



**中国港能**  
**CHINA HK POWER**

**CHINA HK POWER SMART ENERGY GROUP LIMITED**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

**Empowering  
Innovation  
Sharing Growth**



**2024**  
**ANNUAL  
REPORT**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Kan Che Kin, Billy Albert (*Chairman*)  
Mr. Deng Yaobo (*Chief executive officer*)  
(*appointed on 2 October 2023*)  
Mr. Li Kai Yien, Arthur Albert

### Non-Executive Directors

Mr. Simon Murray  
Dr. Lam, Lee G. (*resigned on 8 February 2024*)  
Mr. Xiao Cong (*resigned on 13 December 2023*)

### Independent Non-Executive Directors

Mr. Li Siu Yui  
Mr. Lam Lum Lee  
Mr. Chow Ching Ning

## AUDIT COMMITTEE

Mr. Li Siu Yui (*Chairman*)  
Mr. Chow Ching Ning  
Mr. Lam Lum Lee

## REMUNERATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)  
Mr. Chow Ching Ning  
Dr. Kan Che Kin, Billy Albert

## NOMINATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)  
Mr. Chow Ching Ning  
Dr. Kan Che Kin, Billy Albert

## COMPANY SECRETARY

Mr. Fung Chun Yin (*appointed on 8 April 2024*)  
Ms. Chan Mui (*resigned on 8 April 2024*)

## AUTHORISED REPRESENTATIVES

Dr. Kan Che Kin, Billy Albert  
Mr. Li Kai Yien, Arthur Albert

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8th Floor, St. John's Building  
33 Garden Road  
Central, Hong Kong

## SHARE REGISTRARS

*Principal Share Registrar and Transfer Office*  
Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586  
Gardenia Court, Camana Bay  
KY1-1110, Grand Cayman, Cayman Islands

*Hong Kong Branch Share Registrar and Transfer Office*  
Tricor Standard Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKERS

Agricultural Development Bank of China Limited  
Bank of China Limited  
China Construction Bank Corporation Limited  
Hang Seng Bank Limited  
Hankou Bank Company Limited

## AUDITOR

McMillan Woods (Hong Kong) CPA Limited

## WEBSITE

<https://chinahkpower.todayir.com>

## STOCK CODE

Hong Kong Stock Exchange: 931

# Chairman's Statement

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of China HK Power Smart Energy Group Limited (the “**Company**”, or “**China HK Power Group**”), together with its subsidiaries (the “**Group**”), I am pleased to present the annual report of the Company for the year ended 31 March 2024 (the “**Current Year**”).

In the context of a gradual global economic recovery, China HK Power Group has redefined its development path through a series of strategic adjustments and innovative measures. The Group deeply understands the importance of sustainable development, especially under the guidance of China's vigorous promotion of environmental protection, emission reduction, and dual carbon strategies. The Group has responded swiftly by making business transformation and upgrading a core strategy. While continuing to develop and consolidate the existing NG business, the Group utilizes advanced artificial intelligence technology to drive innovation and development in the integrated energy services sector. By integrating AI, IoT, and big data analytics, the Group has introduced intelligent energy solutions that mainly cover energy efficiency management and smart heating operations, providing win-win smart heating services for customers.

To rapidly implement the Group's strategy, the Group introduced a management team with extensive management experience and market insight in October 2023. These managers have long worked in leading companies in the clean energy sector, possess extensive network resources, and can navigate the complex and changing industry environment. The new management team is expected to lead the Group forward in a challenging environment.

## REVIEW

The NG business has developed steadily. In addition to the existing LNG business, the Group expanded its PNG trading business this year, enhancing the profitability of the existing NG business. The Group's NG business saw significant improvements in several key indicators: total NG sales increased by 40,252 tons compared to the Last Year, a growth rate of 242.7%. Among them, NG trading sales increased by 31,485 tons compared to the Last Year, a growth rate of 840.9%. Additionally, the gross profit of the NG business turned from a loss last year to a profit, with an increase of HK\$41.7 million compared to the Last Year, a growth rate of 268%. The overall gross profit margin of the NG business increased from a negative gross profit margin (-7.63%) last year to a positive gross profit margin (7.09%), an improvement of 14.7 percentage points.

In addition to expanding the original business, the new management team of the Group has also actively explored the new energy business. Although the operation time of the new energy business within the Group has been only a few months, it has achieved gratifying results. Firstly, the Group established a project company in Shaanxi and signed an ODM smart heating contract for high-efficiency heat pump units, covering an area of 4.4 million square meters, with an actual heating area of 2.2 million square meters. Secondly, the Group acquired a company in China engaged in the R&D and production of innovative new energy technology products and comprehensive solutions. Through AI-powered energy utilization solutions, particularly using the IDH intelligent distributed heating platform and ICE intelligent comprehensive energy solutions, the Group provides energy-saving solutions to targeted enterprises.

## LOOKING AHEAD

In terms of NG business, with national energy security emphasizing the orderly transition to low carbon, China's NG consumption accounted for only 7.9% of its primary energy consumption in 2023, compared to the global average of 23.2%. There is a significant room for improvement.

# Chairman's Statement

In terms of new energy business, the State Council of China issued the “2024-2025 Action Plan for Energy Conservation and Carbon Reduction” (Document No. 12 (2024)) in May 2024, which calls for “intensifying efforts to promote energy conservation and carbon reduction, adopting practical and effective measures, and striving to achieve the binding targets for energy conservation and carbon reduction set for the 14th Five-Year Plan.” The plan requires adherence to the principle of prioritizing conservation, improving the regulation of total energy consumption and energy intensity, focusing on controlling fossil energy consumption, strengthening the management of carbon emission intensity, and implementing special actions for energy conservation and carbon reduction across different sectors and industries. The aim is to achieve higher levels of energy conservation and carbon reduction with higher quality. The plan targets key sectors and industries, aiming to achieve annual energy savings of about 50 million tons of standard coal and reduce carbon dioxide emissions by about 130 million tons in both 2024 and 2025. The plan focuses on major emission areas such as energy, industry, construction, and transportation, and deploys 27 key tasks across ten areas to promote the optimization of energy use structure, industrial structure adjustment, process technology improvement, energy conservation and carbon reduction transformation, energy equipment renewal, and the strengthening of management and assessment, thereby intensifying efforts to advance energy conservation and carbon reduction.

Looking ahead, in alignment with government policy guidance and industry development trends, the Group will continue to adopt prudent measures and implement various strategies to mitigate the adverse impact of market environment challenges on its business while closely monitoring the market environment. The Group will actively expand the NG market, continue to deeply explore the breakthroughs achieved in the new energy business direction, and continuously expand the service industry of intelligent energy solutions. By providing services in various fields such as energy efficiency management, clean energy integration, and smart heating operations, the Group aims to offer comprehensive, customized energy services to customers. The Group is committed to building an open, environmentally friendly, efficient, and collaborative intelligent integrated energy service ecosystem that closely connects energy suppliers, consumers, technology providers, and service providers. Through this platform, all parties can share data, optimize decision-making, and jointly promote the digital transformation of the energy industry, achieving a win-win situation of economic and social benefits and creating value for shareholders.

## APPRECIATION

I would like to express my heartfelt appreciation to the new management team and all employees of the Group for their outstanding efforts, which have greatly contributed to the Group's strategic transformation and sustainable development. I would also like to extend my sincere thanks to our shareholders, collaborators, and customers for their continued support and trust throughout the Group's development. I am confident that the Group will create long-term, sustainable value for shareholders and all stakeholders in 2024 and beyond.

**Kan Che Kin, Billy Albert**

*Chairman*

Hong Kong, 28 June 2024

# Management Discussion and Analysis

## INDUSTRY OVERVIEW

During the year ended 31 March 2024, the supply concerns in the international natural gas (“NG”) market caused by the geopolitical risks of the Russia-Ukraine conflict significantly alleviated. The global tight supply situation has eased, leading to a more stable supply-demand balance and a decline in international NG prices. Considering that NG prices remained relatively high and the winter was comparatively warmer than in previous years, the NG industry did not recover as quickly as expected. However, with the overall economic environment in China gradually improving, the NG industry still recorded growth this year. China’s NG consumption reached 394.5 billion cubic meters, an increase of 7.6% compared to the year ended 31 March 2023 (the “**Previous Year**”).

The Chinese government actively participates in global governance to address climate change and has set forth the “3060” dual carbon targets, promoting the widespread adoption of low-carbon energy and energy-saving emission reduction initiatives. Midway through the Current Year, the National Development and Reform Commission issued the “Guiding Opinions on Establishing and Improving the natural gas Upstream and Downstream Price Linkage Mechanism” (Document No. 682 (2023)), guiding various regions to initiate or accelerate the reform of NG price linkage. This is favorable for gas companies’ margin recovery, with demand gradually rebounding and gas volume increasing progressively. In early February 2024, the National Development and Reform Commission, together with ten ministries including the Ministry of Housing and Urban-Rural Development, issued the “Guiding Catalogue for Green and Low-Carbon Transition Industries (2024 Edition),” which clearly defines categories such as “energy-saving and carbon-reduction industries, environmental protection industries, resource recycling industries, green and low-carbon energy transition, ecological protection, restoration and utilization, green infrastructure upgrades, and green services.” It requires local governments and departments to introduce and refine relevant policies and measures according to their regional and sectoral development priorities, encouraging support for production, circulation, consumption, and other stages, thereby creating a favorable environment for the development of related industries.

Building upon existing policies, the Chinese government continues to introduce subsequent policies and intensify their implementation. This will further consolidate China’s leading position in the global energy market and reinforce its role as a key player in the current green energy revolution. NG, in collaboration with various new energy sources and new energy-saving and emission-reduction technologies, continues to play a positive role in advancing the implementation of the dual carbon targets.

Looking ahead, clean energy, supported by new business models and technological applications, will provide more opportunities for the energy industry. The new wave of technological and industrial transformation has driven further innovation and application of energy technologies. Advances in energy conversion, energy storage technology, and energy-saving emission-reduction technologies have gradually reduced costs and improved efficiency, making the role of clean energy in leading diversified and intelligent energy development trends even more prominent.

## BUSINESS REVIEW

In the Current Year, under the guidance of the Chinese government’s “14th Five-Year Plan” for energy development and the 3060 dual carbon targets, the clean energy industry showed a trend of restorative growth. Due to various factors across the industry chain and the ever-changing supply-demand relationship, as well as NG market prices that, although lower than the Previous Year, remained higher than in past years, consumer demand exhibited moderate growth. The industry faced both opportunities and challenges. In this environment, our company focused closely on the operational goals set at the beginning of the year. Recognizing the Chinese government’s support for the new energy industry, such as smart heating, comprehensive energy efficiency management, and energy-saving and emission-reduction equipment manufacturing, and taking advantage of the experiences from our new management, which joined the Company in October 2023, the Company decided to capture opportunities in the new energy sector. The Company conducted an in-depth analysis of the issues and challenges in the NG and new energy businesses, optimized the industrial layout, innovated business models, optimized production capacity, improved operational models, and continuously enhanced our management capabilities. While actively developing the NG market, we also vigorously promote new energy business, further enhancing our overall competitiveness.

In the Current Year, the company achieved breakthroughs in new business areas in the second half of the year, forming three business segments. In addition to the original sales and distribution of NG and financial services, the Company added a new energy business.

The operations of each business segment are as follows:

# Management Discussion and Analysis

## SALES AND DISTRIBUTION OF NG

### Point-to-point Supply of LNG (retail)

The point-to-point supply of LNG (retail) transmits LNG from energy centers to end-users including residential users, industrial and commercial enterprises and automobile drivers by way of gas stations, pipeline networks and dewar bottles to meet their regular energy needs.

As of 31 March 2024, the Company recorded a LNG retail volume of 21,610 tons (2023: 12,843 tons), the income generated from point-to-point supply of LNG (retail) business amounted approximately HK\$138,837,000 (2023: HK\$113,166,000), contribute 30.5% to the total revenue of the Company for the Current Year.

### Wholesale of LNG and PNG (trade)

In the Current Year, in addition to continuing our traditional LNG trading business, the Company achieved significant breakthroughs by leveraging resource advantages, initiating PNG trading activities, which led to a substantial increase in NG trading volume.

As of 31 March 2024, the Company recorded an NG trade volume of 35,229 tons (2023: 3,744 tons), with wholesale LNG and PNG (trade) revenue of approximately HK\$174,308,000 (2023: HK\$26,360,000), contributing 38.4% to our total revenue for the Current Year. Within the Current Year's LNG and PNG trading business, LNG trading recorded a sales volume of 19,911 tons, accounting for 56.5% of the total NG trading volume. LNG trading revenue was approximately HK\$94,525,000, representing 54.2% of the total NG trading revenue. PNG trading recorded a sales volume of 15,318 tons, accounting for 43.5% of the total NG trading volume. PNG trading revenue was approximately HK\$79,783,000, representing 45.8% of the total NG trading revenue.

### Distribution of LNG (logistics)

Equipped with a great number of natural gas transportation trucks and LNG mobile storage containers that are specially made for the distribution of LNG, the delivery fleets of the Company provide road freight transportation services for external clients and for the Group companies. The distribution delivery fleets enable the Company to distribute LNG from upstream suppliers to external customers and energy centers in a safe and fast way at low costs.

As of 31 March 2024, the delivery fleets transmitted a total of 74,995,000 ton-kilometers (2023: 119,399,000 ton-kilometers) among which 93% were delivered for external customers, the income generated from distribution of LNG (logistics) business amounted approximately HK\$55,634,000 (2023: HK\$72,267,000), contribute 12.2% to the total revenue of the Company for the Current Year.

### LNG Pipeline Network

The Company undertakes LNG pipeline engineering projects, constructing pressure pipelines, gate stations, and pressure regulating stations to connect the retail and end-user markets. Through comprehensive gas transmission facilities, we aim to expand our downstream user base.

As of 31 March 2024, the Company held 34 effective LNG township franchise rights granted by the PRC local governments in Hubei, Jiangxi and Anhui provinces, the franchise rights allow the Company to be the sole operator in the franchised zone in the supply of LNG. As of the year end date, the Company has received 9,119 applications from household users for LNG pipeline connection in Yangzhai, Changling, Chenxiang, Yudian, Caihe and Haodian in Guangshui City of Hubei province, managed possess to connect 7,176 household users. Income generated from the supply of LNG to residential users has been included in the point-to-point supply of LNG (retail) income for the Current Year.

# Management Discussion and Analysis

## Infrastructure Projects

During the Current Year, the Company adhered to the philosophy of focusing primarily on centralized energy development, supplemented by distributed management. The Company strategically invested in key locations such as Hubei Huanggang, Hubei Guangshui, Anhui Lu'an, and Jiangxi Jingdezhen, actively promoting resources around large-scale LNG bases integrated with energy storage and energy management.

As of March 31, 2024, the Company owned two automotive gas refueling stations, which operate in collaboration with a wholly-owned subsidiary of China National Offshore Oil Corporation (“**CNOOC**”). By leveraging the unique advantages of CNOOC's procurement platform, the Company's automotive gas refueling stations effectively reduced LNG procurement costs, thereby promoting sales growth through more competitive pricing. CNOOC, as the sole LNG supplier responsible for the daily operations of the refueling stations, shares the operational performance based on the agreed terms and conditions.

## NEW ENERGY BUSINESS

During the Current Year, China's new energy industry developed rapidly, and the Company actively aligned with this trend by strategically expanding into industries such as smart heating, comprehensive energy efficiency management, and energy-saving and emission-reduction equipment manufacturing. The Company focused on provinces like Shaanxi and Jiangsu, establishing specialized enterprises and actively expanding the market, achieving breakthroughs in the new energy business.

The Company utilized cutting-edge technologies such as cloud data, the Internet of Things, and AI intelligence. By using unique big data AI algorithm models, efficient energy Building Information Modeling (“**BIM**”) architecture, and the Intelligent Distributed Heating (“**IDH**”) platform, the Company created an intelligent energy management system. Leveraging these core digital intelligence platforms, the Company provided comprehensive energy management solutions equipped with AI intelligence technology in fields like smart heating management and comprehensive energy efficiency management. These solutions significantly reduced energy consumption and operational costs for customers' energy projects, creating a win-win situation for both the government and users.

During the Current Year, the Company's heating project in Xi'an Shaanxi, used the Intelligent Comprehensive Energy (“**ICE**”) solution. The ICE system, with its automatic temperature tracking and balance adjustment functions, intelligently adjusted heat source parameters and household valve openings based on weather forecasts for the next three hours and users' real-time indoor temperatures. This on-demand heating significantly improved energy utilization efficiency while greatly enhancing user satisfaction.

During the Current Year, the Company's new energy business recorded revenue of approximately HK\$83,564,000, accounting for 18.4% of the Company's total revenue for the year. All related revenue was recognised in the second half of the Current Year.

## Development of New Energy Integrated Solution

As of 31 March 2024, the development and application of comprehensive new energy solutions recorded revenue of approximately HK\$74,812,000. In the field of comprehensive new energy solutions, the smart heating business provided services covering approximately 2.2 million square meters, recording revenue of approximately HK\$72,757,000. The comprehensive energy efficiency management business recorded revenue of approximately HK\$2,055,000.

## Sales and Distribution of New Energy Products

As at 31 March 2024, the sales and distribution of new energy products recorded revenue of approximately HK\$8,752,000.



# Management Discussion and Analysis

## FINANCIAL SERVICES BUSINESS

The financial services businesses of the Company including: (i) the provision of finance leasing services typically for LNG vehicles and equipment that has been approved by the Chinese Ministry of Foreign Trade and Economic Cooperation; (ii) the provision of securities brokerage business, discretionary investment management and fund management services in Hong Kong through an indirect subsidiary of the Company namely China Hong Kong Capital Asset Management Company Limited (“**CHK CAM**”), which is licensed by the SFC to conduct Type 9 (asset management) regulated activities; and (iii) money lending business through an indirect subsidiary holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws) of Hong Kong. Given the unpromising economic outlook, the Company’s management has adopted a cautious attitude towards increasing investment in the financial services business.

During the Previous Year, the Company has ceased the securities brokerage business, the unclaimed client cash and securities have been lodged to the High Court by CHK CAM on 14 June 2023.

## FINANCIAL REVIEW

### Revenue

For the Current Year, the Company recorded the revenue from operations in an amount of approximately HK\$454.5 million, compared to that of approximately HK\$211.9 million for the Previous Year, representing a significant increase of 114.5%. This growth was primarily driven by the sales and distribution of NG, with revenue increasing by approximately HK\$173.6 million or 124.4%. Additionally, the new energy business which commencing in the second half of the Current Year, contributed approximately HK\$83.6 million to the total revenue in the Current Year.

The Current Year saw notable changes in revenue structure. Revenue from NG Business accounted for 81.1% of total revenue in the Current Year, decreased by 18.8% from 99.9% in the Previous Year. The new energy business accounted for 18.4% of total revenue.

Income from the point-to-point supply of LNG (retail) business was approximately HK\$138.8 million for the Current Year, compare to that of approximately HK\$113.2 million for the Previous Year, representing a increase of 22.6%. The increase in retail income was mainly due to the increase in the number of retail customers.

Income generated from the wholesale of LNG and PNG (trade) business was approximately HK\$174.3 million for the Current Year, compared to that of approximately HK\$26.4 million for the Previous Year, representing a increase of 561.3%. The increase in trade income was mainly due to rebound in domestic NG consumption and the expansion of distribution channels.

Income generated from the distribution of LNG (logistics) business was approximately HK\$55.6 million for the Current Year, compared to that of approximately HK\$72.3 million for the Previous Year, representing a decrease of 23.0%. The decrease in logistics income was mainly due to the market competition and decreased in demand from our customers.

Income generated from the sales and distribution of new energy products and the development of new energy integrated solution was approximately HK\$8.8 million and 74.8 million for the Current Year respectively. It was new business segment developed in the second half of the Current Year, no such income was recognised in the Precious Year.

# Management Discussion and Analysis

Income from the financial services business was HK\$2,148,000 for the Current Year, compare to that of HK\$57,000 for the Previous Year. Financial services income primarily relates to interest income from money lending business.

## Gross Profit/(Loss) and Gross Profit/(Loss) Margin

The overall gross profit of the Company for the Current Year was approximately HK\$63.6 million compared to gross loss of approximately HK\$16.1 million for the Previous Year. The turnaround from gross loss to gross profit for Current Year was mainly due to (i) an increase in gross profit from the LNG supply business, driven by favorable LNG procurement prices obtained through the Company's cooperation with CNOOC; (ii) cost-saving measures implemented in the LNG logistics business by restructuring loss-making business units to minimize the impact of direct costs; (iii) a decline in national LNG prices, which reduced the LNG consumption costs in the logistics business; and (iv) significant gross profit contributions from the newly developed new energy business. The gross profit margin was 14.0% in Current Year as compared to gross loss margin of 7.6% for the Previous Year, indicating a favorable improvement as a result of the contribution of the new energy business and cost reduction and operation efficiency improvements in the NG business.

