generated from/(used in) operations is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(17,630)	(26,778)
Adjustments for:		
– Depreciation of property and equipment	1,859	1,589
– Depreciation of right-of-use assets	944	2,600
– Amortisation of intangible assets	1,285	2,746
– Loss on disposal of property and equipment	–	218
– Finance costs	384	934
– Interest income	(98)	(22)
– Gain on termination of lease	(243)	(22)
– Impairment of contract assets, trade and other receivables	958	1,571
– Impairment of non-financial assets	6,590	7,015
– Loss on disposal of an associate	157	–
– Gain on disposal of subsidiaries	(312)	–
– Waiver of other payables	(602)	–
– Share of result of an associate	(161)	–
– Exchange losses arising from operations	1,150	438
Operating cash flows before movements in working capital	(5,719)	(9,711)
Changes in working capital		
– Trade receivables	889	1,084
– Prepayments	7,176	3,882
– Other receivables	(1,317)	(229)
– Contract assets	(1,720)	–
– Trade payables	4,741	(815)
– Contract liabilities	(2,229)	2,929
– Other payables	(1,639)	(2,652)
– Restricted cash	3,136	(3,338)
Cash generated from/(used in) operations	3,318	(8,850)

#### (c) Reconciliation of liabilities arising from financing activities

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 CASH FLOW INFORMATION (CONTINUED)

### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Borrowings	Lease liabilities	Amount due to a director, included in other payables	Amount due to a related party included in other payables
	HK\$'000 (Note 25)	HK\$'000 (Note 26)	HK\$'000 (Note 28)	HK\$'000 (Note 28)
<b>At 1 April 2022</b>	2,467	19	–	1,500
<b>Changes from financing cash flows:</b>				
Proceedings from borrowings	5,693	–	–	–
Repayment of borrowings	(2,448)	–	–	–
Interest paid	(268)	–	–	–
Advanced from a related party	–	–	–	992
Principal element of lease rental paid	–	(2,494)	–	–
Interest element of lease rental paid	–	(666)	–	–
Advanced from a director	–	–	4,572	–
<b>Total changes from financing cash flows</b>	<b>2,977</b>	<b>(3,160)</b>	<b>4,572</b>	<b>992</b>
<b>Other changes:</b>				
Addition of lease	–	12,400	–	–
Termination of leases	–	(2,437)	–	–
Interest expenses (note 7)	268	666	–	–
Currency translation differences	(169)	–	–	–
<b>Total other changes</b>	<b>99</b>	<b>10,629</b>	<b>–</b>	<b>–</b>
<b>At 31 March 2023 and 1 April 2023</b>	<b>5,543</b>	<b>7,488</b>	<b>4,572</b>	<b>2,492</b>
<b>Changes from financing cash flows:</b>				
Repayment of borrowings	(600)	–	–	–
Interest paid	(188)	–	–	–
Repayment to a related party	–	–	–	(2,492)
Principal element of lease rental paid	–	(734)	–	–
Interest element of lease rental paid	–	(196)	–	–
Repayment to a director	–	–	(4,572)	–
<b>Total changes from financing cash flows</b>	<b>(788)</b>	<b>(930)</b>	<b>(4,572)</b>	<b>(2,492)</b>
<b>Other changes:</b>				
Addition of lease	–	872	–	–
Termination of leases	–	(6,613)	–	–
Interest expenses (note 7)	188	196	–	–
Currency translation differences	(359)	(357)	–	–
<b>Total other changes</b>	<b>(171)</b>	<b>(5,902)</b>	<b>–</b>	<b>–</b>
<b>At 31 March 2024</b>	<b>4,584</b>	<b>656</b>	<b>–</b>	<b>–</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 SUBSIDIARIES

Name of company	Place of incorporation, kind of legal entity	Particulars of issued share capital/ registered capital	Equity interest held		Place of operations and principal activities
			31 March 2024	2023	
<b>Directly held</b>					
CPT Asia-Pacific Holding Ltd.	BVI, limited liability company	US\$1	100%	100%	BVI, Investment holding
BCI East Asia Holding Ltd.	BVI, limited liability company	US\$1	100%	100%	BVI, Investment holding
MG Pacific Holding Ltd.	BVI, limited liability company	US\$1	100%	100%	BVI, Investment holding
ZHP Orient Holding Ltd.	BVI, limited liability company	US\$1	100%	100%	BVI, Investment holding
Min Fu Investment Holding Limited	BVI, limited liability company	US\$1	100%	100%	BVI, Investment holding
<b>Indirectly held</b>					
Hong Kong Zhi Phong	Hong Kong, limited liability company	HK\$1	100%	100%	Hong Kong, Investment holding
Hong Kong Cheng Phong	Hong Kong, limited liability company	HK\$100	100%	100%	The PRC, Provision of smart manufacturing solutions, including sales of equipment and provision of technical services in the PRC
Bow Chak	Hong Kong, limited liability company	HK\$100	100%	100%	The PRC, Provision of smart manufacturing solutions, including sales of equipment and provision of technical services in the PRC
MGW Swans	BVI, limited liability company	US\$100	100%	100%	The PRC, Provision of smart manufacturing solutions, including sales of equipment and provision of technical services in the PRC
Quick Tech <sup>#</sup>	The PRC, limited liability company	RMB10,750,000	100%	100%	The PRC, Provision of smart manufacturing solutions, including sales of equipment and provision of technical services in the PRC
Min Fu Technology (Hong Kong) Limited	Hong Kong, limited liability company	HK\$1	100%	100%	Hong Kong, Investment holding
Min Fu Investment (Nanjing) Limited <sup>#</sup>	The PRC, limited liability company	US\$5,000,000	100%	100%	The PRC, Investment holding
Min Fu Holding (Shenzhen) Limited <sup>#</sup>	The PRC, limited liability company	RMB10,000,000	100%	100%	The PRC, Provision of burial business, agency services for sale of burial plots and columbarium units
民富(廣東)網絡科技有限公司*	The PRC, limited liability company	RMB5,000,000	-	51%	The PRC, Provision of internet and other related services