## Other Income and Other Gains and Losses

Other income and other gains and losses of the Company mainly comprise the net effect of loss on disposal of property, plant and equipment, loss from changes in fair value of financial assets at fair value through profit or loss, loss on deregistration of subsidiaries, bank interest, reversal of impairment of loan receivables and government subsidy. Net Losses of income and other gains and losses amounted to approximately HK\$18.6 million was recognised for the Current Year as compared to net gain of other income and other gains and losses of approximately HK\$1.2 million for the Previous Year, it was mainly due to increase in loss on disposal of items of property, plant and equipment and loss on deregistration of subsidiaries.

## Selling and Distribution Expenses

The selling and distribution expenses of the Company mainly comprise salaries and benefits of sales and marketing staff, advertising and promotion expenses. Selling and distribution expenses for the Current Year increased by 42.4% to approximately HK\$11.9 million as compared to that of approximately HK\$8.4 million for the Previous Year. The increase was mainly due to increase in employee compensation and marketing expenses incurred for customer development.

## Administrative Expenses

The administrative expenses of the Company mainly comprises administrative employee related costs including salaries of directors and staffs, employer's contributions for social insurance and pension funds, rental and office expenses, amortisation on right-of-use assets and depreciation on property, plant and equipment. The administrative expenses for the Current Year decreased by 18.7% to approximately HK\$100.3 million as compared to that of approximately HK\$123.4 million for the Previous Year. The decrease was mainly due to effective cost reduction and efficiency enhancement measure implemented by the Company.

## Finance Costs

The finance costs of the Company mainly comprise interest on lease liabilities and interest on bank and other borrowings. Finance costs for the Current Year decreased by 0.6% to approximately HK\$34.7 million compared to that of approximately HK\$34.9 million for the Previous Year.

## Impairment Losses Under Expected Credit Loss Model, net of reversal

As at 31 March 2024, the Company engaged an independent qualified valuer to determine the expected credit loss of the Company in respect of finance lease receivables, accounts, and other receivables. During the Current Year, an impairment of approximately HK\$4.1 million (2023: a reversal of HK\$0.7 million) was recognized for the Current Year.

# Management Discussion and Analysis

## Impairment Loss on Non-Financial Assets

The impairment test is performed on the Company's NG business segment (the "CGU") using cash flow projections approved by the management covering a period of ten years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGU included in the cash flow projections comprising point-to-point supply of LNG (retail) and distribution of LNG (logistics) businesses.

Based on the impairment test, the recoverable amount of the CGU is excess its carrying value, as such, no impairment loss was recognised for the Current Year.

## Income Tax (Expense)/Credit

Income tax (expense)/credit mainly comprise current income tax and deferred income tax, the PRC subsidiaries of the Company are subject to the Enterprise Income Tax as determined under PRC tax laws and accounting standards.

Income tax expense of the Company for the Current Year amounted to approximately HK\$4.0 million as compared to the income tax credit of HK\$1.9 million for the Previous Year. The increase in income tax expense was mainly due to deferred income tax expenses recognised by the Company's PRC subsidiaries, arising from timing differences in depreciation policies in PRC.

## Loss for The Year

As a combined result of the factors discussed above, the Company's net loss for the Current Year was approximately HK\$146.8 million as compared to a net loss of approximately HK\$181.0 million for the Previous Year.

## Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## Property, Plant and Equipment

As at 31 March 2024, the property, plant and equipment of the Group amounted to approximately HK\$432.3 million mainly consisting approximately HK\$224.2 million equipment and machinery, approximately HK\$68.7 million motor vehicles, approximately HK\$85.8 million building and approximately HK\$53.6 million construction in progress and other assets.

## Loan and Reimbursement Receivables

As at 31 March 2024, the loan and reimbursement receivables of the Company amounted to approximately HK\$112.8 million (2023: HK\$112.8 million), are due from two borrowers made in the ordinary course of the Company's money lending business some years ago, which are secured by legal charges over the borrowers' assets.

The loan and reimbursement receivables comprise outstanding loan principal amount and accrued interest. Dr. Kan, the substantial shareholder of the Company, has undertaken with the Company that the Company reserves the right to execute a reimbursement receivable on the aforementioned loan principal and interest if the borrowers fail to repay. Senior management of the Company has always been monitoring closely the recovery of the loans under the previous adverse condition.

## Accounts and Other Receivables

As at 31 March 2024, the accounts and other receivables of the Company amounted to approximately HK\$189.4 million (2023: HK\$77.9 million), comprises accounts receivable, value-added tax recoverable, prepayments, deposits and other receivables. The increase in the accounts and other receivables was mainly due to increase in account receivables resulting from newly added new energy business.

# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 March 2024, the cash and cash equivalents of the Company amounted to approximately HK\$43.6 million (2023: HK\$31.8 million), mainly denominated in Hong Kong Dollar and Renminbi.

As at 31 March 2024, total interest-bearing bank and other borrowings of the Company amounted to approximately HK\$774.0 million (2023: HK\$591.4 million), mainly comprises the loans due to a substantial shareholder of the Company and bank borrowings. The interest-bearing bank and other borrowings were mainly used to finance working capital and infrastructure projects of the Company. The maturity profile was spread over a period, with approximately HK\$120.6 million repayable within one year and approximately HK\$653.4 million repayable after one year.

During the Current Year, the Company financed its operations and investment activities through a combination of operating cashflows and interest-bearing borrowings. As at 31 March 2024, equity attributable to owners of the Company amounted to approximately HK\$37.2 million (2023: HK\$64.8 million).

## GEARING RATIO

The Company monitors capital on the basis of the gearing ratio. Gearing ratio is calculated by dividing the interest-bearing debts by total equity at the year end date and expressed as a percentage, the net debts are defined as interest-bearing borrowings that exclude payables and accruals incurred in the ordinary course of business. As the result of the decrease in equity attributable to owners of the Company, the gearing ratio as at 31 March 2024 was increased to 1,300.3% (2023: 628.6%).

## PLEDGE OF ASSETS

As at 31 March 2024, the Company's land use rights, certain construction in progress and equipment and machinery with an aggregate carrying amount of approximately HK\$85.9 million (2023: HK\$85.5 million) were pledged to secure certain loans and banking facilities granted to the Company.

## CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure adequate return and to uphold the assets of the Company to continue as going concern. The Company actively and regularly reviews and adjust capital structure to cope with changes in economic conditions.

## CAPITAL COMMITMENT

As at 31 March 2024, the total capital commitments by the Company amounted to approximately HK\$143.6 million (2023: HK\$229.0 million), which were mainly contracted commitments in respect of project construction and purchase of machinery and equipment.

## CONTINGENT LIABILITIES

The Company had no significant contingent liabilities as at 31 March 2024 (2023: Nil).

# Management Discussion and Analysis

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company established a risk management framework during the Current Year to identify risks, set risk appetites, and develop risk response plans. To prevent and identify risks, the Company set up an internal audit department and a safety supervision department during the Current Year, and has commenced risk identification and management work. Management plans to review this framework periodically to determine the effectiveness of the risk management procedures. Management also discusses risk response measures based on the risk issues reported by the internal audit department and the safety supervision department. The Company engaged an external consultant to perform annual review on the assessment of the internal control system and to make recommendations for improving and strengthening the system for the Current Year, no significant area of concern that may affect the financial, operational, compliance, control and risk management of the Company has been identified. The Board considered the Company's internal control system to be effective and adequate.

The Company has various financial assets and financial liabilities arising from business operations, we intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on the business and financial condition. The NG business, new energy business and financial services business of the Company faces a variety of risks in its operations, including credit risk, liquidity risk, interest rate risk, operational risk, and legal and compliance risk. The Company recognises the importance of effective risk management for identifying and mitigating these risks. The Company manages the risks through comprehensive due diligence on customers, information review and multi-level approval process to the characteristics of its business operations. The Company will continue to monitor and review the operation and performance of the risk management and improve from time to time to adapt to the changes in market conditions and the regulatory environment.

## Macroeconomic Fluctuation and Industry Cyclicity Risks

The Company is engaged in the NG industry, the market demand for NG is closely related to the development of the national economy, infrastructure investment and construction and environmental protection policies etc. Affected by global macroeconomic fluctuations, the degree of industry prosperity and other factors, the industry in which the Company operates is cyclical to a certain extent. Any future adverse changes in the macro environment, market demand and the environment of competition in the future, which will adversely affect the business growth, NG sales or cost of the Company, will lead to a decline in the results of operations of the Company and adversely affect its sustainable profitability.

In addition, the Company's results are significantly influenced by factors including changes in industry policies and the market demand and the increase in labor costs. In the future, in case of any adverse change including failure of the Company to effectively predict the change of market demand or grasp industry policies accurately, the Company will be subject to risks of a slowdown in the growth of the global business market or even fluctuation of results of operations.

The Company is committed to promoting compliance in its diversified development, further building and improving the business arrangements around the nation, thus enriching the revenue structure of main businesses of the Company and maintaining the sustainable competitive advantage of the Company in the complex environment. Meanwhile, the Company has always monitored the regulatory trend in the places where it operates, adjusted its business strategies in a timely manner, thoroughly studied the industry standards in the places where it operates. The Company has continuously improved to ensure that the Company meets the conditions of its business licenses, so as to guarantee the sustainable and healthy development of its business.

# Management Discussion and Analysis

## Risk of Exchange Rate Fluctuations

The major operating units of the Company is in China and is exposed to foreign exchange risk that comes from future commercial transactions and holding assets and liabilities in Renminbi, as the reports of the Company is in Hong Kong Dollar, a strengthen of the Hong Kong Dollar against Renminbi will have a negative impact on the reported comprehensive income. The Company will remain subject to the risk of exchange loss, in case of significant fluctuations in the exchange rate of the reporting currency against any foreign currency in the future as a result of any changes in the domestic and foreign economic environment, political situation, monetary policies and other factors.

The Company manages its foreign exchange risk by regularly reviewing its net exposure to foreign exchange risk, the management of the Company continuously monitors factors that may affect exchange rate fluctuations, including but not limited to changes in the economic environment, policy changes, and geopolitical events and considers taking appropriate hedging measures when necessary.

## Shortage In the Supply of NG and Risk of Significant Increase In Prices

The Company's operation process depends on the timely and stable supply of NG, despite stable partnerships with the major supplier for sufficient supply and relatively stable prices, any sudden and significant changes in production and operation of the major supplier, the quality of natural gas supplied or the period of supply failing to meet the Company's requirements, any changes in the business relationship with the Company, or significant fluctuations of the supply prices and failure of the Company to adjust the selling prices proportionally in a timely manner may have adverse impacts on the operation of the Company.

The Company will actively use the price and scale advantage created by centralized purchase channels as well as effective control of supply platforms to reduce purchase costs and the impact of fluctuations in NG prices.

## LEGAL PROCEEDINGS

On 9 May 2024, the Company received a "Civil Ruling" dated 25 April 2024 issued by the Tianjin Maritime Court of PRC regarding claims brought by an independent creditor of NG segment. Pursuant to the Civil Ruling, Great Trend Investment Management (Shanghai) Company Limited\*, an indirect wholly-owned subsidiary of the Company, was liable to pay the creditor the outstanding balance, along with a penalty charge and overdue interest. The penalty charge was amounting to approximately HK\$39,221,000. Both the Company and its wholly-owned subsidiary, China LNG Limited, act as guarantors for the outstanding balance and the penalty charge.

For prudent purposes based on legal advice, a full provision for penalty expenses in the amount of approximately HK\$39,221,000 was recognised during the year ended 31 March 2024.

Please refer to the announcement dated 14 June 2024 and 19 June 2024 for details.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Company had a staff roster of 478 members (2023: 336). The significant increase in the number of employees was mainly due to the Company's development of the new energy business and acquisition of Oasetech Limited during the Current Year. The related staff costs (including directors' emoluments) for the Current Year amounted to approximately HK\$59.7 million (2023: HK\$59.4 million), representing an increase of 0.5%. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed of the Company. In addition to basic salary, employees of the Company are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme.

\* English company name translated for identification purposes only.

# Management Discussion and Analysis

The emoluments of the Directors and senior management is determined by reference to their performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate and will be subject to review by the remuneration committee and the Board from time to time.

Human resources are the most valuable asset to the Company, we always attaches great importance to the personal development of our employees, we believes the maintaining enthusiasm of employees is the key to continuous success, hence the Company emphasized the importance of talent cultivation and put resources in regular training courses to enhance employees' technical knowledge and safety awareness as well as management skills.

## MATERIAL ACQUISITIONS AND DISPOSALS

The Group entered into a sale and purchase agreement on 21 December 2023 with two independent third parties (the “**Oasetech Vendors**”), pursuant to which the Group conditionally agreed to purchase, and the Oasetech Vendors conditionally agreed to sell, the entire issued share capital of Oasetech Limited, which together with its subsidiaries (collectively, the “**Oasetech Group**”) are principally engaged in the development and production of new energy products and integrated solutions. The acquisition was completed on 2 February 2024. The consideration for the acquisition was HK\$100,000,000, which was satisfied by the Company through the issuance and allotment of 232,558,140 ordinary shares at fair value of HK\$0.43 per share which is determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

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

During the Previous Year, a total of 20,999,040 shares of the Company (the “**Shares**”) were transferred from the name of a borrower and a margin client (the “**Clients**”) to the 60.42%-owned subsidiaries of the Company due to the foreclosure of relevant receivables from the money lending business and securities brokerage business in the ordinary course of business. Pursuant to the arrangement between the Clients, a total of 5,079,040 shares were sold during the Current Year, the difference between the sale proceeds and the carrying amount of the shares is recognised in share premium.

## EVENTS AFTER THE REPORTING PERIOD

Events subsequent to the end of the reporting period and up to the date of this report are set out in the note 40 to the consolidated financial statements.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Reference has been made to the announcement of the Company dated 20 October 2023 regarding the Original Design Manufacturer Cooperation Agreement with Qiweite Solar Energy Group. Pursuant to the agreement, Qiweite Solar Energy Group will act as the manufacturer and supplier of the necessary equipment, parts, and raw materials for the Group's heating projects for a period of five years, with a minimum annual procurement amount of RMB100 million. The agreement does not commit to procurement requirements.

In the second half of the Last Year, Qiweite Solar Energy Group designed and built an energy intelligent management AI system for the Group's heating projects and supplied the necessary equipment, parts, and raw materials, valued at approximately HK\$50 million. This has facilitated the practical application of the AI system in the Company's new energy business sector and has generated positive benefits.

Save as disclosed above, as of the date of this report, the Board has not authorized any other plans for significant investments or additions to capital assets as at 31 March 2024.

# Biographical of Directors and Senior Management

## EXECUTIVE DIRECTORS

### Dr. Kan Che Kin, Billy Albert (“Dr. Kan”)

Dr. Kan, aged 72, is an executive Director and the Chairman of the Board of the Company, he is also the controlling shareholder of the Company as defined in the Rules Governing the Listing of Securities in the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Dr. Kan graduated from the University of East Anglia in the United Kingdom with a Bachelor of Science degree and further received a degree of Doctor of Civil Law honoris causa in 2016. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Securities Institute, he is also a reasonable officer under the SFC in Hong Kong. Dr. Kan worked for Deloitte Touche Tohmatsu Limited and KPMG, he has extensive experience in accounting, taxation and corporate finance. Dr. Kan has over 30 years of experience in serving on the board of directors of financial institutions and listed companies in Hong Kong, including Security Pacific Credit Hong Kong Limited (a subsidiary of Security Pacific National Bank, taken over by Bank of America then by China Construction Bank), he was an executive director of Warderly International Holdings Limited (now renamed as Fullshare Holdings Limited, stock code: 607) and resigned on December 2013, he was a director of Interchina Holdings Company Limited (now renamed as EverChina Int’l Holdings Company Limited, stock code: 202) and resigned on September 2000, shares of which are listed on the Stock Exchange of Hong Kong. Mr. Li Kai Yien, Arthur Albert is a nephew of Dr. Kan.

### Mr. Deng Yaobo (“Mr. Deng”)

Mr. Deng Yaobo, aged 53, was appointed as an executive Director and the chief executive officer of the Company on 2 October 2023. Mr. Deng graduated from Zhongnan University of Economics and Law in 1993, majoring in industrial economics, with a bachelor’s degree in economics. He holds the qualifications of China’s registered cost engineer and China’s registered asset appraiser.

Mr. Deng was the vice president of China Gas Holdings Limited (“China Gas”), a company listed in Stock Exchange of Hong Kong (stock code: 384). He also served as the chief strategy officer and director of certain subsidiaries of China Gas from May 2002 to September 2023, responsible for the strategic development, corporate management, corporate culture and heating business of China Gas. Mr. Deng has extensive experience in project investment and corporate management.

### Mr. Li Kai Yien, Arthur Albert (“Mr. Arthur”)

Mr. Arthur, aged 51, was appointed as an executive Director of the Company in October 2007. Mr. Arthur graduated from the University of Southern California with a Bachelor of Science degree in 1995, he is a member of the Association of International Certified Professional Accountants since 2001. Mr. Arthur has more than 20 years of experience in accounting and securities dealing, he is currently a dealer representative of Phillip Securities (HK) Ltd. Mr. Arthur is a nephew of Dr. Kan.

## NON-EXECUTIVE DIRECTORS

### Mr. Simon Murray (“Mr. Murray”)

Mr. Murray, aged 84, was appointed as an independent non-executive Director of the Company on 23 October 2014 and re-designated as a non-executive Director on 2 April 2015. Mr. Murray holds an Honorary Degree in Law from the Bath University and attended the Stanford Executive Program in the United States, he has extensive experience in finance, transportation, natural resources, infrastructure and power sectors.

Mr. Murray is the founder of General Enterprise Management Services Limited, a private equity fund management company. He currently is an independent non-executive director of Wing Tai Properties Limited (stock code: 369) and Spring Asset Management Limited which is the manager of Spring Real Estate Investment Trust (stock code: 1426), shares of which are listed on the Stock Exchange of Hong Kong.

Mr. Murray was the executive director of Hutchison Whampoa Limited for 10 years and previously acted as an independent non-executive director of Cheung Kong Property Holding Limited (now renamed as CK Asset Holdings Limited, stock code: 1113), shares of which are listed on the Stock Exchange of Hong Kong, he was also the executive chairman of Deutsche Bank AG Asia Pacific.



# Biographical of Directors and Senior Management

Mr. Murray was appointed a Commander of The Most Excellent Order of the British Empire (CBE) and a Chevalier de l'Ordre national du Mérite of the French Republic and Chevalier de La Legion d'Honneur.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### Mr. Li Siu Yui (“Mr. Li”)

Mr. Li Siu Yui, aged 54, was appointed as an independent non-executive Director of the Company in October 2007. Mr. Li obtained a Master’s degree in Business Administration from the University of Wales, he has over 20 years of investment and managing experience. He currently is a responsible officer under the SFC in Hong Kong.

Mr. Li was an independent non-executive director of EJE (Hong Kong) Holdings Limited (formerly known as Jia Meng Holdings Limited) for the period from July 2017 to January 2020, he was an independent non-executive director of Fullshare Holdings Limited (formerly known as Warderly International Holdings Limited (stock code: 607) for the period from June 2008 to December 2013, a company listed in the Stock Exchange of Hong Kong.

### Mr. Chow Ching Ning (“Mr. Chow”)

Mr. Chow Ching Ning, aged 56, was appointed as an independent non-executive Director of the Company in September 2019. Mr. Chow graduated from the Hong Kong Polytechnic University with a Bachelor (Hons) degree, he is a member of the CFA Institute and a Fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 20 years of investment experience in Mainland China, Israel and South East Asia region.

Mr. Chow currently is a Managing Partner of Radiant Tech Ventures (“**Radiant**”), an asset management company licensed under the SFC Hong Kong. Radiant is one of the first batch of six selected co-investment partners of the HKSAR Government to build up the technology eco-system in Hong Kong, investing mainly in sectors such as fintech, AI and robotics, Web3 and ESG. He is also an independent non-executive director of Shanshan Brand Management Company Limited, a company listed in the Stock Exchange of Hong Kong (stock code: 1749).

Mr. Chow was an independent non-executive director of SinoSun Technology Company Limited, a company listed in Shenzhen Stock Exchange (SZSE stock code: 300333) for the period from April 2017 to May 2020, he also served as a managing director and a member of the investment committee for JAFCO Investment (Asia Pacific) Limited responsible for overall investment decisions in the APAC region except Japan.

### Mr. Lam Lum Lee (“Mr. Lam”)

Mr. Lam, aged 78, was appointed as an independent non-executive Director of the Company in May 2015. Mr. Lam is currently the chairman of China Information Industry Association, the chairman of China Culture & Education Foundation and the honorary chairman of Hong Kong Critical Components Manufacturers Association. He was a committee member of Hong Kong Vocational Training Council of Electronic and Telecommunication Division, the president of Hong Kong Critical Components Manufacturers Association, the vice chairman of Hong Kong Electronic Technology Association and a director of Hong Kong Optoelectronic Association.

## COMPANY SECRETARY

Mr. Fung Chun Yin (“**Mr. Fung**”), was appointed on 8 April 2024 as the company secretary of the Company. Mr. Fung holds a Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants and has extensive experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Fung served in a key financial position in a Hong Kong listed company.

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICE

The Board and the management of the Company are committed to upholding a sound corporate governance practices and procedures in the firm belief that high standards of corporate governance provides a framework and solid foundation is essential to improving the efficiency and performance of the Company and to safeguard the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and complies with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company.

## CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules as its code of corporate governance. For the Current Year, the Board is of the view that the Company has complied with all code provisions set out in the CG Code save and except for code provision C.2.1 of the CG Code set out as follows:

Code Provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Kan has held the positions as the Chairman of the Board and chief executive officer of the Company from 1 April 2023 to 1 October 2023. Notwithstanding the deviation from the Code Provision C.2.1 for the aforesaid period, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer on the same person can facilitate execution of the Company's business strategies and provide a strong and consistent leadership to the Company. The Board considers that the appointment of Dr. Kan as the Chairman of the Board and the chief executive officer of the Company will not impair the balance of power during the period as all major decisions are made in consultation with members of the Board. Since 2 October 2023, the positions of chairman and chief executive officer have been assumed by Dr. Kan and executive Director Mr. Deng Yaobo, respectively. Since then, the Company has not deviated from Code Provision C.2.1.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

### Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the current Year.

### Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

## Corporate Mission, Values, Vision and Culture

The Group, as an integrated energy service provider primarily engaged in investment, construction, operation, and technical services in the new energy and natural gas business, our vision is to "build a modern energy system, create a green and beautiful energy industry, and become a global leader in smart energy services". the Group's core values are "Compliance and Value Creation, Collective Intelligence, Ecological Advancement, and Win-Win Cooperation", aiming to achieve the mission of "Serving Society and Achieving Together". Under the guidance of the Group's core values and mission, the strategic direction is shaped to achieve sustainable corporate development and create value for shareholders, while contributing to the acceleration of China's effort to build a safe, efficient, green, and low-carbon modern smart energy system and to achieve the dual-carbon goals on schedule.

# Corporate Governance Report

## CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, and (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

## BOARD OF DIRECTORS

The Board currently comprises seven Directors, with three executive directors, one non-executive director and three independent non-executive directors. The composition of the Board during the year is set out as follows:

### Executive Directors

Dr. Kan Che Kin, Billy Albert (*Chairman*) (*Note*)  
Mr. Deng Yaobo (*chief executive officer*) (*appointed on 2 October 2023*)  
Mr. Li Kai Yien, Arthur Albert (*Note*)

### Non-Executive Directors

Mr. Simon Murray  
Dr. Lam, Lee G. (*resigned on 8 February 2024*)  
Mr. Xiao Cong (*resigned on 13 December 2023*)

### Independent Non-Executive Directors

Mr. Li Siu Yui  
Mr. Chow Ching Ning  
Mr. Lam Lum Lee

Note: Mr. Li Kai Yien, Arthur Albert is the nephew of Dr. Kan.

Each of the current independent non-executive Directors has given an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

# Corporate Governance Report

## THE BOARD

### Role and function

The Board is responsible for leadership of the Company and be collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board focuses on formulating the Company's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Company; and setting the Company's values and standards. The Board delegates the day-to-day management, administration and operation of the Company to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Company.

### Composition

As at the date of this annual report, the Board currently comprises seven members, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors. The List of Directors is set out in the headed "Board of Directors" of this section. There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 15 to 16 of this annual report.

The Directors have no financial, business, family or other material or relevant relationship with each other save as disclosed.

Pursuant to the rule 13.92 of the Listing Rules, listed issuers are required to adopt a board diversity policy, the Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Company. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Under the revised Rule 13.92 of the Listing Rules, a single gender Board will not be considered by the Stock Exchange to have achieved Board diversity. The Company targets to comply with this new requirement no later than 31 December 2024, being the end of the transitional period as specified by the Stock Exchange, and the Board will consider amending the Board diversity policy to include appointment of at least a director of a different gender so that the potential successors to the Board can achieve gender diversity. This diversity policy is reviewed annually by the nomination committee of the Company and where appropriate, revisions will be made with the approval from the Board.

### Board Meetings

The Board meets regularly to discuss and formulate the overall strategy to monitor the operation and financial performance of the Company. The Company Secretary assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held as at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications.

# Corporate Governance Report

During the Current Year, the Board had convened fifteen regular Board meetings and two general meeting, the attendance records of the Directors are set out as follows:

Directors	Number of meetings held and attended during the Current Year	
	Regular Board meetings	General meeting
<b>Executive Directors</b>		
Dr. Kan Che Kin, Billy Albert (" <b>Dr. Kan</b> ") (Chairman)	14/15	2/2
Mr. Deng Yaobo (Chief executive officer) (appointed on 2 October 2023)	8/15	1/2
Mr. Li Kai Yien, Arthur Albert	14/15	2/2
Non-Executive Directors		
Mr. Simon Murray	14/15	2/2
Dr. Lam, Lee G. (resigned on 8 February 2024)	6/15	2/2
Mr. Xiao Cong (resigned on 13 December 2023)	7/15	2/2
Independent Non-Executive Directors		
Mr. Li Siu Yui (" <b>Mr. Li</b> ")	14/15	2/2
Mr. Chow Ching Ning (" <b>Mr. Chow</b> ")	14/15	2/2
Mr. Lam Lum Lee (" <b>Mr. Lam</b> ")	14/15	2/2

## Access to Information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Company before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access the Company's senior management to make further enquiries if necessary.

## DIRECTORS' INDUCTION AND PROFESSIONAL DEVELOPMENT

On appointment to the Board, each newly appointed Director shall receive a comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and sufficient aware of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Company generally. On an ongoing basis, Directors are encouraged to keep up-to-date on all matters relevant to the Company and to attend briefings, seminars and relevant training courses as appropriate. The Directors are requested to provide the Company with their respective training record pursuant to the requirement of the CG Code on continuous professional development.

During the Current Year, all of the Director have participated in appropriate continuous professional development activities by way of attending training sessions, conferences and seminars and reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

# Corporate Governance Report

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Company nor has any relationship with other Directors.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has currently appointed three independent non-executive Directors, one of the three independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Pursuant the code provision B.3.1 of the CG Code as set out in Appendix C1 to the Listing Rules, the Nomination Committee has assessed the independence of independent non-executive Directors during the Current Year.

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. No less than one-third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the Articles of the Company.

## APPOINTMENTS AND RE-ELECTION OF DIRECTORS

### Nomination Policy

The Board has adopted the following policies for the nomination of directors in determining the suitability of a candidate, the Nomination Committee and the Board considers the potential contributions that a candidate can bring to the Board and/or the Company. The Nomination Committee would consider a candidate in terms of qualifications, skills, experience, independence and other factors. The following shows a non-exhaustive list of selection criteria:

- the candidate's reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experience which are relevant to the operations of the Company; and
- the relevant factors set out in the board diversity policy of the Company (as amended from time to time).

### Nomination Procedures

The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed Director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria and the board diversity policy of the Company.

# Corporate Governance Report

In the context of appointment of any proposed candidate to the Board:

- the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of candidates, including referrals from the Directors, shareholders, management, advisers of the Company;
- the Nomination Committee shall identify and ascertain the character, qualification, knowledge and experience of the candidate and perform adequate due diligence in respect of such candidate;
- the Nomination Committee shall make recommendations by submitting the candidate's personal profile to the Board for its consideration; and
- According to the Article 86(3) of the Articles of the Company, any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at such general meeting.

## Retirement of Directors

Code Provision B.2.2 stipulates that every director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing Directors of the Company are not appointed for specific terms, but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of the Company at least once every three years.

In accordance with Article 87(1) of the Articles of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Arthur. shall retire by rotation at the forthcoming annual general meeting of the Company (the "2024 AGM") and they, being eligible, have offer himself for re-election.

Pursuant to Articles 86(2) of the Articles, Mr. Deng who was appointed as a executive Director of the Company with effect from 2 October 2023, shall retire from office and being eligible, have offed himself for re-election at the 2024 AGM.

Pursuant to the code provision B.2.3 of the CG Code as set out in Appendix C1 to the Listing Rules, any further appointment of INED serving more than 9 years should be subject to a separate resolution to be approved by Shareholders. As at the date of the 2024 AGM, Mr. Li and Mr. Lam as the INEDs serving on the Board for more than 9 years. However, they have never held any executive or management position in the Group nor have they throughout such period been under the employment of any member of the Group. The Directors noted the positive contributions of Mr. Li and Mr. Lam to the development of the Company's strategy and policies through independent, constructive and informed contributions supported by their skill, expertise and qualification and from their active participation at meetings. Each of Mr. Li and Mr. Lam had given his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company and the Nomination Committee has assessed and reviewed each of the annual written confirmation of independence of the INEDs based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the INEDs including Mr. Li and Mr. Lam remain independent. Hence, the Board considers that the long services of Mr. Li and Mr. Lam would not affect their exercise of independent judgment and therefore recommends Mr. Li and Mr. Lam to be re-elected as the INEDs at the 2024 AGM.

# Corporate Governance Report

## AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely Mr. Li (Chairman), Mr. Chow and Mr. Lam, all being independent non-executive Directors, none of them is a partner or former partner in the preceding two years of the existing auditors of the Company, or has or had in the preceding two years any financial interest in the existing auditors. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the Stock Exchange.

The main duties of the Audit Committee include:

- to be primarily responsible for making recommendations and advice to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity and the effectiveness of the internal audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditors to supply non-audit services, and to review and monitor the extent of non-audit works undertaken by external auditors;
- to monitor the integrity of financial statements and the annual report and accounts and interim report, and to review significant financial reporting judgments contained in them;
- to discuss the risk management and internal control systems with management of the Company to ensure that the management of the Company has performed its duty to have an effective risk management and internal control systems; and
- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Current Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditors. The financial statements for the Current Year and this annual report have been reviewed by the Audit Committee.

Two meetings of the Audit Committee were held during the Current Year. The executive Directors, senior management and/or the external auditors of the Company were invited to join the discussions at the meetings, as the may be issues concerning the financial reporting and internal control were discussed, the attendance of each member is set out as follows:

<b>Name of members of Audit Committee</b>	<b>Number of meetings held and attended during the Current Year</b>
Mr. Li ( <i>Chairman</i> )	3/3
Mr. Chow	3/3
Mr. Lam	3/3



# Corporate Governance Report

## NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises three members, namely Mr. Li (Chairman), Mr. Chow and Dr. Kan. A majority of the members of the Nomination Committee namely Mr. Li and Mr. Chow are independent non-executive Directors. Dr. Kan, the member of the Nomination Committee is also the Chairman of the Board and executive Director of the Company.

The principal responsibilities of the Nomination Committee include:

- to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer; and
- to conform to any requirement, direction, and regulation that may from time to time be contained in the Articles of the Company or imposed by the Listing Rules or applicable law.

Three meetings of the Nomination Committee were held during the Current Year, issues concerning revision of the structure size and composition of the Board and the board diversity policy were discussed, the attendance of each member is set out as follows:

<b>Name of members of Nomination Committee</b>	<b>Number of meetings held and attended during the Current Year</b>
Mr. Li ( <i>Chairman</i> )	3/3
Mr. Chow	3/3
Dr. Kan	3/3

## REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Li (Chairman), Mr. Chow and Dr. Kan. A majority of the members of the Remuneration Committee namely Mr. Li and Mr. Chow are independent non-executive Directors. Dr. Kan, the member of the Remuneration Committee is also the Chairman of the Board and executive Director of the Company.

The principal responsibilities of the Remuneration Committee include:

- to consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management below Board level;

# Corporate Governance Report

- to make recommendations to the Board on the remuneration of independent non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- to conform to any requirement, direction, and regulation that may from time to time be contained in the Articles of the Company or imposed by the Listing Rules or applicable law.

Four meetings of the Remuneration Committee were held during the Current Year, to considers the remuneration of the executive Directors and senior management and made recommendations to the Board taking into consideration industry practices and norms in compensation, in addition to the performance relative to the Company and its subsidiaries and the performance of the individual Directors. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Name of members of Remuneration Committee	Number of meetings held and attended during the Current Year
Mr. Li ( <i>Chairman</i> )	4/4
Mr. Chow	4/4
Dr. Kan	4/4

The emoluments of the Directors and senior management of the Company are determined by the Remuneration Committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Current Year.

The remuneration of Directors and senior management of the Company during the year falls within the following bands:

Remuneration bands	Number of persons
Nil to HK\$1,000,000	7
HK\$1,000,001 to HK\$7,000,000	3

Directors' emoluments comprise payments (includes share based payments) and other benefits to the Directors in connection with their respective managing affairs in the Company. Further details of the emoluments of the Directors and the five highest paid individuals of the Company during the Current Year are set out in notes 8 and 9 to the consolidated financial statements.

## ACCOUNTABILITY AND AUDIT

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the consolidated financial statements of the Company that give a true and fair view of the state of affairs of the Company. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern and the Board has prepared the consolidated financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement issued by McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), the independent auditor of the Company, about their reporting responsibility is set out in the Independent Auditor's Report.

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is primarily responsible for the establishment, maintenance and review of the Company's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the Shareholders and the assets of the Company.

The Board, as supported by the Audit committee, reviews the Company's overall risk management and internal control systems on an ongoing basis. At the same time, the Company endeavors to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

- a) Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified;
- b) The senior management is responsible for overseeing the Company's risk management and internal control activities, attending meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented; and
- c) The Board is responsible for reviewing and approving the effectiveness and adequacy of the Company's risk management and internal controls systems.

The risk management framework, coupled with the internal controls of the Company, ensures that the risks associated with different business units are effectively controlled in line with the Company's risk appetite.

The Company established a risk management framework during the Current Year to identify risks, set risk appetites, and develop risk response plans. To prevent and identify risks, the Company set up an internal audit department and a safety supervision department during the Current Year, and has commenced risk identification and management work. Management plans to review this framework periodically to determine the effectiveness of the risk management procedures. Management also discusses risk response measures based on the risk issues reported by the internal audit department and the safety supervision department. The Company engaged an external consultant to perform annual review and to make recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Company has been identified. The Board considered the Company's internal control system to be effective and adequate.

## AUDITOR'S INDEPENDENCE AND REMUNERATION—

The Audit Committee of the Company is responsible for considering the appointment and re-election of external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Company. McMillian Woods (Hong Kong) CPA Limited has been re-appointed as the auditor of the Group. The statement of the external auditors of the Group regarding their reporting responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditors' Report on pages 59 to 63 of this annual report.

# Corporate Governance Report

The remuneration paid or payable to the external auditors of the Company, in respect of audit services and non-audit services for the year ended 31 March 2024 are set out below:

Services rendered	Fees paid/payable HK'000
Audit services	1,050
Non-audit services	34
Total	1,084

The Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

## COMPANY SECRETARY

Mr. Fung Chun Yin ("**Mr. Fung**") has been appointed on 8 April 2024 as the company secretary of the Company. In compliance with rule 3.29 of the Listing Rules, Mr. Fung has confirmed that he has undertaken no less than 15 hours of relevant professional training during the year. The biographical details of Mr. Fung are set out under the section headed "Biographies of Directors and Senior Management".

The company secretary is responsible for ensuring that Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. The company secretary of the Company reports to the Board through the Chairmen whilst all Directors have access to the advice and services of the company secretary.

## DISSEMINATION OF INSIDE INFORMATION

The Company regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Company in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Company's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretary of the Company.

## DIVIDEND POLICY

The dividend policy of the Company is to distribute to its Shareholders the funds surplus to the operating needs, current and future business development of the Company as determined by the Board. The Company may declare and pay dividends to the Shareholders subject to the criteria as set out below.

In accordance with the Articles of the Company and subject to the relevant laws of the Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Board determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the relevant laws under the Cayman Islands.

# Corporate Governance Report

## COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at <https://chinahkpower.todayir.com>.

Separate resolutions are proposed at the general meetings for such substantially separate issues, including re-election of retiring Directors. The Chairperson of the AGM and the chairman/members of the Board Committee and the external auditor had attend the 2023 AGM to answer questions from the Shareholders. With the assistance of the Company Secretary, the Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

The Company regards communications with its investors as being vital and continues to enhance investor relations. Designated members of the Board and senior management of the Company are given the specific responsibilities to maintain regular contact with institutional investors, potential investors as well as other stakeholders. The Board reviewed the investor engagement and communication activities to date and was satisfied with the effectiveness of the shareholders communication policy in place.

## GENERAL MEETING

The general meeting of the Company provides an opportunity for communication between the Shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates are available to answer questions at the Shareholders' meetings. The auditor of the Company is also invited to attend the Company's AGM and is available to assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditors' Report. Separate resolutions are proposed at the AGM on each substantial issue, including the election of the individual Directors.

At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the Chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands in accordance with Article 66 of the Articles of the Company. The Chairman will explain such rights and procedures during the AGM before voting on the resolutions.

## SHAREHOLDERS' RIGHTS

### Right to Convene an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of the Company, Shareholders can make a requisition to convene an extraordinary general meeting. The procedures for the Shareholders to convene an EGM are as follows:

- (1) any one or more Shareholders (the "**Requisitionist**") holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.
- (2) such meeting shall be held within two 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, and all reasonable expenses incurred by the Requisitionist(s) shall be reimbursed by the Company.

### Right to putting forward Proposals at a General Meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Company at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "**Proposal**") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong at the 8th Floor, St. John's Building, 33 Garden Road, Central, Hong Kong in the manner as set out above.

# Corporate Governance Report

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

- at least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.
- at least 14 days' notice in writing if the Proposal requires approval in any other EGM.

## Right to Proposing a Person for Election as a Director

Shareholders may by an ordinary resolution elect any individual ("**Candidate**") to be a Director. Candidate for election is proposed by separate resolutions put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of the Company, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedures:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.
2. Obtain a notice signed by the Candidate stating his willingness to be elected.
3. Both notices, completed in accordance with Rules 13.51(2) of the Listing Rules, are to be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.
4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is 7 days before the date of such general meeting.

## Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by facsimiles to (852) 3691 8282 for the attention of the company secretary of the Company.

Shareholders should direct their shareholdings enquiries to the Company's Hong Kong Branch Share Registrar at the following address:

Tricor Standard Limited  
Address: 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong  
Tel: (852) 2980 1333 Fax: (852) 2810 8185

## SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Current Year, there is no change in the Company's constitutional documents.

# Directors' Report

The Directors present this annual report and the audited consolidated financial statements of the Company for the year end 31 March 2024.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, the principal activities of the subsidiaries of the Company are set out in note 1 to the consolidated financial statements. Save as disclosed, there were no significant changes in the nature of the Company's principal activities during the Current Year.

## RESULTS AND DIVIDENDS

The results of the Company for the Current Year are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 64 to 65 of this annual report.

The Board did not recommend the payment of any dividend for the Current Year (2023: nil).

## BUSINESS REVIEW

A fair review and the likely future development of the Company's business are set out in the "Chairman's Statement" section from pages 3 to 4 of this report. A discussion and analysis of the Company's performance during the Current Year, important events occurred after the reporting period are set out in the Management Discussion and Analysis from pages 5 to 14 of this report. Description of the principal risks and uncertainties facing the Company are set out in the Corporate Governance Report of this report and notes to the consolidated financial statements respectively.

## RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that employees, customers and business partners are key to its sustainable development. The Company is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staffs, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Company also puts ongoing efforts to provide adequate training and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

The Company understands that it is important to maintain good relationship with customers and provide the products and services in a way that satisfies the needs and requirements of the customers. The Company enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Company can respond proactively. The Company has also established procedures in place for handling customers' complaints to ensure they are dealt with in a prompt and timely manner.

The Company is also dedicated to develop and maintain good and long term relationships with suppliers and contractors to ensure stability of the Company's business.

## PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Company's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. There may be other risks and uncertainties which are not known to the Company or which may not be material now but could turn out to be material in the future.

# Directors' Report

A substantial portion of the operating assets of the Company is located in the PRC and the Company expects that a material portion of the turnover will continue to be derived from the operations in the PRC. The results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange. The Company cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on the current or future business, results of operation or financial condition of the Company.

Description of the principal risks and uncertainties that the Company is facing are set out in the Management Discussion and Analysis section, the financial risk management of the Company is set out in note 39 to the consolidated financial statements.

## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholder(s) to attend and vote at the 2024 AGM to be held on Friday, 23 August 2024, the register of members of the Company will be closed from Monday, 19 August 2024 to Friday, 23 August 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong for registration not later than 4:30 p.m. on Friday, 16 August 2024.

## FIVE YEAR SUMMARY

A summary of the published consolidated results and of the assets and liabilities of the Company for each of the five financial years is set out on page 150 of the annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movement in the Company's property, plant and equipment during the Current Year are set out in note 13 to the consolidated financial statements.

## ISSUED CAPITAL

Details of share capital of the Company are set out in note 30 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Previous Year, a total of 20,999,040 shares of the Company (the "Shares") were transferred from the name of a borrower and a margin client (the "Clients") to the 60.42%-owned subsidiaries of the Company due to the foreclosure of relevant receivables from the money lending business and securities brokerage business in the ordinary course of business. Pursuant to the arrangement between the Clients, a total of 5,079,040 shares were sold during the Current Year, the difference between the sale proceeds and the carrying amount of the shares is recognised in share premium.