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation, kind of legal entity	Particulars of issued share capital/ registered capital	Equity interest held		Place of operations and principal activities
			31 March		
			2024	2023	
Min Fu Technology Trading Limited	Hong Kong, limited liability company	HK\$1	100%	Nil	Hong Kong, Dormant
深圳市民富智能製造有限公司#	The PRC, limited liability company	RMB10,000,000	100%	100%	The PRC, Provision of digital smart worship ancestors service
深圳市遠博實業有限公司*	The PRC, limited liability company	RMB30,000,000	100%	100%	The PRC, Dormant

# Registered as wholly foreign owned enterprise under the PRC law.

\* Registered as domestic owned enterprise under the PRC law.

## 32 LEASE COMMITMENTS

The Group as a lessee, had the following non-cancellable short-term lease commitments:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	44	55

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Name	Relationship
Tecway Technology Limited	Substantial shareholder of the Company
Ms. Ye Jialing	Executive director of the Company

### (b) Key management compensation

	2024 HK\$'000	2023 HK\$'000
Fees, salaries, bonuses and other benefits	3,476	4,675
Contribution to pension scheme	60	251
Total	3,536	4,926

### (c) Balances with related parties

	2024 HK\$'000	2023 HK\$'000
Amount due to a related party included in other payables		
Tecway Technology Limited	–	2,492

Other payables represented advances from Tecway Technology Limited as substantial shareholder of the Company, which was non-trade in nature, unsecured, interest-free and repayable on demand.

	2024 HK\$'000	2023 HK\$'000
Amount due to a director included in other payables		
Ms. Ye Jialing	–	4,572

The amount due was unsecured, interest-free and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

#### Statement of financial position of the Company

	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Interests in subsidiaries	19,073	19,143
<b>Current assets</b>		
Prepayments	6	6
Amounts due from subsidiaries	272	3,629
Cash and cash equivalents	1	217
	<b>279</b>	<b>3,852</b>
<b>Total assets</b>	<b>19,352</b>	<b>22,995</b>
<b>EQUITY</b>		
Share capital	562	375
Other reserves	98,171	76,020
Accumulated losses	(85,393)	(64,885)
<b>Total equity</b>	<b>13,340</b>	<b>11,510</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	2,422	7,895
Amounts due to subsidiaries	3,590	3,590
<b>Total liabilities</b>	<b>6,012</b>	<b>11,485</b>
<b>Total equity and liabilities</b>	<b>19,352</b>	<b>22,995</b>

The Company's statement of financial position was approved by the board of directors of the Company on 26 June 2024 and was signed on its behalf.

**Zeng Weijin**  
Director

**Huang Minzhi**  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

#### Reserve movement of the Company

	Other reserve HK\$'000 (Note)	Accumulated losses HK\$'000	Total HK\$'000
<b>Balance at 1 April 2022</b>	70,783	(39,498)	31,285
Loss and total comprehensive loss for the year	–	(25,387)	(25,387)
Placing of new shares (note 23(a))	5,457	–	5,457
Transaction cost attributable to placing of new shares (note 23(a))	(220)	–	(220)
<b>Balance at 31 March 2023 and 1 April 2023</b>	<b>76,020</b>	<b>(64,885)</b>	<b>11,135</b>
Loss and total comprehensive loss for the year	–	(20,508)	(20,508)
Issuance of shares upon right issue (note 23(b))	23,802	–	23,802
Transaction cost attributable to issuance of shares upon right issue (note 23(b))	(1,651)	–	(1,651)
<b>Balance at 31 March 2024</b>	<b>98,171</b>	<b>(85,393)</b>	<b>12,778</b>

Note: Other reserve includes premium arising pursuant to the reorganisation arrangements undergone by the Company for the listing of the Company's shares on GEM, and share premium arising from the issue of new shares net of transaction cost.

### 35 RETIREMENT BENEFIT SCHEMES

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% (2023: 5%) of the salaries and wages subject to a monthly maximum amount of HK\$1,500 (2023: HK\$1,500) per employee and vest fully with employees when contributed into the MPF Scheme.

As stipulated under the relevant rules and regulations in the PRC, the employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **35 RETIREMENT BENEFIT SCHEMES** *(CONTINUED)*

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

### **36 EVENTS AFTER THE END OF THE REPORTING PERIOD**

The directors are not aware of any significant events after the reporting period for the Group and up to the date of this report.

## FINANCIAL SUMMARY

A five-year summary of the consolidated results and the consolidated assets and liabilities of the Group, and as extracted from the Group's audited consolidated financial statements contained in published annual reports, is set out below:

	Year ended 31 March				
	2020	2021	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	54,892	39,962	31,514	31,974	<b>80,501</b>
Gross profit	31,132	16,380	12,568	9,703	<b>17,558</b>
Loss before income tax	6,199	(6,391)	(9,355)	(26,778)	<b>(17,630)</b>
Loss for the year	3,138	(3,339)	(9,245)	(28,412)	<b>(20,256)</b>

  

	As at 31 March				
	2020	2021	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	79,266	88,777	71,763	61,948	<b>48,319</b>
Total liabilities	(15,354)	(25,522)	(15,370)	(32,050)	<b>(18,845)</b>
Net assets	63,912	63,255	56,393	29,898	<b>29,474</b>
Current ratio	4.75	3.51	3.17	1.22	<b>2.32</b>

This report is published in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.