# Directors' Report

China Hong Kong Capital Finance Limited (“**CHK CFL**”), a 60.42% owned subsidiary of the Company with valid money lenders licence under the Money Lenders Ordinance in Hong Kong, exercised the collateral under a loan agreement due to the default of a borrower, 15,920,000 shares of the Company have been transferred from the name of the borrower to the money lending company in the ordinary course of the business pursuant to the loan agreement entered between CHK CFL and the borrower, Dr. Kan, the substantial shareholder of the Company has undertaken that the Company reserves the right to execute a reimbursement receivable on the loan principal and interest if the borrowers fail to repay. CHK CFL shall return the shares to relevant party upon the recovery of the loan receivable or reimbursement receivable from the borrower or Dr. Kan. 5,079,040 shares from the foreclosure of a margin client that were taken into possession by CHK CAM in the securities brokerage business have been sold pursuant to the terms agreed between CHK CAM and the margin client. Details of movement in the Company's treasury shares during the Current Year are set out in note 31 to the consolidated financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Current Year.

## DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2024, the Company did not have any reserves available for distribution (2023: HK\$Nil). The Company's reserves available for distribution to shareholders represent the aggregate of share premium, special reserve and accumulated losses, calculated in accordance with the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The share premium is available for paying distributions or dividends to shareholders of the Company subject to the provisions of its Articles and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The Articles of the Company provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and retained earnings. Details of the reserves of the Company as at 31 March 2024 are set out in note 41 to the financial statements.

## MAJOR CUSTOMER AND SUPPLIER

During the Current Year, sales to the Company's five largest customers accounted for approximately 26.83% of the total revenue and sales to the largest customer included therein amounted to approximately 9.09%.

Purchases from the Company's five largest suppliers accounted for approximately 45.58% of the total purchases for the Current Year and purchases from the largest suppliers included therein amounted to approximately 23.94%.

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

## DIRECTORS

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

### Executive Directors:

Dr. Kan Che Kin, Billy Albert (*Chairman*)  
Mr. Deng Yaobo (*Chief executive officer*) (*appointed on 2 October 2023*)  
Mr. Li Kai Yien, Arthur Albert

### Non-Executive Directors:

Mr. Simon Murray  
Dr. Lam, Lee G. (*resigned on 8 February 2024*)  
Mr. Xiao Cong (*resigned on 13 December 2023*)

# Directors' Report

## Independent Non-Executive Directors:

Mr. Li Siu Yui  
Mr. Chow Ching Ning  
Mr. Lam Lum Lee

Code Provision B.2.2 stipulates that every director including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing Directors of the Company are not appointed for specific terms, but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of the Company at least once every three years.

In accordance with Article 87(1) of the Articles of the Company, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Arthur. shall retire by rotation at the forthcoming annual general meeting of the Company (the “**2024 AGM**”) and they, being eligible, have offer himself for re-election.

Pursuant to Articles 86(2) of the Articles, Mr. Deng who was appointed as a executive Director of the Company with effect from 2 October 2023, shall retire from office and being eligible, have offered himself for re-election at the 2024 AGM.

Pursuant to the code provision B.2.3 of the CG Code as set out in Appendix C1 to the Listing Rules, any further appointment of INED serving more than 9 years should be subject to a separate resolution to be approved by Shareholders. As at the date of the 2024 AGM, Mr. Li and Mr. Lam as the INEDs serving on the Board for more than 9 years. However, they have never held any executive or management position in the Group nor have they throughout such period been under the employment of any member of the Group. The Directors noted the positive contributions of Mr. Li and Mr. Lam to the development of the Company's strategy and policies through independent, constructive and informed contributions supported by their skill, expertise and qualification and from their active participation at meetings. Each of Mr. Li and Mr. Lam had given his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company and the Nomination Committee has assessed and reviewed each of the annual written confirmation of independence of the INEDs based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the INEDs including Mr. Li and Mr. Lam remain independent. Hence, the Board considers that the long services of Mr. Li and Mr. Lam would not affect their exercise of independent judgment and therefore recommends Mr. Li and Mr. Lam to be re-elected as the INEDs at the 2024 AGM.

None of the Directors proposed for re-election at the 2024 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 15 to 16 of the annual report.

# Directors' Report

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company currently has three independent non-executive Directors, which number meets the minimum requirement of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board.

The Company has received a written confirmation of independence from each of the independent non-executive Directors, and considers them to be independent as required under Rule 3.13 of the Listing Rules.

## 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 in existence during the Current Year, other than service contracts with the Directors and other persons engaged in the full-time employment of the Company.

## PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, the Directors, secretary and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in the execution of their duty. The Company has taken out and maintained directors' and officers' liability insurance throughout the Current Year and up to the date of this report, which provides appropriate cover for certain legal actions (if any) brought against its Directors and officers.

## RELATED PARTY TRANSACTIONS

Details of related party transactions of the Company during the Current Year entered into by the Company in the ordinary and usual course of business and on normal commercial terms are set out in note 36 to the consolidated financial statements. Each of the related party transactions during the Current Year constitutes a connected transaction or continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions disclosed in the paragraph headed "Related Party Transactions" set out in note 36 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor had there been any contract of significance entered into between the Company and a controlling Shareholder of the Company during the year.

# Directors' Report

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND 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 as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debenture of the Company

Name of Directors	Capacity nature of interests	Long position/ Short position	Number of Ordinary shares held	Approximate percentage of shareholding (Note 1)
Dr. Kan Che Kin, Billy Albert	Beneficial owner and interests in controlled corporation	Long position	3,333,503,139 (Note 2)	55.78%
		Short position	1,102,000,000	18.44%
Mr. Deng Yaobo	Beneficial owner	Long position	700,000,000 (Note 3)	11.71%
Mr. Li Kai Yien	Beneficial owner	Long position	200,000	0.01%
Mr. Simon Murray	Beneficial owner	Long position	5,000,000 (Note 3)	0.08%

Notes:

- Based on 5,976,355,230 shares of the Company in issue as at 31 March 2024.
- 5,000,000 shares among these 3,333,503,139 shares are held by Ground Up Profits Limited ("**Ground Up**"). Dr. Kan beneficially owns the entire issued share capital of Ground Up, which in turn beneficially owns 55.78% of the shareholding in the Company. Dr. Kan is the chairman, and an executive Director of the Company. Dr. Kan is also a director of Ground Up.
- These shares represent the option shares, which were beneficially owned by Dr. Kan, were granted by Dr. Kan to Mr. Murray and Mr. Deng upon the exercise in full of the rights pursuant to option deed agreements entered between Dr. Kan and each of Mr. Murray and Mr. Deng. Mr. Deng is the chief executive officer and an executive Director of the Company. Mr. Murray is non-executive Director of the Company. Details of share options held by the Directors are shown in the section "Share Option Scheme" below.

# Directors' Report

## Directors' Interests in ordinary shares of Associated Corporation

Name of Director	Name of associated corporation	Nature of interests	Number of Shares interested	Percentage issued voting share
Dr. Kan Che Kin, Billy Albert	Key Fit Group Limited	Beneficial owner	69,982,878	10.00%

Note: Key Fit Group Limited is a 60.42%-owned subsidiary of the Company, those shares were beneficially owned by Dr. Kan.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2024.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Scheme" and "Directors' and Chief Executive's Interests in the Shares, Underlying Shares and Debentures of the Company and Any Associated Corporation" in this annual report, at no time during the Current Year was the Company or any of its holding companies or subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Current Year and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Company's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

## SHARE OPTION SCHEME

The existing share option scheme (the "**Share Option Scheme**") was adopted by the Company on 30 August 2019, the purpose of which is to incentivize and reward eligible participants for their contribution to the Company and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which period no further options will be granted under the Share Option Scheme but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto.

Eligible participants under the Share Option Scheme include, among others, employees, Directors, customers, advisors, consultants, suppliers or service providers of the Company, who may be invited by the Directors to take up options as referred to the Share Option Scheme.

# Directors' Report

Details of the Share Option Scheme are as follows:

- (a) The maximum number of ordinary shares issuable upon exercise of the share options (the “Share Options”) which may be granted under the Share Option Scheme and any other share option scheme of the Company (if any) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of Share Options in excess of this limit is subject to shareholders’ approval in a general meeting.
- (b) The exercise period of the Share Options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the Share Options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier.
- (c) The exercise price of the Share Options is determinable by the Board but may not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the Company’s shares.

Further details in relation to Share Options are set out in note 32 to the consolidated financial statements, details of the movements of the Share Options during the Current Year under the Share Option Scheme are as follows:

		Number of Share Options						
	Date of grant	As at 1 April 2023	Granted during the year	Exercised During the year	Lapsed/ Cancelled during the year	As at 31 March 2024	Vesting and exercise period <sup>(Note 1)</sup>	Exercise Price HK\$
<b>Director</b>								
Dr. Kan Che Kin, Billy Albert	31 December 2019	5,640,000	–	–	–	5,640,000	Option A	0.53
	16 July 2021	100,000,000	–	–	–	100,000,000	Option D	0.50
<b>Employees</b>								
Ms. Yu Ada	21 August 2023	–	56,000,000	–	–	56,000,000	Option H	0.50
Mr. Wong Guoliang	31 December 2019	20,000,000	–	–	(20,000,000)	–	Option A	0.50
	31 March 2021	20,000,000	–	–	(20,000,000)	–	Option C	0.50
Ms. Chan Mui	24 January 2022	1,000,000	–	–	–	1,000,000	Option F	0.50
	26 April 2022	3,000,000	–	–	–	3,000,000	Option G	0.50
	21 August 2023	–	4,000,000	–	–	4,000,000	Option H	0.50
Other 19 employees	31 March 2021	4,050,000	–	–	(3,250,000)	850,000	Option C	0.50
	30 September 2021	1,200,000	–	–	–	1,200,000	Option E	0.50
	21 August 2023	–	10,000,000	–	(1,600,000)	8,400,000	Option H	0.50
		154,890,000	70,000,000	–	(44,850,000)	180,040,000		

# Directors' Report

## Notes:

1. Vesting and exercise period for above share options granted are as follows:

Option A	From 31 December 2019 to 31 December 2029
Option C	From 31 March 2021 to 31 March 2031
Option D	From 16 July 2021 to 16 July 2031
Option E	From 30 September 2021 to 30 September 2031
Option F	From 24 January 2022 to 24 January 2032
Option G	From 26 April 2022 to 26 April 2032
Option H	From 21 August 2023 to 21 August 2033

2. Subject to the rules of the Share Option Scheme, the Share Options are exercisable in the following manner for a period from the date of the acceptance of the Share Options to 10 years from the date of grant:

<b>Percentage of the Share Options that are vested and exercisable</b>	<b>Period for the exercise of the relevant Share Options</b>
The first 30% (i.e. up to 30% in total)	on the second-year anniversary from the date of grant
Additional 30% (i.e. up to 60% in total)	on the third-year anniversary from the date of grant
Additional 40% (i.e. up to 100% in total)	on the fourth-year anniversary from the date of grant

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Current Year.

## REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Company are set out in notes 8 and 9 to the consolidated financial statements.

## INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Company as at 31 March 2024 are set out in notes 27 and 28 to the consolidated financial statements.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, throughout the Current Year and as at the date of this annual report, the Company has maintain sufficient public float as prescribed under the Listing Rules.

## CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code as stated in Appendix C1 of the Listing Rules for the Current Year. Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report" section contained in the annual report.

## ENVIRONMENTAL POLICY

The Company is committed to supporting environmental sustainability and maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilized. The Company strives to become an environmental friendly corporation by saving electricity and encouraging the recycling of office supplies and other materials. Details of the Company's environmental policy and performance are set out in the "Environmental, Social and Governance Report" section contained in this annual report.

# Directors' Report

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Current Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Company that has a significant impact on the Company.

## AUDITOR

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

On behalf of the Board

**Kan Che Kin, Billy Albert**

*Chairman*

Hong Kong 28 June 2024



# Environmental, Social and Governance Report

## INTRODUCTION

This Environment, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) for the year ended 31 March 2024 (the “**Current Year**” or “**2024**”) summarises the ESG initiatives, plans and performance of China HK Power Smart Energy Group Limited (the “**Company**”) and its subsidiaries (the “**Group**” or “**we**”), specifies comparative data for the year ended 31 March 2023 (“**2023**”), and illustrates its commitment to sustainable development.

As a comprehensive regional natural gas (“**NG**”) solutions provider, the Group endeavours to develop retail, trading and transportation businesses that leverage the safety, reliability and cleanliness of NG as an energy source in the People’s Republic of China (the “**PRC**”). The Group recognises that it is responsible for the environmental impact of its operations and is therefore committed to managing its ESG matters effectively and responsibly, in line with its approach to sustainable development. As they are integral to our core business strategy, we believe that they are the key to our continuous success in the future.

## ESG GOVERNANCE STRUCTURE

The Group has appointed employees from different departments to form the ESG Taskforce (the “**Taskforce**”), responsible for collecting information relevant to our ESG aspects to prepare the ESG Report. The Taskforce reports to the Board of Directors (the “**Board**”) through meeting at least once annually and assists in identifying and evaluating the Group’s ESG risks and the effectiveness of its internal control mechanism. The Taskforce also examines and evaluates our ESG performance through relevant key performance indicators (“**KPIs**”) in various aspects, such as environment, health and safety, labour standards and product responsibility, to review progress against the ESG targets set. The Board sets the general direction of the Group’s ESG strategy and ensures the effectiveness of ESG risk management and internal control mechanism. With the assistance of the Taskforce, the Board evaluates, prioritises and manages material ESG-related issues by conducting regular materiality assessments.

The members of the Board possess the appropriate skills, experience, knowledge and perspectives necessary to oversee the Group’s ESG matters. The Board must hold at least one meeting each year to establish the overall ESG approach, oversee and assess the potential risks and impacts of the ESG issues related to the Group’s operation, review the Group’s performance against the ESG-related targets and the materiality of the ESG issues, ensure the effectiveness of the Group’s risk management and internal control systems as well as approve disclosures in the ESG Report.

## REPORTING SCOPE

The ESG Report covers the Group’s NG businesses in the PRC, including the sales and distribution of NG and the provision of liquefied natural gas (“**LNG**”) logistics services in terms of ESG performance. This business segment represents the Group’s major sources of revenue and was thus selected as the basis for the ESG Report. During the Current Year, we have expanded our reporting scope to cover our new project company, Shaanxi Hezhi Zexi New Energy Technology Company Limited\* (“**Shaanxi HZ**”), as well as the newly acquired Oasetech Limited and its subsidiaries (“**Oasetech**”).

\* English company name translated for identification purposes only

# Environmental, Social and Governance Report

## REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The ESG Report adheres to the reporting principles set out in the ESG Reporting Guide as follows:

Materiality	Key ESG issues are identified through materiality assessment, the processes and results of which are disclosed in the sections headed “Stakeholder Engagement” and “Materiality Assessment” in the ESG Report.
Quantitative	Supplementary notes have been added to the data disclosed in the ESG Report to explain the standards, methods, and sources of conversion factors used in the calculation of emissions and energy consumption.
Consistency	The statistical methodologies applied to the ESG Report were substantially consistent with the previous year (i.e. 2023) for meaningful comparisons. If there are any changes that may affect the comparison with previous reports, the Group will make explanatory notes in the corresponding section hereof.

Information relating to the Group’s corporate governance practices has been set out in the Corporate Governance Reporting on pages 17 to 29 of this annual report.

## REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group from 1 April 2023 to 31 March 2024.

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a core element of the Group’s sustainability efforts. We maintain close communication with stakeholders in order to understand and address their concerns. The Group establishes different communication channels with major stakeholders, regularly reports to stakeholders on its strategic sustainable development plan and sustainability performance and consults different parties for their opinions and needs to ensure that the Group’s business practices meet shareholders’ expectations.

The Group’s communication channels with different stakeholders and stakeholders’ expectations are shown as follows:

Stakeholders	Communication channels	Expectations
The Board	<ul style="list-style-type: none"><li>Regular board meetings</li><li>Daily communications and reporting</li><li>Corporate sustainable development</li></ul>	<ul style="list-style-type: none"><li>Compliant operations</li><li>Financial results</li></ul>
Shareholders, institutional and individual investors	<ul style="list-style-type: none"><li>Annual general meeting and notices</li><li>Regular corporate publications (including financial statements)</li><li>Circulars and announcements</li><li>Corporate website</li></ul>	<ul style="list-style-type: none"><li>Compliant operations</li><li>Financial results</li><li>Corporate sustainable development</li></ul>

# Environmental, Social and Governance Report

Stakeholders	Communication channels	Expectations
Employees	<ul style="list-style-type: none"> <li>• Training activities</li> <li>• Team building activities</li> <li>• Regular performance assessments</li> <li>• Staff meetings</li> <li>• Daily communications and reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Policy implementation</li> <li>• Compliance with laws and regulations</li> <li>• Tax payment as required by law</li> <li>• Business ethics</li> <li>• Community participation</li> </ul>
Government and regulatory authorities	<ul style="list-style-type: none"> <li>• Compliance management</li> <li>• Tax reporting</li> <li>• Information disclosures</li> <li>• Written communications</li> </ul>	<ul style="list-style-type: none"> <li>• Regular employee training</li> <li>• Strengthen anti-corruption work</li> <li>• Compliance with laws and regulations</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Customer activities</li> <li>• Satisfaction questionnaires</li> <li>• Phone calls and face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Customer information and privacy protection</li> <li>• Business integrity and ethics</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• On-site inspections</li> <li>• Regular assessments</li> <li>• Exchange and mutual visits</li> </ul>	<ul style="list-style-type: none"> <li>• Fair competition</li> <li>• Business ethics and reputation</li> <li>• Product quality</li> <li>• Cooperation with mutual benefits</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Promoting employment</li> <li>• Community activities</li> <li>• Community investments</li> </ul>	<ul style="list-style-type: none"> <li>• Compliant operations</li> <li>• Promoting community development</li> <li>• Environmental protection</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Circulars and announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Compliant operations</li> <li>• Promoting community development</li> <li>• Environmental protection</li> <li>• Business ethics</li> <li>• Health and safety</li> </ul>
Non-governmental organisations	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Circulars and announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting community development</li> <li>• Environmental protection</li> <li>• Health and safety</li> </ul>

The Group is committed to working with different stakeholders to improve ESG performance, and continuously create greater value for the wider community.

## MATERIALITY ASSESSMENT

The Group's management and staff from major functions have participated in the preparation of the ESG Report to assist the Group reviewing its operations, identifying relevant ESG issues, and assessing the importance of relevant matters relating to our businesses and stakeholders. Based on the assessment of significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units.

# Environmental, Social and Governance Report

The Group confirms that it has established appropriate and effective management policies and internal control systems for ESG issues and that the disclosed contents comply with the requirements in the ESG Reporting Guide. We will provide a more detailed disclosure of the issues that stakeholders are concerned about in the ESG Report. At the same time, results of the materiality assessment will serve as a guide for the Group in formulating ESG strategies and plans in the future, and continue to drive the sustainable development process.

The following table summarises the Group's material ESG issues:

## Environmental

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- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"><li>• Exhaust gas emissions</li><li>• Waste management</li><li>• Providing alternative energy options</li><li>• Climate change</li></ul> | <ul style="list-style-type: none"><li>• Greenhouse gas (“GHG”) emissions</li><li>• Energy management</li><li>• Pollution prevention during construction</li></ul> | <ul style="list-style-type: none"><li>• Sewage treatment</li><li>• Water resource management</li><li>• Environmental protection activities</li></ul> |
|--|---|--|

## Social

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- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"><li>• Employment, promotion and dismissal</li><li>• Employee care</li><li>• Training management</li><li>• Supply chain management</li><li>• Internal audit system</li></ul> | <ul style="list-style-type: none"><li>• Remuneration and benefits</li><li>• Safety management system</li><li>• Prevention of forced labour</li><li>• Customer service and privacy</li><li>• Corporate social responsibilities</li></ul> | <ul style="list-style-type: none"><li>• Equal opportunities, diversity and anti-discrimination</li><li>• Safety training</li><li>• Prevention of child labour</li><li>• Product safety</li></ul> |
|---|---|--|

## CONTACT US

We welcome stakeholders' opinions and suggestions. Please fax your suggestions regarding our ESG performance to (852) 3691 8282.

## A. ENVIRONMENTAL

### A1 Emissions

As a comprehensive regional NG solutions provider, the Group strives to reduce pollutant emissions by operating a safe, reliable and clean NG energy source. The Group actively responds to policies that facilitate structural adjustment of the PRC's energy sector, such as national energy utilisation policies and the 14th Five-Year Plan. By implementing a stringent environmental protection policy, the Group actively executes its environmental protection responsibilities in the critical areas of engineering design, construction and operations. With the aim of reducing energy consumption and GHG emissions, the Group has been exploring operating models with less impact on the environment. The Group also recognises the importance of environmental management and strives to protect the environment as part of its social responsibility commitment.

The Group formulates and strictly executes energy management regulations, waste control procedures and hazardous waste management systems, such as the Environmental Protection Management Guidelines and Waste Management Rules. These enable the Group to identify various types of emissions generated by its business and monitor its emissions to ensure compliance with the prevailing national standards, such as the Ambient Air Quality Standard, the Environmental Quality Standard for Surface Water, the Standard of Environmental Noise for Urban Area, etc.

# Environmental, Social and Governance Report

The Group also fully complies with the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Noise Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and other laws and regulations relating to environmental protection. Its various emissions and waste reduction measures are established and implemented accordingly. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, or generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

## Air Emissions

The Group's air emissions are mainly generated through fuel combustion when transporting NG. As such, the Group established a Vehicle Transportation Safety Management System and related measures to control fuel consumption and reduce air emissions in order to fulfil its environmental responsibilities. The relevant measures are as follows:

- Limit the speed of vehicles to avoid excessive fuel consumption due to high vehicle speeds;
- Refuel vehicles at the Group's designated gas stations to avoid using low-quality fuel and reduce air emissions per unit of gas consumption; and
- Other control measures relating to fuel consumption will be described in the section headed "Energy Management" in aspect A2.

During the Current Year, the Group's vehicles used a different fuel mix, resulting in fluctuations in different types of air emissions.

The Group's air emissions performance is summarised as follows:

Types of air emissions	Unit	2024	2023
Sulphur oxides (SO <sub>x</sub> )	tonnes	0.004	0.002
Nitrogen oxides (NO <sub>x</sub> )	tonnes	21.6	46.7
Particulate matter	tonnes	2.1	3.4

## GHG Emissions

The Group's principal GHG emissions are generated from the fuel combustion of vehicles during transportation, stationary combustion of fossil fuels (Scope 1) and purchased electricity (Scope 2). The Group has adopted environmental protection, energy-saving and fuel consumption control measures to reduce GHG emissions during operations, relevant measures are detailed in the section headed "Energy Management" in aspect A2.

The Group has set a target in the year ended 31 March 2022 ("2022") to reduce its total GHG emission intensity (tCO<sub>2</sub>e/million HKD revenue) in five years from 2022. During the Current Year, the Group's smart heating services at the newly established Shaanxi HZ consumed a significant amount of natural gas and electricity, causing a drastic spike in GHG emissions compared with 2023. Due to a significant expansion in the Group's business activities, the aforementioned target was not applicable for the Current Year. After much consideration, the Group has shifted its focus to reduce its total GHG emissions intensity by the year ending 31 March 2029 ("2029"), using 2024 as the baseline year. The Group will continue to keep track of the KPI and expects to achieve this target through continuously reviewing its fuel consumption control and energy-saving measures in the future.

# Environmental, Social and Governance Report

The Group's GHG emission performance is summarised as follows:

Types of GHG emissions <sup>1</sup>	Unit	2024	2023
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	<b>40,104.1</b>	5,090.3
<ul style="list-style-type: none"> <li>• Fuel combustion of vehicles</li> <li>• Stationary combustion of fossil fuels</li> </ul>			
Energy indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	<b>3,924.3</b>	168.6
<ul style="list-style-type: none"> <li>• Purchased electricity</li> </ul>			
Total GHG emissions (Scope 1 and 2)	tCO <sub>2</sub> e	<b>44,028.4</b>	5,258.9
Total GHG emission intensity <sup>2</sup>	tCO <sub>2</sub> e/million HKD revenue	<b>97.3</b>	24.8

Notes:

- GHG emission data is presented in tonnes of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Notice on the Management of Enterprise Greenhouse Gas Emission Reporting by the Power Generation Industry for 2023-2025" published by the Ministry of Ecology and Environment of the PRC, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the "Global Warming Potential Values" from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC).
- As at 31 March 2024, the Group's revenue (excluding revenue from loan financing) was approximately HK\$452.3 million (as at 31 March 2023: approximately HK\$211.8 million). The data is also used for calculating other intensity data.

## Sewage Treatment

The Group discharged domestic sewage during its daily operation and built its own sewage treatment system so that the treated sewage could meet the discharge standards. The domestic sewage was treated and discharged into the municipal sewage network through an underground sewage treatment system, and then discharged to its regional water treatment plant for handling. Therefore, the Group's water consumption is equivalent to sewage discharge. The data on water consumption and relevant water conservation measures are detailed in the section headed "Water Resource Management" in aspect A2.

## Waste Management

The Group identifies and classifies waste, centralises storage and disposes of waste accordingly. The designated responsible person processes waste from the recycling boxes set up in the office in a timely manner and maintains a hygienic environment around them. The Group has taken specific measures for handling the following categories of solid waste.

## Hazardous waste

Despite the fact that the Group did not dispose of significant hazardous waste during its operation, a limited amount of lubricant oil used in vehicle maintenance, such as engine, brake, automatic transmission and gear lubricants, was generated during the vehicle's maintenance process. During daily vehicle maintenance, the Group instructs technicians on the appropriate use of lubricant oil to avoid unnecessary leakage. Hazardous waste generated by the Group was also handled by a qualified third party to reduce pollution as much as possible. The Group also minimises and avoids the use of harmful materials during its operations.

# Environmental, Social and Governance Report

## Non-hazardous waste

The principal non-hazardous waste disposed of by the Group includes waste paper, general waste, tyres, waste metal and vehicle parts. The Group requires all departments and employees that generate solid waste to adopt measures to collect, sort and store waste. Each department must label the containers or designated locations for collecting the solid waste. Recyclable solid waste is sorted and stored in a designated place, then recycled after a certain amount has accumulated. Non-recyclable production waste and domestic waste are collected and handled by qualified contractors.

In addition to disseminating waste reduction knowledge to employees through promotion boards, internal newsletters and campaigns, the Group also implemented the following measures in business operations to reduce the generation of non-hazardous waste, thereby reducing its carbon footprint and environmental impact.

- Encourage double-sided printing;
- Post reminders to reduce waste near rubbish bins or recycling bins;
- Support the waste recycling plan and centralise all recyclable materials for collection by a qualified recycler; and
- Collect old tyres within the Group to increase the recycling rate.

The Group also actively participates in waste recycling schemes, in which most of the consumed materials, especially old tyres, are collected and recycled by contractors. These measures not only demonstrate the Group's determination to preserve the environment and its efforts in waste reduction but also increase employees' awareness of waste reduction.

The Group has set a target in 2022 to reduce its total waste disposal intensity (tonnes/million HKD revenue) in five years from 2022. During the Current Year, the Group's total non-hazardous waste disposal intensity remained at approximately 0.3 tonnes/million HKD revenue compared with 2023. Due to a significant expansion in the Group's business activities, the aforementioned target was not applicable for the Current Year. After much consideration, the Group has shifted its focus to reduce its total non-hazardous waste disposal intensity by 2029, using 2024 as the baseline year. The Group will continue to keep track of the KPI and expects to achieve this target through continuously reviewing its waste reduction measures in the future.

The Group's non-hazardous waste disposal performance is summarised as follows:

Types of non-hazardous waste	Unit	2024	2023
Paper	tonnes	2.3	0.8
General waste	tonnes	85.0	48.0
Tyres	tonnes	27.0	5.5
Vehicle parts	tonnes	5.0	–
Total non-hazardous waste	tonnes	119.3	54.3
Total non-hazardous waste disposal intensity	tonnes/million HKD revenue	0.3	0.3
Waste metal collected for recycling <sup>3</sup>	tonnes	27.9	–

Note:

3. During the Current Year, all of the Group's recycled waste have been collected by contractors.

# Environmental, Social and Governance Report

## A2. Use of Resources

The Group strives to use resources effectively and requires its employees to reduce unnecessary resource consumption. The Group continuously monitors the environmental impacts of its business operations, promotes green operational concepts and minimises the environmental impacts brought by its operations. The Group attaches great importance to its overall energy consumption, explains to department heads the standardised use of different energy types and the responsibilities of each department and assigns specialised staff to monitor each department's energy consumption regularly. As stipulated under the Group's Environmental Protection Management Guidelines, incidents of abnormal energy consumption will be immediately investigated, and the corresponding solutions will be identified.

### Energy Management

The Group's energy consumption mainly consists of purchased electricity for its daily operations and fuel consumed for transportation. The Group has established equipment energy conservation principles and requires employees to implement a range of energy conservation measures. Relevant measures are as follows:

- Raise employee awareness of energy conservation;
- Switch off computers (host or monitor) when employees are away for extended periods, and switch them to standby or sleep mode during lunch breaks;
- Designate the administrative department to check whether all electronic devices in the office have been properly switched off after office hours, and any individual who fails to comply with the policy may receive a warning or penalty;
- Use office appliances with energy labels;
- Switch off all appliances when not in use;
- Enhance the maintenance of air-conditioning systems;
- Overhaul and maintain vehicles regularly; and
- Require transportation personnel to use designated routes to minimise the distance between destinations.

Meanwhile, the Group's Human Resources Department is responsible for promoting reductions in electricity and fuel usage and regularly reviews the performance of each department in these areas. Each department head is responsible for the promotion, monitoring and inspection of electricity saving and fuel consumption control measures in their respective departments. Departments with large consumption of electricity and fuels are responsible for the maintenance and overhaul of relevant equipment.

The Group has set a target in 2022 to reduce its total energy consumption intensity (MWh/million HKD revenue) in five years from 2022. During the Current Year, the Group's smart heating services at the newly established Shaanxi HZ consumed a significant amount of natural gas and electricity, causing a drastic spike in energy consumption compared with 2023. Due to a significant expansion in the Group's business activities, the aforementioned target was not applicable for the Current Year. After much consideration, the Group has shifted its focus to reduce its total energy consumption intensity by 2029, using 2024 as the baseline year. The Group will continue to keep track of the KPI and expects to achieve this target through continuously reviewing its energy-saving measures in the future.



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The Group's energy consumption performance is summarised as follows:

Types of energy <sup>4</sup>	Unit	2024	2023
Direct energy consumption	MWh	<b>194,251.3</b>	25,742.9
• LPG	MWh	<b>23,457.1</b>	20,975.6
• Petrol	MWh	<b>797.5</b>	156.9
• Diesel	MWh	<b>697.9</b>	101.8
• NG/LNG	MWh	<b>169,298.8</b>	4,508.5
Indirect energy consumption	MWh	<b>6,881.2</b>	276.3
• Purchased electricity	MWh	<b>6,881.2</b>	276.3
Total energy consumption	MWh	<b>201,132.5</b>	26,019.2
Total energy consumption intensity	MWh/million HKD revenue	<b>444.7</b>	122.8

Note:

- The unit conversion method of energy consumption data is formulated based on the Energy Statistics Manual issued by the International Energy Agency.

## Water Resource Management

The Group's use of water resources mainly comprises domestic water. To further save water and utilise water resources, the Group instills water conservation concepts in its employees. The Group has also established the following water conservation regulations:

- Check water facilities for leakages or malfunctions, take responsive actions and prevent long-term water leakages;
- Discharge domestic sewage in accordance with relevant government laws and regulations;
- Check water pipes regularly to prevent "water running, seeping, dripping and leaking";
- Review water usage and effectiveness of water saving measures and propose further enhancements; and
- Place water conservation information and reminders near sinks.

The Group has set a target in 2022 to reduce its total water consumption intensity (m<sup>3</sup>/million HKD revenue) in five years from 2022. During the Current Year, the Group's smart heating services at the newly established Shaanxi HZ consumed a significant amount of water, causing a drastic spike in water consumption compared with 2023. Due to a significant expansion in the Group's business activities, the aforementioned target was not applicable for the Current Year. After much consideration, the Group has shifted its focus to reduce its total water consumption intensity by 2029, using 2024 as the baseline year. The Group will continue to keep track of the KPI and expects to achieve this target through continuously reviewing its energy-saving measures in the future.

The Group's water consumption performance is summarised as follows:

Water consumption	Unit	2024	2023
Total water consumption	m <sup>3</sup>	<b>65,917.0</b>	4,382.0
Total water consumption intensity	m <sup>3</sup> /million HKD revenue	<b>145.7</b>	20.7

Due to the geographical location of our operation, we do not have any issue in sourcing water that is fit for purpose.

# Environmental, Social and Governance Report

## Use of Packaging Materials

The Group's operations at Oasetech involves the use of packaging materials for its products. Due to the expansion of the Group's reporting scope, data concerning packaging materials used for sold products will be recorded from 2024 onwards.

The Group's packaging material consumption performance is summarised as follows:

Packaging material consumption	Unit	2024
Air column bag	m	400
Body solid foam roller	m	1,850
Bubble wrap	kg	200
Corrugated cardboard	m	200
Corrugated packaging box	piece	355
Corrugated valve bulk box	piece	260
Corrugated valve packaging box	piece	1,180
E-flute corrugated valve box	piece	150
Honeycomb paper	m <sup>2</sup>	403
Plastic flange protector	piece	200
Polyethylene wrapping film	kg	104
Shrink film	m <sup>2</sup>	8,295
Transparent tape	piece	171
Ziplock bag	piece	2,900
Zip tie	piece	550

## A3. The Environment and Natural Resources

The Group is keenly aware of its business's impact on the environment and natural resources and strives to achieve best practices in regard to environmental protection. In addition to complying with relevant environmental laws and regulations and international standards, the Group has integrated the concept of environmental and natural resource protection into its internal management and routine operations with the aim of achieving environmental sustainability.

### Providing an Alternative Energy Option

The Group has responded to the PRC's energy transition policies by continuously supplying green energy in support of urban development. The Group has encouraged industrial users to upgrade their boilers and large furnaces, encouraged vehicle and vessel users to use natural gas fuel, and provided complementary gas supply services to all user types in the interest of saving energy, reducing emissions and improving the environment. The Group also participates in scattered coal management work, which provides several rural areas and small industrial users with natural gas solutions.

### Pollution Prevention during Construction

The Group collaborates with local governments to plan for gas stations and pipelines, and makes adjustments to these plans from time to time based on actual needs. We strive to consolidate as many different functions into each gas station as is practical in order to save land resources. Hydrogeological survey and pipeline routing optimisation are carried out in advance of high-pressure pipeline construction, as well as other preliminary preparations, such as geo-hazard and environmental assessments and soil and water conservation resolution. As stipulated under the Group's Environmental Protection Management Guidelines, employees test and monitor dust, noise and solid waste at construction sites to minimise their harmful effects on the local environment. During construction, the Group adopts measures such as cleaning vehicle tyres, centralising disposal of waste water and mud as well as applying sound absorption and insulation techniques to minimise air, water and noise pollution.

# Environmental, Social and Governance Report

## Promotion of Environmental Protection Activities

The Group actively organises activities to promote environmental protection. The Group invites its staff and its customers to support environmental protection through practical actions such as green planting, paperless office operations, and green and low-carbon travel.

## A4. Climate Change

Public awareness of climate change has been increasing in recent years. The Group recognises the importance of identifying and mitigating significant climate-related issues, pays close attention to the potential impact of climate change on the Group's business and operations and is committed to managing potential climate-related risks that may affect the Group's business activities. According to the reporting framework developed by the Task Force on Climate-related Financial Disclosures, climate-related risks are categorised into two main types, namely physical and transition risks. The Group has incorporated climate change-related risks into its enterprise risk management to identify and mitigate potential risks, as stipulated under the Group's Hazard Identification, Risk Evaluation and Risk Control Management Guidelines and Management Guidelines for the Identification and Evaluation of Environmental Factors.

### Physical Risks

An increase in the frequency and severity of extreme weather events, such as typhoons, storms, heavy rainfall, extreme cold or extreme heat, would create immediate and long-term physical risks to the Group's business. Extreme weather events could threaten the personal safety of our employees and damage the operational sites or power grid, resulting in reduced capacity and productivity and delays, which could negatively affect the Group's revenue.

To minimise potential risks and hazards, the Group has put countermeasures in place, including flexible working arrangements and precautions in the event of severe or extreme weather conditions, as well as purchasing insurance against property loss. The Group's Emergency Management Guidelines detail the corresponding contingency plans to avoid damages due to extreme weather events in order to enhance business stability.

### Transition Risks

In line with the global vision of carbon neutrality, the Group anticipates regulatory, technological, and market changes resulting from climate change, including amendments to national policies and listing rules and the introduction of environmental taxes. More stringent environmental laws and regulations may expose companies to higher claims and litigation risks, potentially incurring additional compliance costs and affecting the Group's reputation. To address policy and legal risks as well as reputational risks, the Group continuously monitors any changes in laws or regulations and global trends in climate change to avoid increased costs, fines for non-compliance or reputational risks due to delayed response. In addition, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing GHG emissions, and has set targets to gradually reduce our energy consumption and GHG emissions in the future. For further details, please refer to the section headed "GHG Emissions".

## B. SOCIAL

### B1. Employment

The Group follows a people-oriented development path with an emphasis on staff management, including the Group's Employee Handbook and Staff Management System, which covers employment, promotion and dismissal, remuneration and benefits, equal opportunities, and employee diversity, etc. It endeavours to create a better working environment for staff, reduce exposure to labour employment risks, and effectively eliminate the use of child and forced labour.

# Environmental, Social and Governance Report

The Group complies with the Labour Law of the PRC, the Labour Contract Law of the PRC and Regulations on Work-related Injury Insurances, as well as other applicable laws and regulations. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

As at 31 March 2024, the Group had a total of 478 employees (as at 31 March 2023: 336). The breakdown of employees according to gender, age group, geographical region and employment type was as follows:

Categories	As at 31 March 2024	As at 31 March 2023
<b>By gender</b>		
Male	338	233
Female	140	103
<b>By age group</b>		
Aged under 30	62	37
Aged 30 to 50	324	220
Aged above 50	92	79
<b>By geographical region</b>		
PRC	465	323
Hong Kong	13	13
<b>By employment type</b>		
Full-time	478	336
Part-time	–	–

During the Current Year, the Group's overall employee turnover rate was approximately 82%<sup>5</sup>. The Group has recorded a significant increase in turnover rate due to a major shift in its management team in October 2023. The Group's employee turnover rate by gender, age group and geographical region<sup>6</sup> were as follows:

Categories	2024	2023
<b>By gender</b>		
Male	84%	52%
Female	78%	41%
<b>By age group</b>		
Aged under 30	85%	30%
Aged 30 to 50	88%	56%
Aged above 50	64%	36%
<b>By geographical region</b>		
PRC	85%	50%
Hong Kong	15%	–

Notes:

- The calculation formula for overall turnover rate is as follows:  
Overall turnover rate =  $X \div Y \times 100\%$   
X = Total number of employees leaving employment during the reporting year  
Y = (Total number of employees at the beginning of the reporting year + Total number of employees at the end of the reporting year)  $\div 2$
- The calculation formula for turnover rate by category is as follows:  
Turnover rate by category =  $X \div Y \times 100\%$   
X = Number of employees in the specified category leaving employment during the reporting year  
Y = (Number of employees in the specified category at the beginning of the reporting year + Number of employees in the specified category at the end of the reporting year)  $\div 2$

# Environmental, Social and Governance Report

## Employment, Promotion and Dismissal

At the start of their employment, each employee enters into a written labour contract with the Group. Employees are required to provide their complete personal information and provide relevant documents, such as academic certificates, an original copy of proof of identity, proof of contract termination issued by former employers, medical examination certificates, etc. The Human Resources Department will verify and photocopy the original copies. All information and materials provided should be true and valid.

Employees are promoted on the basis of their performance, job-specific skills, experience, abilities and attitudes, not just their length of service. Individuals are assessed on their work performance, behaviour and attitude, and the results of the performance assessment serve as the basis for personal and career development as well as determining remuneration. Performance assessments also enable the Group to manage employee performance. Performance management aims to enhance employee communication and promote their development. Through the engagement of performance management, employees can communicate with and provide feedback to their direct supervisors in an open and honest manner.

The Human Resources Department is responsible for monitoring and managing the results of performance assessments, which serve as the basis for year-end bonuses, basic salary increments, promotions and position adjustments. The results are categorised as 'excellent', 'good', 'pass' or 'fail'. Employees who receive a 'fail' are not entitled to a salary increment or promotion in the next 12 months or a bonus for the assessment period. The Group has the right to adjust the employee's position, arrange training for them and establish performance improvement and assessment targets. Should the employee still fail the assessment, the Group has the right to terminate their labour contract accordingly.

The Group can unilaterally terminate an employee's labour contract under the following circumstances:

- Proven to be unqualified for employment during the probation period;
- Found in serious violation of labour disciplines or the Group's rules and regulations;
- Engaged in serious gross negligence and malpractice, or caused significant losses to the Group;
- Establishing labour relations with another employer at the same time, which seriously affects the completion of the Group's work tasks, or refuses to make corrections upon request;
- By means of deception or coercion, or by taking advantage of the Group, to make the Group enter into or amend a labour contract in violation of its true intent, thus rendering the labour contract null and void; or
- Being held criminally liable in accordance with the law.

## Remuneration and Benefits

The Group follows a people-oriented development path with an emphasis on staff management, and established the Staff Management System. It endeavours to create a better working environment for staff, reduce exposure to labour employment risks, and effectively eliminate the use of child and forced labour.

The Group implemented a five-day workweek, eight-hour workday arrangement. Its staff members enjoy all holidays set by the state and local governments and are entitled to paid leave ranging from five to fifteen days, depending on their length of service. Employees are entitled to five insurances, a housing fund and other benefits mandated by the PRC government. The Group also provides commercial medical and accident insurances to its employees.

# Environmental, Social and Governance Report

The Group has implemented total budget management for staff remuneration, which forms a linkage mechanism with work performance to effectively motivate staff. It has also established an incentive mechanism to link the remuneration of management staff with corporate performance, forming a remuneration management system that allows promotion and demotion for the responsible personnel.

Employee remuneration includes a basic salary, allowance and other cash income in any other form, such as bonuses. The Group will adjust amounts payable for social insurance, provident fund and income tax from employees' monthly salaries and direct the adjusted amounts on the employees' behalf to the appropriate government authorities. The Group reviews and adjusts employee remuneration according to major factors such as operating conditions, prevailing market rates and individual performance on a regular or irregular basis. The Group participates in social insurance and housing funds in accordance with state laws and regulations. The benefits offered by the Group also include:

- Supplementary business insurance: applicable to full-time employees of the Group, including group personal accident insurance and group hospital and surgical insurance; and
- Medical check-up scheme: The Group will arrange medical check-ups for employees on a regular basis. This scheme is applicable to full-time employees who have served more than three months.

## Equal Opportunities, Diversity and Anti-discrimination

The Group has made solid progress in human resources development and management. It has promoted standardisation, professionalism, marketisation and globalisation of its talent pool and strengthened its human resources management in order to further enhance the training of talent. The Group's human resources management mainly covered the following tasks:

- Implemented a talent strategy to further enhance training, strove to build a talent team with strong technical skills and a professional work culture; and
- Deepened three systematic reforms. In 2016, based on the "fixed position, fixed schedule, fixed staff" scheme, benchmarking other advanced enterprises in the same industry in the PRC, and taking into consideration the performance assessments of all staff, the Group progressively adopted a dynamic management approach based on the requirements of positions and annual performance appraisal results, in compliance with relevant laws and regulations.

The Group's recruitment and employee development are fair and objective. As long as an individual has relevant qualifications, achievements, skills and experience, they can be employed as an employee or consultant. The same principle of fairness is applied to remuneration and benefits, promotions and transfers, and the employee's future development.

## Employee Care

The Group has established the relevant systems, strictly enforced national protocols and standards, educated employees, enhanced production safety and safeguarded occupational health. The Group has established the Operational Safety Management Guidelines and enhanced staff training and daily supervision to ensure advancements in safety and quality standardisation and the effective implementation of the occupational health and safety management system. The Group maintains employer's liability insurance to protect the rights and interests of its employees, cares for its female staff, improves working and living environments, provides annual medical check-ups and provides complimentary commercial health insurance and medical support, reducing the financial burden of medical treatment costs on staff members. The Group also carries out activities to celebrate staff members' birthdays from time to time.

# Environmental, Social and Governance Report

## B2. Health and Safety

The health and safety of employees is of paramount concern to the Group. Each subsidiary has established regulatory systems for production safety and occupational disease prevention and control. Specific departments are assigned to oversee production safety and reduce occupational health hazards.

Following the principle of “placing safety as the top priority, taking precautions as the main task and providing comprehensive treatment”, the Group emphasises major responsibilities in ensuring production safety. It conducts promotion, education and training on production safety, especially for new staff members. The Group continuously works to meet production safety standardisation targets. Large-scale inspections are performed regularly to eliminate potential hazards in a timely manner. The Group also arranges annual medical check-ups for its staff members. These measures have enhanced our level of occupational health and safety and working environment management.

We fully enforce laws and regulations such as the Labour Law of the PRC, the Prevention and Control of Occupational Diseases Law of the PRC and the Fire Protection Law of the PRC. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

During the Current Year, the Group recorded 0 (2023: 62) lost days due to work injuries. The Group has also recorded no work-related fatalities in each of the past three years, including the Current Year. The Group shall continue to provide a safe and healthy work environment for the employees.

### Safety Management System

The Group’s Logistics and Trade Department formulated safety production management systems with reference to the requirements of the Provisions on the Administration of Road Transport of Dangerous Goods and the Measures of Shanghai Municipality of the Safety Administration of Dangerous Chemicals.

To meet market demand and customer expectations, the Group has taken actions to optimise its health, safety and environmental (“HSE”) management. The Group’s natural gas department established the HSE Management Handbook with reference to multiple recognised standards, such as GB/T 45001-2020/ISO 45001:2018 Occupational health and safety management systems, ISO 9001:2015 Quality management systems, ISO 14001:2015 Environmental management systems and SY/T6276-2014 Petroleum and natural gas industries health, safety and environmental management systems. All employees must follow the requirements of the Group’s HSE management system, conscientiously implement management policies, thoroughly implement the various provisions of the handbook and strive to achieve the Group’s HSE objectives and service commitments. Externally, the Group’s employees serve as proof of the Group’s commitment to HSE, reflecting its commitment to its customers; internally, they serve as paragons to uplift each other.

### Safety Training

Production safety is the fundamental right of labour, and employees also bear its obligation. Every employee is required to know how to perform their work without causing injury to themselves or others and without being hurt by others. Employees are obligated to abide by the law, obey management, and attend training to improve their ability to identify hazards, protect themselves and protect the Group.

The Group’s headquarters and its subordinate companies offer regular employee safety training, which provides a solid foundation for improvements to their emergency plan. The training aims to strengthen employees’ safety knowledge in the hazardous chemicals industry to prevent accidents. This training has greatly improved the safety awareness of our employees, as well as the identification and rectification of safety management inadequacies in routine operations.

# Environmental, Social and Governance Report

## B3. Development and Training

### Training Management

The Group regards its staff as the most important asset and resource. We recognise the valuable contribution our talents make to the continued success of the Group. We are committed to inspiring our human capital in pursuit of excellence. This is achieved through the development of a training strategy that focuses on creating value and serving the needs of our customers, our talents and society. In light of this, the Group provides regular training and development programmes for its employees. The Group has established the HSE Training Management Guidelines to clarify the requirements for the management of HSE-related training.

To ensure the effectiveness of the training programmes, the Group developed relevant policies covering training management and training procedures and monitored the training related processes. A training plan is developed by management based on the requirements of various departments and employees. Training content is regularly updated to ensure it is relevant to stakeholders' changing needs, such as changes in laws and regulations, market trends, product trends and customer behavior. The Group encourages and supports its employees to participate in personal and professional training to fulfil the needs of the Group's development. The Group also encourages a culture of sharing knowledge and experience. On the other hand, we provide on-the-job training to new employees of the Group.

During the Current Year, 100.0%<sup>7</sup> of the Group's employees participated in training, and the average training hours was approximately 34.4 hours<sup>8</sup>. The breakdown of trained employees and average training hours by gender and employee category were as follows:

Categories	Breakdown of trained employees (%) <sup>9</sup>		Average training hours (hours) <sup>10</sup>	
	2024	2023	2024	2023
<b>By Gender</b>				
Male	<b>70.7</b>	74.9	<b>28.8</b>	29.7
Female	<b>29.3</b>	25.1	<b>47.9</b>	22.6
<b>By Employee Category</b>				
Administrative staff and operating staff	<b>34.5</b>	30.2	<b>33.2</b>	28.6
NG truck drivers	<b>22.4</b>	60.0	<b>36.1</b>	29.7
Technical staff	<b>14.6</b>	1.4	<b>32.3</b>	32.0
Managerial staff	<b>17.8</b>	7.4	<b>34.4</b>	24.0
Marketing staff	<b>10.7</b>	0.9	<b>37.8</b>	6.4

Notes:

- The percentage of trained employees is calculated by dividing the number of trained employees during the reporting year by the total number of employees at the end of the reporting year.
- The average training hours is calculated by dividing the total training hours during the reporting year by the total number of employees at the end of the reporting year.
- The breakdown of trained employees by category is calculated by dividing the number of trained employees in the specific category during the reporting year by the total number of trained employees during the reporting year.
- The average training hours by category is calculated by dividing the total training hours in the specified category during the reporting year by the number of employees in the specified category at the end of the reporting year.



# Environmental, Social and Governance Report

## B4. Labour Standards

Under its “people-oriented” development philosophy, the Group attaches a high priority to employee management and has established multiple systems, such as the Employee Handbook and Employee Management System, to provide a good working environment, reduce labour risks and effectively eliminate child and forced labour.

The Group complies with relevant laws and regulations relating to the prevention of child and forced labour, including the Labour Law of the PRC, the Special Protection Regulations for Juvenile Workers, and Provisions on Prohibition of Child Labour. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to preventing child and forced labour.

### Prevention of Forced Labour

The Group implements a work system of five days a week, eight hours a day. Employees enjoy all holidays prescribed by the PRC and local governments, as well as paid leave. Depending on the duration of employment, the length of paid leave can vary between five and fifteen days.

The working hours for full-time employees are no more than eight hours per day, with the average weekly working hours at no more than 40 hours. The salary of a full-time employee is calculated on a monthly basis. For part-time employees (referring to fixed employees with an average of not more than four hours of daily working hours and not more than 24 hours of accumulated weekly working hours), their wages are calculated based on the number of hours worked.

### Prevention of Child Labour

The Group fully implements the Provisions on Prohibition of Child Labour and the Special Protection Regulations for Juvenile Workers of the State Council of the PRC and complies with the BSCI standards. During the recruitment process, the Group carries out a rigorous inspection of each candidate’s identity card. Candidates may only begin their employment once their identification have been verified. The Group also checks candidates’ ages to avoid the use of child labour. If child labour is inadvertently used, immediate remedial measures are required, such as investigation and termination of contract. “Child labour” means a minor of under 16 years of age who works in any part of the Group.

## B5. Supply Chain Management

### Supplier Management

The Group regulates supplier management, strictly implements a credit approval process, and implements transparent management of procurement bidding on all our major suppliers. Supplier selections follow the processes below:

- (1) Thorough review of the qualifications, technical standards and production capacity of the nominated supplier, and suppliers who pass this review are included on the list of qualified suppliers.
- (2) Select qualified suppliers to purchase materials from the list of qualified suppliers. Tender invitations are sent to more than five qualified suppliers, and preliminary evaluation review of the bids are conducted. When the suitable supplier is finally determined, a procurement contract will be signed based on the comprehensive evaluation results.

In addition, the Group also takes measures to examine whether its major suppliers are in compliance with relevant laws and regulations and other required standards for the environment, health, safety, forced labour and child labour, and examine the suppliers’ awareness of the above aspects. To achieve sustainable development in terms of supply chain management, procurement of eco-friendly products is given priority where possible and economically viable. The Group has been closely working with our suppliers to strengthen our sustainability portfolio and minimise environmental and social risks throughout the supply chain and is committed to promoting sustainable and responsible operational standards. The Group prefers local suppliers whenever possible to reduce carbon emissions from transportation and to support the local economy. The Group has also established the Contractor HSE Management Guidelines to clarify contractor HSE management processes and requirements.

# Environmental, Social and Governance Report

During the selection process, to promote improvements in environmental and social performance, suppliers are encouraged by the Group to consider and manage their environmental and social issues in their operations for priority consideration. The Group maintains close communication with suppliers, understands their supply and services, resolves related supply and service issues, and makes corresponding improvement measures. The Group also shares sustainable operating practices and disseminates environmental concepts, including the latest knowledge on quality, safety, good employment and environmental practices.

During the Reporting Period, the Group had a total of 161 (2023: 82) major suppliers, all of which (2023: 82) were located in the PRC, and the aforementioned supplier engagement practices have been imposed on all 161 (2023: 82) suppliers.

## **B6. Product Responsibility**

The Group attaches great importance to its product quality and corporate reputation. We actively safeguard the quality of our products and services with our internal control process. The Group also maintains ongoing communication with its customers to ensure that their needs and expectations are understood and met, and it seeks to understand the satisfaction of its customers to make continuous improvements to its services.

The Group actively complies with laws and regulations in relation to consumers' rights, such as the Law of the PRC on the Protection of Consumer Rights and Interests, the Advertisement Law of the PRC and the Patent Law of the PRC. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

### **Customer Service and Privacy**

The Group reviews all complaints from its customers, suppliers and partners in accordance with internal procedures and guidelines and takes appropriate follow-up actions. If applicable, the Group will conduct relevant investigations, resolve them and make improvements as needed. The Group believes that complaints are a good opportunity to receive feedback from the community and customers so that the need to improve services and policies can be identified.

In addition, the Group manages customer profiles on a prudent and meticulous basis to prevent the leakage of customer privacy. Customer information and data is treated as part of the Group's resources, and the sales, sharing, or disclosure of which is not permitted regardless of any purpose. Each employee is required to safeguard customer information and data in accordance with corporate regulations.

During the Current Year, the Group did not receive any cases of product or service related complaints.

### **Product Safety**

The Group attaches great importance to the safety of its NG business and complies with the relevant agreements on the transportation of dangerous goods, such as the "Provisions on the Administration of Road Transport of Dangerous Goods". We will conduct careful checks on vehicles transporting NG prior to departure to ensure they will not result in unnecessary personal and property risks during the transportation process and sales. Before the trucks enter the industrial enterprise factories for loading and unloading NG, we will inspect the exterior of containers, tanks, packaging containers, trucks and trailers for leakage and damage, the integrity of safety equipment and verify the name, specifications and quantity with the waybill. If there are any abnormalities or inconsistencies with the waybill, the loading should be rejected and resumed only after the problems are solved. The Group has also established the Management Guidelines for the Safe Operation of Road Transportation of Dangerous Chemicals in Summer to ensure the highest level of safety and compliance during the transportation of dangerous chemicals.

The Group also has strict requirements for purchasing NG. We request relevant gas quality reports before purchase to ensure that the NG purchased meets the national gas quality standards before sale to protect customers' safety and guarantee the quality of the NG.

# Environmental, Social and Governance Report

Due to the Group's business nature, product recalls for safety and health reasons and the relevant recall procedures are not applicable to the Group.

## Advertising, Labelling and Intellectual Property Rights

Due to the Group's business nature, the Group has limited issues regarding intellectual property rights. Besides, the Group only conducts limited publicity campaigns, and therefore the Group's business operations do not involve significant advertising- and labelling-related risks.

## B7. Anti-corruption

The Group endeavours to maintain a culture of integrity, transparency, and accountability by adhering to stringent anti-corruption practices. The Group also arranges different anti-corruption training for employees to prevent corrupt practices. During the Current Year, the Group's 7 Directors and 471 general staff received an average of 8 hours of anti-corruption training.

We strictly abide by the Company Law of the PRC, Law of the PRC on Bid Invitation and Bidding, Criminal Law of the PRC, Law of the PRC Against Unfair Competition, the Interim Provisions on Banning Commercial Bribery and other laws and regulations. During the Current Year, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering. During the Current Year, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

The Group has incorporated the whistle-blowing policy into the Employee Handbook to encourage employees to report any malpractice or misconduct. The policy describes our commitment to whistle-blower protection and our complaint initiation and investigation procedures.

## B8. Community Investment

### Corporate Social Responsibility

The Group takes an active stance on assuming corporate responsibility in order to enhance its corporate responsibility awareness and perform its social responsibilities. The Group has formulated the relevant policies, integrated corporate social responsibility considerations into its operations, engaged its stakeholders and implemented responsible corporate governance. We endeavor to achieve the goal of "Tackling Smog, Improving the Environment" through the following measures:

(1) *Integrating the concept of environmental protection into our business that aligns with national policy*

The Group has responded to the state's environmental protection policy, promoted the effective utilisation of natural gas, gradually deployed NG utilisation in every province and city for industrial corporate users, and refined its supply chain system. Collectively these efforts have formed a healthy clean energy industry, greatly reduced pollutant emissions, fulfilled corporate social responsibilities, and earned the Group a sound corporate image. Staying true to its "Tackling Smog, Improving the Environment" concept, the Group has suggested guidelines to promote the development of an environmental protection business of clean energy in the PRC.

(2) *Practicing corporate social responsibility through the establishment of public association and communication with stakeholders*

The Group has maintained prompt communication with stakeholders, through issuing documents such as the ESG reports and making timely disclosures of important information, thus fulfilling its social responsibilities to stakeholders (including shareholders, employees, users, media and the community) and the natural environment. The above efforts demonstrated the Group's dedication to "Tackling Smog, Improving the Environment".

# Independent Auditor's Report



**McMillanWoods**

Professionalism at the forefront

## TO THE MEMBERS OF CHINA HK POWER SMART ENERGY GROUP LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of China HK Power Smart Energy Group Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 64 to 150, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, 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 material accounting policies summary.

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

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1(b) to the consolidated financial statements which indicates that the Group incurred a net loss of HK\$146,767,000 for the year ended 31 March 2024 and as of that date, the Group had net current liabilities of HK\$434,681,000. These conditions, along with other matters as set forth in note 2.1(b) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

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

# Independent Auditor's Report

## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Impairment of receivables under expected credit losses model*

As at 31 March 2024, the gross amounts of LNG finance lease receivables, accounts receivables arising from NG business and new energy business are HK\$36,145,000 (note 21), HK\$55,111,000 (note 23), and HK\$59,132,000 (note 23) respectively.

During the year ended 31 March 2024 impairment of HK\$1,216,000, reversal of impairment of HK\$3,338,000, impairment of HK\$6,557,000 were made against LNG finance lease receivables, accounts receivables arising from NG business, and new energy business, respectively by management.

Significant judgement and estimation by management are involved in the assessment of impairment by taking into account, historical default rates and credit losses experience, forward-looking information, discount rates and the estimation of future cash flows expected to arise from the settlement of the receivables or realisation of collateral. Both current and future general economic conditions are also taken into consideration by management in the estimation.

The accounting policies, accounting judgements and estimates and related disclosures for these receivables are included in notes 2.4, 2.5, 21, 23 and 39 to the consolidated financial statements.

Our audit procedures in relation to impairment of those receivables under expected credit losses model included:

- Reviewing management's assessment of the overall policies and procedures and understanding the controls in relation to expected credit losses model for estimating impairment provisions and assessing the appropriateness of the model applied by the management;
- Enquiring with management to understand how the management performed the assessment on the estimated provision of ECL of the receivables;
- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer engaged by the Group in assisting the Group on the impairment of receivables;
- With the assistance of auditor's expert, assessing the appropriateness of the expected credit losses provisioning methodology;
- Examining the aging analysis of the receivables, relevant agreements, court judgement, and notices, as well as information available in the market to assess the appropriateness of the management's basis and assumptions used in assessing the impairment. This is done by corroborating the credit profile of respective debtors with the probability of default rates, loss given default rates and market data;
- Challenging the assumptions, including the forward-looking information and the probability weighting, used to determine the expected credit losses;
- Checking the subsequent settlements to relevant bank records on a sample basis; and
- Assessing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

# Independent Auditor's Report

## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Impairment assessment of non-financial assets of LNG business*

We identified the impairment assessment of non-financial assets of NG business (the “**NG CGU**”) as a key audit matter owing to the significance of the carrying amount of the CGU and the significant estimates made by the management in determining the recoverable amounts of the CGU, including the cash flows projections, growth rate and discount rate as disclosed in Note 14 to the consolidated financial statements.

During the year, no impairment was made by the management.

The accounting policies, accounting judgements and estimates and the related disclosures are included in notes 2.4, 2.5 and 14 to the consolidated financial statements.

Our audit procedures included:

- Evaluating management's methodology for impairment assessment of non-financial assets and corroborating the discount rate and growth rate used based on the market information;
- Evaluating the discounted cash flows prepared by the management in deriving the recoverable amounts of the CGU for the impairment assessment by checking the mathematical accuracy of discounted cash flow calculation, assessing the reasonableness of the key assumptions adopted by the management in the model with reference to the Group's historical performances and external market data;
- Performing sensitivity analysis; and
- Assessing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

# Independent Auditor's Report

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, we report our opinion solely to you, as a body, 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

*Certified Public Accountants*

### **Wong Ka Bo, Jimmy**

*Audit Engagement Director*

*Practising Certificate Number P07560*

24/F., Siu On Centre  
188 Lockhart Road  
Wan Chai  
Hong Kong

28 June 2024



# Consolidated Statement of Profit or Loss

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	4	454,491	211,850
Cost of sales		(390,844)	(227,951)
Gross profit/(loss)		63,647	(16,101)
Other income and other gains and losses, net	4	(18,631)	1,180
Selling and distribution expenses		(11,934)	(8,378)
Administrative expenses		(100,340)	(123,393)
(Impairment)/reversal of impairment under expected credit losses model, net	5	(4,091)	742
Impairment of interests in associates	19	–	(205)
Finance costs	6	(34,695)	(34,859)
Provision of penalty charge on legal proceedings	7	(39,221)	–
Share of results of joint ventures		2,460	(1,830)
LOSS BEFORE TAX	5	(142,805)	(182,844)
Income tax (expense)/credit	10(a)	(3,962)	1,857
LOSS FOR THE YEAR		(146,767)	(180,987)
Loss for the year attributable to:			
Owners of the Company		(139,297)	(167,194)
Non-controlling interests		(7,470)	(13,793)
		(146,767)	(180,987)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
– Basic		(HK2.43 cents)	(HK2.96 cents)
– Diluted		(HK2.43 cents)	(HK2.96 cents)

# Consolidated Statement of Other Comprehensive Income

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
LOSS FOR THE YEAR	<b>(146,767)</b>	(180,987)
OTHER COMPREHENSIVE INCOME AFTER TAX		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations of:		
– subsidiaries	<b>(34,945)</b>	(57,437)
– joint ventures	<b>(2,625)</b>	(381)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<b>(37,570)</b>	(57,818)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>(184,337)</b>	(238,805)
Total comprehensive income attributable to:		
Owners of the Company	<b>(177,353)</b>	(221,070)
Non-controlling interests	<b>(6,984)</b>	(17,735)
	<b>(184,337)</b>	(238,805)

# Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>432,294</b>	447,921
Other intangible assets	15	<b>4,625</b>	4,131
Right-of-use assets	16	<b>108,039</b>	105,937
Goodwill	17	<b>82,308</b>	–
Interests in joint ventures	18	<b>76,383</b>	76,548
Interests in associates	19	–	–
Deposits for acquisition of plant and equipment		<b>137,913</b>	116,089
Deposits for acquisition of land use rights		<b>31,892</b>	46,165
Other assets	13	<b>288,164</b>	298,426
Statutory deposits		<b>100</b>	200
Total non-current assets		<b>1,161,718</b>	1,095,417
<b>CURRENT ASSETS</b>			
Inventories	20	<b>43,927</b>	9,033
LNG finance lease receivables	21	<b>8,855</b>	10,433
Loan and reimbursement receivables	22	<b>112,787</b>	112,787
Accounts and other receivables, prepayments and deposits	23	<b>189,388</b>	77,932
Financial assets at fair value through profit or loss		<b>475</b>	4
Bank balances held on behalf of clients	24	–	608
Cash and cash equivalents	25	<b>43,629</b>	31,769
Total current assets		<b>399,061</b>	242,566
<b>CURRENT LIABILITIES</b>			
Accounts payables	26	<b>135,313</b>	131,342
Other payables and accruals	27	<b>566,139</b>	506,898
Interest-bearing bank borrowings	28	<b>120,582</b>	88,323
Lease liabilities	29	<b>4,847</b>	4,762
Tax payable		<b>6,861</b>	6,016
Total current liabilities		<b>833,742</b>	737,341
NET CURRENT LIABILITIES		<b>(434,681)</b>	(494,775)
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>727,037</b>	600,642

# Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Loans from a shareholder	27	<b>631,307</b>	476,430
Interest-bearing bank borrowings	28	<b>22,104</b>	26,684
Lease liabilities	29	<b>8,367</b>	1,159
Deferred tax liabilities	10(b)	<b>5,735</b>	2,276
Total non-current liabilities		<b>667,513</b>	506,549
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVE</b>			
Share capital	30	<b>119,527</b>	112,876
Reserves	31	<b>(82,360)</b>	(48,124)
Equity attributable to owners of the Company		<b>37,167</b>	64,752
Non-controlling interests		<b>22,357</b>	29,341
<b>TOTAL EQUITY</b>		<b>59,524</b>	94,093

Approved and authorised for issue by the board of directors on 28 June 2024 and are signed on its behalf by:

**Kan Che Kin, Billy Albert**  
Director

**Li Kai Yien, Arthur Albert**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

## Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000 (note 31 (iii))	Share option reserve HK\$'000 (note 31 (iv))	Special reserve HK\$'000 (note 31 (i))	Treasury shares HK\$'000 (note 31 (ii))	Exchange reserve HK\$'000 (note 31 (v))	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 31 March 2022 and 1 April 2022	112,876	434,385*	14,746*	(11,198)*	-	(12,127)*	(314,801)*	223,881	96,733	320,614
Loss for the year	-	-	-	-	-	-	(167,194)	(167,194)	(13,793)	(180,987)
Other comprehensive income for the year, net of tax:										
Exchange differences arising on translation of:										
Foreign operations of subsidiaries	-	-	-	-	-	(53,495)	-	(53,495)	(3,942)	(57,437)
Foreign operations of joint ventures	-	-	-	-	-	(381)	-	(381)	-	(381)
Total comprehensive income for the year	-	-	-	-	-	(53,876)	(167,194)	(221,070)	(17,735)	(238,805)
Share-based payments	-	-	12,989	-	-	-	-	12,989	-	12,989
Cancellation of share options	-	-	(1,202)	-	-	-	1,202	-	-	-
Foreclosure of the Company's own shares pledged at borrowers on default of loan receivables and receivables from a margin client	-	-	-	(210)	(7,350)	-	-	(7,560)	-	(7,560)
Reallocation between the Company's shareholder and non-controlling interests	-	-	-	-	-	-	56,512	56,512	(56,512)	-
Capital contribution by non-controlling interest to a subsidiary	-	-	-	-	-	-	-	-	6,855	6,855
At 31 March 2023 and 1 April 2023	112,876	434,385*	26,533*	(11,408)*	(7,350)*	(66,003)*	(424,281)*	64,752	29,341	94,093
Loss for the year	-	-	-	-	-	-	(139,297)	(139,297)	(7,470)	(146,767)
Other comprehensive income for the year, net of tax:										
Exchange differences arising on translation of:										
Foreign operations of subsidiaries	-	-	-	-	-	(35,431)	-	(35,431)	486	(34,945)
Foreign operations of joint ventures	-	-	-	-	-	(2,625)	-	(2,625)	-	(2,625)
Total comprehensive income for the year	-	-	-	-	-	(38,056)	(139,297)	(177,353)	(6,984)	(184,337)
Share-based payments	-	-	9,168	-	-	-	-	9,168	-	9,168
Allotment of shares	6,651	132,349	-	-	-	-	-	139,000	-	139,000
Cancellation of share options	-	-	(10,280)	-	-	-	10,280	-	-	-
Sale of treasury shares	-	(178)	-	-	1,778	-	-	1,600	-	1,600
At 31 March 2024	119,527	566,556*	25,421*	(11,408)*	(5,572)*	(104,059)*	(553,298)*	37,167	22,357	59,524

\* These reserve accounts comprise the consolidated reserves of deficit HK\$82,360,000 (2023: HK\$48,124,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before tax:		<b>(142,805)</b>	(182,844)
Adjustments for:			
Loss on disposal of property, plant and equipment	4	<b>14,947</b>	2,774
Gain on termination of lease	4	<b>(689)</b>	–
Loss on disposal of land use right	4	<b>–</b>	474
Net loss/(gain) from fair value of financial assets at fair value through profit or loss	4	<b>6</b>	(210)
Loss/(gain) on deregistration of a subsidiary	4	<b>11,728</b>	(449)
Provision of penalty charge on legal proceedings	7	<b>39,221</b>	–
Bank interest income	4	<b>(519)</b>	(83)
Finance costs	6	<b>34,695</b>	34,859
Share of results of joint ventures		<b>(2,460)</b>	1,830
Depreciation of property, plant and equipment	5	<b>37,731</b>	46,649
Depreciation of right-of-use assets	5	<b>6,913</b>	24,925
Amortisation of other intangible assets	5	<b>892</b>	885
Reversal of impairment of loan receivables	5	<b>(7,363)</b>	–
Impairment of interests in associates	5	<b>–</b>	205
Impairment/(reversal of impairment) under expected credit losses model, net	5	<b>4,091</b>	(742)
Reversal of impairment of margin clients	5	<b>(432)</b>	–
Share-based payments	32	<b>9,168</b>	12,989
Operating profit/(loss) before working capital changes		<b>5,124</b>	(58,738)
Decrease in statutory deposits		<b>100</b>	–
(Increase)/decrease in inventories		<b>(612)</b>	193
Decrease in bank balances held on behalf of clients		<b>–</b>	387
Decrease/(increase) in loan receivables		<b>7,363</b>	(57)
Decrease in margin client		<b>432</b>	–
(Increase)/decrease in accounts and other receivables, prepayments and deposits		<b>(114,714)</b>	116,908
Decrease in accounts and other payables		<b>(11,858)</b>	(45,343)
Cash (used in)/generated from operations		<b>(114,165)</b>	13,350
Hong Kong profits tax refunded		<b>–</b>	1,162
PRC enterprise income taxes refunded		<b>730</b>	5,163
Net cash flows (used in)/generated from operating activities		<b>(113,435)</b>	19,675

# Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		519	83
Deposits paid for acquisition of property, plant and equipment		(279)	(2,323)
Refund of deposits paid/(deposits paid) for acquisition of land use rights		12,647	(588)
Purchase of property, plant and equipment		(51,935)	(41,747)
Proceeds from disposal of property, plant and equipment		3,866	15,966
Proceeds from disposal of land use right		–	1,074
Capital contribution to a subsidiary by non-controlling interest		–	6,855
Net cash inflow on acquisition of subsidiaries	17	3,993	–
Net cash used in investing activities		(31,189)	(20,680)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans from a shareholder	34(a)	211,767	11,531
Repayment to a shareholder	34(a)	(57,258)	(130)
New bank raised	34(a)	82,478	75,200
Repayment of bank borrowings	34(a)	(85,029)	(49,359)
Loans from third parties	34(a)	23,094	–
Repayment of loans from third parties	34(a)	(20,894)	–
Capital element of lease liabilities paid	34(a)	(4,021)	(4,711)
Interest element of lease liabilities paid	34(a)	(302)	(213)
Interest paid on interest-bearing bank borrowings	34(a)	(9,988)	(6,109)
Interest paid on loans from third parties	34(a)	(426)	(426)
Proceeds from disposal of treasury shares		1,600	–
Proceeds from allotment of shares		39,000	–
Net cash generated from financing activities		180,021	25,783
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,397	24,778
Effect of foreign exchange rate changes, net		(23,537)	(19,610)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		31,769	26,601
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		43,629	31,769

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION

China HK Power Smart Energy Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1– 1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 8th floor, St. John’s Building, 33 Garden Road, Central, Hong Kong.

The Company is an investment holding company, its subsidiaries are principally engaged in (i) the sales and distribution of natural gas (“**NG**”) in the People’s Republic of China (“**PRC**”), including wholesale of liquefied natural gas (“**LNG**”) and pipeline natural gas (“**PNG**”) the point-to-point supply of LNG through industrial gasification stations, dewar bottle filling stations and automobile gas stations, the regional gas pipeline networks that provide pipeline natural gas for rural industrial, commercial and civilian, the supplement supply to the national natural gas pipeline networks, and the distribution of LNG (logistic) services; (ii) the development and production of new energy technology products and integrated solutions in PRC; (iii) the financial services business, including the provision of finance leasing services for LNG vehicles and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation; (iv) Type 9 (asset management) regulated activities with the licences under the Securities and Futures Ordinance (“**SFO**”) issued by the Securities and Future Commission (“**SFC**”) in Hong Kong, and (v) money lending business through a valid money lenders licence under the Money Lenders Ordinance in Hong Kong.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2024	2023	2024	2023	
China LNG Limited (“ <b>CLNG</b> ”)	Hong Kong	HK\$40,000,000	HK\$40,000,000	100%	100%	Investment holding
Key Fit Group Limited (“ <b>Key Fit Group</b> ”)	Hong Kong	HK\$700,000,000	HK\$700,000,000	60.42%	60.42%	Investment holding
China Hong Kong Capital Finance Limited	Hong Kong	HK\$14,000,000	HK\$14,000,000	60.42%	60.42%	Money lending
China Hong Kong Capital Asset Management Company Limited	Hong Kong	HK\$400,000,000	HK\$400,000,000	60.42%	60.42%	Asset management
港能國際融資租賃有限公司 (China LNG Finance Leasing Co., Ltd.)**	PRC	United states dollar (“US\$”) 165,000,000 (Paid up US\$97,643,100)	United states dollar (“US\$”) 165,000,000 (Paid up US\$97,643,100)	60.42%	60.42%	Finance leasing services for LNG vehicles and equipment
港宇供應鏈管理(上海)有限公司 (Great Trend Investment Management (Shanghai) Co., Ltd.)**	PRC	Renminbi (“RMB”) 67,000,000 (Paid up RMB13,055,954)	Renminbi (“RMB”) 67,000,000 (Paid up RMB13,055,954)	100%	100%	LNG vehicles services and new energy related business



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2024	2023	2024	2023	
港強天然氣(上海)有限公司 (Gangqiang Natural Gas (Shanghai) Co., Ltd.)**	PRC	RMB100,000,000 (Paid up RMB15,000,000)	RMB100,000,000 (Paid up RMB15,000,000)	60%	60%	Development of LNG refueling facilities on floating barges, development of LNG related technologies, operation of LNG refueling stations, trading of gas ignition equipment and utilisation of new energy sources
港能投資(深圳)有限公司 (CLNG Investment (shenzhen) Co., Limited)*	PRC	US\$100,000,000 (Paid up US\$88,618,778)	US\$100,000,000 (Paid up US\$83,494,500)	100%	100%	Investment holding
上海港弘船舶租賃有限公司 (Shanghai Ganghong Ship Leasing Co., Ltd)* (Formerly known as 上海港宏融資租賃有限公司 (Shanghai Ganghong Finance Leasing Co., Ltd.))**	PRC	US\$10,000,000 (Paid up US\$1,324,793)	US\$10,000,000 (Paid up US\$1,324,793)	60.42%	60.42%	Finance leasing services for LNG vehicles and equipment
山東港能能源有限公司 (CLNG Shandong Energy Co., Ltd.)*	PRC	RMB20,000,000 (Paid up RMB20,000,000)	RMB20,000,000 (Paid up RMB20,000,000)	100%	100%	Sales and distribution of LNG
浙江港能天然氣利用有限責任公司 (Zhejiang CLNG Natural Gas., Ltd.)*	PRC	RMB50,000,000 (Paid up RMB15,000,000)	RMB50,000,000 (Paid up RMB15,000,000)	100%	100%	Construction and operation of natural gas filling stations and LNG supply
港能天然氣有限責任公司 (CLNG Natural Gas Co., Ltd.)*	PRC	RMB600,000,000 (Paid up RMB394,719,503)	RMB600,000,000 (Paid up RMB394,719,503)	100%	100%	Investment holding
陝西港通能源有限公司 (Shaanxi Gangtong Neng Yuan Co., Ltd.)*	PRC	RMB30,000,000 (Paid up RMB30,000,000)	RMB30,000,000 (Paid up RMB30,000,000)	100%	100%	Wholesale of ethanol and liquefied petroleum gas and LNG supply and management
河北德眾燃氣貿易有限公司 (Hebei Dezhong Gas Trading Co., Ltd.)*	PRC	RMB9,590,300 (Paid up RMB8,660,640)	RMB9,590,300 (Paid up RMB8,660,640)	100%	100%	Sales and distribution of LNG
湖北港順天然氣有限公司 (Hubei Gangshun Tian Ran Qi Co., Ltd.)*	PRC	RMB50,000,000 (Paid up RMB23,000,000)	RMB50,000,000 (Paid up RMB23,000,000)	100%	100%	Sales and distribution of LNG and provision of LNG logistic services

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2024	2023	2024	2023	
徐州港能能源有限公司 (CLNG (Xuzhou) Energy Co., Ltd.)* <sup>®</sup>	PRC	RMB10,000,000 (Paid up RMB4,900,000)	RMB10,000,000 (Paid up RMB4,900,000)	55%	55%	Sales and distribution of LNG
港宏天然氣無錫有限公司 (Ganghong Natural Gas Wuxi Co. Ltd.)* <sup>®</sup>	PRC	RMB30,000,000 (Paid up RMB1,500,000)	RMB30,000,000 (Paid up RMB1,500,000)	51%	51%	Sales and distribution of LNG
港能(天津)貿易有限公司 (CLNG (Tianjin) Trading Co., Ltd.)* <sup>®</sup>	PRC	RMB10,000,000 (Paid up RMB7,350,000)	RMB10,000,000 (Paid up RMB7,350,000)	100%	100%	Provision on LNG logistic services Sales and distribution of PNG
六安市港能天然氣有限公司 (CLNG (Liu An Shi) Co. Ltd.)* <sup>®</sup>	PRC	RMB60,000,000 (Paid up RMB42,995,164)	RMB60,000,000 (Paid up RMB42,995,164)	60%	60%	Sales and distribution of LNG and operation of LNG refilling station
山東奧海天然氣資源技術有限公司 Shandong Aohai Natural Gas Technology Co., Ltd.* <sup>®</sup> ("Shandong Aohai")	PRC	RMB10,000,000 (Paid up RMB6,004,920)	RMB10,000,000 (Paid up RMB6,004,920)	100%	100%	Sales and distribution of LNG
河南港運新能源有限公司 (Hanan Gangyun Energy Co., Ltd.)* <sup>®</sup>	PRC	RMB10,000,000 (Paid up RMB3,223,000)	RMB10,000,000 (Paid up RMB3,223,000)	55%	55%	Sales and distribution of LNG
港匯天然氣銷售河北有限公司 (Ganghui Natural Gas Trading Hebei Co., Ltd.)* <sup>®</sup>	PRC	RMB10,000,000 (Paid up RMB1,250,000)	RMB10,000,000 (Paid up RMB1,250,000)	60%	60%	Sales and distribution of LNG
陝西港能物流有限公司 (CLNG (Shaanxi) Logistic Co., Ltd.)* <sup>®</sup>	PRC	RMB129,500,000 (Paid up RMB129,500,000)	RMB129,500,000 (Paid up RMB129,500,000)	100%	100%	Provision of LNG logistic services
青島奧博順拓氣體有限公司 (Qingdao Aobo Shunta Gas Co., Ltd.)* <sup>®</sup>	PRC	RMB6,122,400 (Paid up RMB6,122,400)	RMB6,122,400 (Paid up RMB6,122,400)	51%	51%	Sales and distribution of LNG

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2024	2023	2024	2023	
港能(天津)能源有限公司 (CLNG Tianjin Energy Co. Ltd)**	PRC	RMB510,000,000 (Paid up RMB497,978,771)	RMB510,000,000 (Paid up RMB497,978,771)	100%	100%	Investment holding
港縱貿易(珠海)有限公司 (Gangzong Trading (Zhuhai) Co., Ltd.) (Formerly known as 港縱貿易(上海)有限公司)**	PRC	RMB1,000,000,000 (Paid up RMB427,000,000)	RMB1,000,000,000 (Paid up RMB427,000,000)	100%	100%	Investment holding and trading of LNG
上海亞東宏華集裝箱運輸有限公司 (Shanghai YaDong Hong Hua Ji Zhuang Xiang Yun Shu Co., Ltd.)*	PRC	RMB30,000,000 (Paid up RMB30,000,000)	RMB30,000,000 (Paid up RMB30,000,000)	99.9%	99.9%	Provision of LNG logistic services
河北港盛能源有限公司 (Hebei Gangsheung Energy Co., Ltd.)*	PRC	RMB30,000,000 (Paid up RMB12,000,000)	RMB30,000,000 (Paid up RMB12,000,000)	100%	100%	Sales and distribution of LNG
河北港瑞天然氣有限公司 (Hebei Gangrui Natural Gas Co., Ltd.)*	PRC	RMB20,000,000 (Paid up RMB18,583,689)	RMB20,000,000 (Paid up RMB18,583,689)	80%	80%	Sales and distribution of LNG
港能天然氣鄆城有限公司 (CLNG Haocheng Natural Gas Co., Ltd.)*	PRC	RMB10,000,000 (Paid up RMB4,050,000)	RMB10,000,000 (Paid up RMB4,050,000)	100%	100%	Sales and distribution of LNG
港能(湖北)能源有限公司 (CLNG Hubei Energy Co., Ltd.)*	PRC	RMB10,000,000 (Paid up RMB10,000,000)	RMB10,000,000 (Paid up RMB10,000,000)	100%	100%	Sales and distribution of LNG
湖北鼎環新能源有限公司 (Hubei Dinghuan New Energy Co., Ltd.)*	PRC	RMB10,000,000 (Paid up RMB1,272,058)	RMB10,000,000 (Paid up RMB1,272,058)	100%	100%	Sales and distribution of LNG
江蘇港易達能源有限公司 (Jiangsu Gangyida Energy Co., Ltd.)*	PRC	RMB10,000,000 (Paid up RMB2,000,000)	RMB10,000,000 (Paid up RMB2,000,000)	100%	100%	Investment holding
港能(深圳)能源有限公司 (CLNG Shenzhen) Energy Co., Ltd.)*	PRC	RMB20,000,000 (Paid up RMB5,000,000)	RMB20,000,000 (Paid up RMB5,000,000)	100%	100%	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2024	2023	2024	2023	
上海港能能源有限公司 (Shanghai Gangneng Energy Co., Ltd.)*†	PRC	US\$180,000,000 (Paid up US\$Nil)	US\$180,000,000 (Paid up US\$Nil)	100%	100%	Consultancy service on LNG
江陰宏偉運輸有限公司 (Jiang Yin Hongwei Transportation Co., Ltd.)*‡	PRC	RMB34,850,000 (Paid up RMB34,850,000)	RMB34,850,000 (Paid up RMB34,850,000)	100%	100%	Sales and distribution of LNG
湖北錦盛天然氣有限公司 (Hubei Jinsheng Natural Gas Co., Ltd.)*†	PRC	RMB100,000,000 (Paid up RMB90,000,000)	RMB100,000,000 (Paid up RMB90,000,000)	100%	100%	Sales and distribution of LNG.
港海能源(廣水)有限公司 (Ganghai Energy (Guangshui) Co., Ltd.)*†	PRC	RMB250,000,000 (Paid up RMB34,200,000)	RMB250,000,000 (Paid up RMB34,200,000)	100%	100%	Sales and distribution of LNG and PNG. construction and operation of natural gas filling stations and development of LNG related technologies
景德鎮港興天然氣有限公司 (Jingdezhen Gangxing Natural Gas Co., Ltd.)*†	PRC	RMB142,870,000 (Paid up RMB10,000,000)	RMB142,870,000 (Paid up RMB10,000,000)	70%	70%	Sales and distribution of LNG
湖北港誠能源有限公司 (Hubei Gangcheng Energy Co., Ltd.)*†	PRC	RMB50,000,000 (Paid up RMB20,700,000)	RMB50,000,000 (Paid up RMB20,700,000)	100%	100%	Operation of LNG refilling station
寧波港林天然氣利用有限公司 (Ningbo Ganglin Natural Gas Utilization Co., Ltd.)*‡	PRC	RMB100,000,000 (Paid up RMB30,000,000)	RMB100,000,000 (Paid up RMB30,000,000)	100%	100%	Sales and distribution of LNG
翱途能源科技(無錫)有限公司 (Oasetech Energy Technology Wuxi Co., Ltd.)*†	PRC	RMB10,100,000 (Paid up RMB10,100,000)	–	100%	–	Equipment manufacturing and technology development
翱途貿易(上海)有限公司 (Oasetech Trading Shanghai Co., Ltd.)*†	PRC	RMB200,000 (Paid up RMB200,000)	–	100%	–	Equipment sales and technical consulting

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Name	Place of incorporation/ establishment and business	Issued ordinary/ registered share capital		Percentage of equity attributable to the Company		Principal activities
		2024	2023	2024	2023	
陝西合智澤熙新能源科技有限公司 (Shaanxi Hezhi Zexi New Energy Technology Co., Ltd.) <sup>#</sup>	PRC	RMB100,000,000 (Paid up RMB40,000,000)	-	70%	-	Research and development of emerging energy technologies
深圳市港通物資供應鏈有限公司 (Shenzhen Gangtong Material Supply Chain Co., Ltd.) <sup>#</sup>	PRC	US\$5,000,000 (Paid up US\$Nil)	-	100%	-	Finance leasing services
陝西港能智慧能源有限公司 (Shaanxi Gangneng Smart Energy Co., Ltd.) <sup>#</sup>	PRC	RMB10,000,000 (Paid up RMB10,000,000)	-	100%	-	Thermal production and supply and related equipment manufacturing

Notes:

- <sup>1</sup> All of the above subsidiaries, except for CLNG and Key Fit Group, are indirectly held by the Company.
- \* English company name translated for identification purposes only.
- # These subsidiaries are wholly foreign-owned enterprises in the PRC.
- <sup>#</sup> These subsidiaries are 60% foreign-owned enterprises in the PRC.
- ⊙ These subsidiaries are the limited liability companies in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Company. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. Details of non-wholly owned subsidiaries that have material non-controlling interests are disclosed in note 37 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited. These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are remeasured at fair value at end of each reporting period, as explained in the accounting policies set out below. These consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) and all values are rounded to the nearest thousand unless otherwise stated.

### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”). A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributable to the ordinary equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.1 BASIS OF PREPARATION (continued)

### (a) Basis of consolidation (continued)

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

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

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

### (b) Adoption of the going concern basis

The Group incurred a loss of approximately HK\$146,767,000 during the year ended 31 March 2024. As at 31 March 2024, the Group had net current liabilities of HK\$434,681,000 and bank and cash balances of approximately HK\$43,629,000, while the outstanding bank borrowings amounted to approximately HK\$142,686,000, of which approximately HK\$120,582,000 were originally due within one year.

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

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

- (1) As set out in Note 27(b), Dr. Kan Che Kin, Billy Albert ("Dr. Kan"), being the beneficial owner and controlling shareholder of the Company, has committed to providing continuing financial support to the Group until 30 June 2025;
- (2) As set out in Note 36(b), the Company has entered into loan facility agreements with Dr. Kan, which included standby facilities of HK\$800,000,000. As at 31 March 2024, the Group had unutilised facilities of approximately HK\$81,344,000;
- (3) As set out in Note 40, on 7 March 2024, the Company and Dr. Kan entered into a Loan Capitalisation Agreement, pursuant to which a shareholder loan of HK\$300,000,000 was capitalised by allotting capitalisation shares to Dr. Kan, with the transaction taking place on 3 May 2024. Considering this capitalisation, as at 3 May 2024, the unutilised facilities of the loan facility increased to approximately HK\$381,344,000;
- (4) The Group is taking measures to tighten controls over various costs and actively enhance its market position in the NG industry by expanding its customer base with the aim to attain profitable and positive cash flow operations in the coming financial year; and
- (5) The Group is actively negotiating with several banks in the Mainland China to obtain a new credit line to finance the Group's operations.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.1 BASIS OF PREPARATION (continued)

### (b) Adoption of the going concern basis (continued)

After taking into consideration of the above factors and funds expected to be generated internally based on the directors' estimation on the future cash flow, which cover a period of not less than twelve months from 31 March 2024, of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the following:

- 1) whether the Group is able to generate adequate operating cash inflows by adjusting the operation soonest possible and controlling the operating costs; and
- 2) whether the Group will be able to obtain financing from the shareholder of remaining unutilised facilities of approximately HK\$381,344,000 available to the Group and when needed and whether the conditions for the provision of financing exist throughout the forecast period.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

## 2.2 NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023 as mentioned below.

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.2 NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (continued)

### Impact on application of Amendments to HKAS1 and HKFRS Practise Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS1 and HKFRS Practise Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 2.4 to the consolidated financial statements.

## 2.3 NEW AND AMENDMENTS TO HKFRSs BUT NOT YET EFFECTIVE

The following HKFRSs in issue have not been applied in the preparation of these consolidated financial statements since they were not yet effective for the annual period beginning on 1 April 2023:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION

### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, only if such changes resulted in changes in ownership interest held by the Group, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets ("**HKAS 36**") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal of the relevant associate or joint venture.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Goodwill arising on an acquisition of a business is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed as at acquisitions date. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at the end of each reporting period. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety,:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of non-financial assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

### Impairment of non-financial assets *(continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or a joint venture of the other entity (or of a member of a group of which the other entity is a number);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Property, plant and equipment and depreciation

Property, plant and equipment, including the right-of-use assets arising from leases of the underlying plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	20%-33 $\frac{1}{3}$ %
Leasehold improvements	Over the shorter of the lease terms and 25%
Equipment and machinery	5%-33 $\frac{1}{3}$ %
Motor vehicles	10%-25%
Building	3 $\frac{1}{3}$ %-5%
Yacht	20%
Right-of-use assets – Land use rights	Over the lease terms
Right-of-use assets – Properties	Remaining lease term from 1 April 2019
Right-of-use assets – Containers	Over the lease terms

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and equipment and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Intangible assets are subsequently stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### 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.

### As a lessee

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

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

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

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

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

### Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 Revenue from contract with customers to assess whether sale and leaseback transaction constitutes a sale by the Group.

#### *The Group as a buyer-lessor*

For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a LNG finance lease receivable equal to the transfer proceeds within the scope of HKFRS 9.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Investments and other financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with HKFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows only and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Investments and other financial assets (continued)

#### Financial assets at amortised cost (debt instruments) (continued)

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Investments and other financial assets (continued)

#### General approach (continued)

For receivables from margin clients and cash clients, the Group considers there has been a significant increase in credit risk when clients cannot meet the margin call requirement and uses the loan-to-collateral value (“LTV”) to make its assessment. However, in certain cases, the Group may also consider a margin client receivable to be in default when there is a margin shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A margin client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for receivables under finance lease arrangements, LNG finance lease receivables and accounts receivables under NG business and new energy business which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For receivables under finance lease arrangements, LNG finance lease receivables and accounts receivables under NG business and new energy business that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset expire; or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payables, other payables and accruals, interest-bearing bank borrowings, lease liabilities and loans from a shareholder.

#### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

#### Loans and borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Loans and 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Financial liabilities (continued)

#### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### Inventories

Inventories are stated at the lower of cost, on the first-in, first-out basis, and net realisable value after making due allowance for any obsolete or slow-moving items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Cash and cash equivalents are assessed for ECLs.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Provisions

A provision is recognised when the Group a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation by the Group, provided that a reliable estimate can be made of the amount of the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with by the Group. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

### Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Taxation (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Revenue recognition (continued)

#### Revenue from contracts with customers (continued)

(a) *Sales and distribution of NG*

Revenue from the sale of NG is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of NG.

(b) *Provision of LNG logistic services*

Revenue from the provision of LNG logistic services is recognised over-time when the underlying services have been rendered in accordance with the terms of service agreements.

(c) *Sales and distribution of new energy products*

Revenue from the sale of new energy products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(d) *Heating services*

The performance obligation is satisfied overtime as services are rendered, and revenue is recognised based on the proportion of heating day to the total heating day during the heating period.

#### Revenue from other sources

##### *LNG finance lease and provision of loan finance services*

Income from finance lease and the provision of loan finance services is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of finance lease/loan or a shorter period, when appropriate, to the net carrying amount of the net investment of finance lease/loan.

#### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract and has an unconditional right to receive consideration.

#### Employee benefits

##### Pension schemes

The Group's employer contributions vest fully with the employees when contributed into the Mandatory Provident Fund retirement benefit (the "**MPF Scheme**"), except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain portion of its payroll to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

##### Short-term employee benefit

Short-term employee benefits are recognised at the undiscounted amount of the benefits to be paid as and when employees rendered the service. All short-term employee benefits are recognised as expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave after deducting any amount already paid.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

### Employee benefits *(continued)*

#### Termination benefits

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

#### Share-based payment arrangements

The Group issues equity-settled share-based payments to directors and certain employees. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Bank balances held on behalf of clients

The Group has classified the clients' monies as bank balances held on behalf of customers under the current assets section of the statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised a corresponding accounts payable to the respective clients on grounds that is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Company is not allowed to use the clients' monies to settle its own obligation.

#### Foreign currencies

The consolidated financial statements are presented in HK\$, which is the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their rates of exchanges prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

### Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than HK\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK\$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated under exchange reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified cognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK\$ at the weighted average exchange rates for the year.

## 2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Critical judgements in applying accounting policies

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

#### Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2.1(b) to the consolidated financial statements.

#### 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 described below.

#### Useful lives and residual values of items of property, plant and equipment

The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Adjustment of depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period, based on changes in circumstances.

The carrying amount of property, plant and equipment as at 31 March 2024 were HK\$432,294,000 (2023: HK\$447,921,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

### Estimation uncertainty (continued)

#### Impairment of non-financial assets

Non-financial assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount or, 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, 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 net present value used in the impairment test.

Details of the impairment of non-financial assets are disclosed in note 14 to the consolidated financial statements. The carrying amounts of property, plant and equipment, other intangible assets, right-of-use assets, deposits for acquisition of property, plant and equipment and land-use right as at 31 March 2024 were HK\$432,294,000, HK\$4,625,000, HK\$108,039,000, HK\$137,913,000 and HK\$31,892,000 (2023: HK\$447,921,000, HK\$4,131,000, HK\$105,937,000, HK\$116,089,000 and HK\$46,165,000) respectively.

#### Provision for expected credit losses on LNG finance lease receivables and accounts receivables arising from NG business and new energy business

The Group uses a provision matrix to calculate ECLs for LNG finance lease receivables and accounts receivables arising from NG business and new energy business. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on these receivables are disclosed in notes 21 and 23 to the consolidated financial statements respectively.

#### Impairment assessment of loan receivables, accounts receivables from margin clients and cash clients and other receivables

The Group calculates the ECLs of these receivables by estimating the collateral prices, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. As part of a qualitative assessment of whether a counterparty is in default, the Group also considers a variety of instances that may indicate unlikelihood to pay. When certain events occur, the Group carefully considers whether the events should result in determining the counterparties as defaulted and therefore assesses whether the classification as stage 3 for ECL calculation is appropriate. Details of loan receivables and accounts receivables from margin clients and cash clients and other receivables are given in notes 22 and 23 to the consolidated financial statements respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

### Estimation uncertainty *(continued)*

#### Impairment of investments in joint ventures and associates

The Group tests whether the investments in joint ventures and associates have suffered any impairment, in accordance with the accounting policy stated in note 2.4 to the consolidated financial statements. The recoverable amount of the investment is the higher of the asset's fair value less costs to sell and value in use. These calculations require the use of estimates. Details are disclosed in notes 18 and 19 to the consolidated financial statements respectively.

## 3. OPERATING SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of their products and services provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive directors of the Company, the chief operating decision makers ("**CODM**"), for the purposes of resource allocation and assessment of performance. Segment profit represents the profit earned by each segment without allocation of corporate and other unallocated expenses, share of results of associates and joint ventures, other income, other gains and losses and finance costs. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

For management purposes, the Group is organised into business units based on their products and services and has three reporting segments as follows:

- (a) Sales and distribution of NG including wholesale of LNG and PNG, point-to-point supply of LNG, automobile gas stations, LNG pipeline network and provision of LNG logistic services in the PRC ("**NG business**") (2023: the segment was called LNG business as there was no wholesale of PNG business during the year ended 31 March 2023);
- (b) The development and production of new energy technology products and integrated solutions in PRC ("**New energy business**"); and
- (c) financial services business, including the provision of finance leasing services for LNG vehicles and equipment in the PRC, the provision of asset management services and money lending business in Hong Kong ("**Financial services**").

Segment assets mainly exclude cash and cash equivalents, and other unallocated assets as these assets are managed on a group basis.

Segment liabilities mainly exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities, and other unallocated liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

	New energy business		NG business		Financial services		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue (note 4)</b>								
Sales to external customers	83,564	–	368,779	211,793	2,148	57	454,491	211,850
Inter-company sales	–	–	108,374	64,693	–	–	108,374	64,693
	<b>83,564</b>	–	<b>477,153</b>	276,486	<b>2,148</b>	57	<b>562,865</b>	276,543
<b>Reconciliation:</b>								
Elimination of inter-company sales							(108,374)	(64,693)
Revenue							454,491	211,850
Segment results before depreciation and amortisation	30,541	–	(57,420)	(65,136)	(11,731)	(6,615)	(38,610)	(71,751)
Depreciation and amortisation	(621)	–	(42,042)	(69,065)	(2,873)	(2,928)	(45,536)	(71,993)#
<b>Segment results</b>	<b>29,920</b>	–	<b>(99,462)</b>	(134,201)	<b>(14,604)</b>	(9,543)	<b>(84,146)</b>	(143,744)
Other income and other gains and losses, net							(18,631)	1,180
Finance costs							(34,695)	(34,859)
Share of results of joint ventures	–	–	2,460	(1,830)	–	–	2,460	(1,830)
Corporate and other unallocated expenses, net							(7,793)	(3,591)
Loss before tax							(142,805)	(182,844)
<b>Assets and liabilities</b>								
Segment assets	181,506	–	1,208,629	1,171,213	125,707	132,958	1,515,842	1,304,171
Unallocated							44,937	33,812
							<b>1,560,779</b>	1,337,983
Segment liabilities	50,163	–	976,253	785,105	319,555	309,512	1,345,971	1,094,617
Unallocated							155,284	149,273
							<b>1,501,255</b>	1,243,890

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

	New energy business		NG business		Financial services		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information</b>								
Share of results of:								
Joint ventures	-	-	2,460	(1,830)	-	-	2,460	(1,830)
Impairment/(reversal of impairment) of LNG								
finance lease receivables	-	-	-	-	(1,216)	963	(1,216)	963
Reversal of impairment of margin clients	-	-	-	-	432	386	432	386
Reversal of impairment of loan receivables	-	-	-	-	7,363	-	7,363	-
Reversal of impairment/(impairment) of accounts								
receivables arising from NG business	-	-	3,338	(1,447)	-	-	3,338	(1,447)
Impairment of accounts receivables arising from								
new energy business	(6,557)	-	-	-	-	-	(6,557)	-
Reversal of impairment/(impairment) of other								
receivables	-	-	344	840	-	-	344	840
Impairment of interests in associates	-	-	-	(205)	-	-	-	(205)
Depreciation and amortisation	(621)	-	(42,042)	(69,065)	(2,873)	(2,928)	(45,536)	(71,993) <sup>#</sup>
Loss on disposal of items of property, plant and								
equipment	-	-	(14,947)	(2,774)	-	-	(14,947)	(2,774)
Loss on disposal of land use right	-	-	-	(474)	-	-	-	(474)
(Loss)/gain on deregistration of a subsidiary	-	-	(11,728)	449	-	-	(11,728)	449
Interests in joint ventures	-	-	76,383	76,548	-	-	76,383	76,548
Additions to property, plant and equipment	42,692	-	9,071	43,265	172	530	51,935	43,795
Additions to right-of-use assets	2,710	-	9,537	1,377	-	7,937	12,247	9,314
(Refund of)/Additions to deposits for acquisition of								
plant and equipment, and land use rights	-	-	(12,368)	2,911	-	-	(12,368)	2,911

<sup>#</sup> There is depreciation of right-of-use assets of HK\$466,000 included in corporate and other unallocated expenses.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Hong Kong	2,148	57
PRC	452,343	211,793
	<b>454,491</b>	211,850

The revenue information is based on the locations of the customers.

#### (b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	383	1,751
PRC	1,161,335	1,093,666
	<b>1,161,718</b>	1,095,417

The non-current asset information is based on the locations of the assets.

### Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follow:

	2024 HK\$'000	2023 HK\$'000
NG business segment		
Customer A	—*	43,859
Customer B	—*	31,152
Customer C	41,103	—

\* Revenue from the customer did not exceed 10% of total revenue in the respective year.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales and distribution of NG	313,145	139,526
Provision of LNG logistic services	55,634	72,267
Sales and distribution of new energy products	8,752	–
Development of new energy integrated solution	74,812	–
	<b>452,343</b>	211,793
<b>Revenue from other sources</b>		
Interest income from loan financing	2,148	57
	<b>454,491</b>	211,850

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	NG related products	NG related services	New Energy related products	New Energy related services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 March 2024					
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	313,145	–	8,752	–	321,897
Services transferred over time	–	55,634	–	74,812	130,446
Total revenue from contracts with customers	313,145	55,634	8,752	74,812	452,343
For the year ended 31 March 2023					
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time			139,526	–	139,526
Services transferred over time			–	72,267	72,267
Total revenue from contracts with customers			139,526	72,267	211,793

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 4. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES (continued)

### Revenue from contracts with customers (continued)

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### Sales and distribution of NG

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery.

##### LNG logistic services

The performance obligation is satisfied over time as services are rendered. Management service contracts are for periods of one year or less, or are billed based on the time incurred.

##### New Energy Business

##### Sales and distribution of new energy products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery.

##### Heating services

The performance obligation is satisfied overtime as services are rendered, and revenue is recognised based on the proportion of heating day to the total heating day during the heating period.

All performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period are part of contracts with an original expected duration of one year or less. Therefore, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, which exempts the transaction prices allocated to such performance obligations from disclosure.

### Other income and other gains and losses, net

	2024 HK\$'000	2023 HK\$'000
<b>Other income</b>		
Bank interest income	519	83
Sundry income	–	271
Government subsidy <sup>#</sup>	1,091	816
	<b>1,610</b>	1,170
<b>Other gains and losses</b>		
Loss on disposal of items of property, plant and equipment	(14,947)	(2,774)
Gain on termination of lease	689	–
Loss on disposal of land use right	–	(474)
(Loss)/gain from changes in fair value of financial assets at fair value through profit or loss	(6)	210
(Loss)/gain on deregistration of a subsidiary (note 33)	(11,728)	449
Exchange (loss)/gain	(2,044)	2,599
Reversal of impairment of loan receivables	7,363	–
Reversal of impairment of margin client receivable	432	–
	<b>(20,241)</b>	10
	<b>(18,631)</b>	1,180

<sup>#</sup> During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$120,000 related to Employment Support Scheme provided by the Hong Kong SAR Government and fulfilled the relevant granting criteria. The remaining recognised government grants of approximately HK\$1,091,000 (2023: HK\$696,000) obtained in the PRC whereas there were no unfulfilled conditions or contingencies.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Cost of inventories recognised as an expense <sup>#</sup>	239,162	105,902
Depreciation of property, plant and equipment	37,731	46,649
Depreciation of right-of-use assets	6,913	24,925
Amortisation of other intangible assets	892	885
Short-term lease expenses	1,821	2,181
Auditor's remuneration		
– audit service	1,050	800
– non-audit service	34	94
Employee benefit expense (excluding directors' remuneration (note 8)):		
Wages and salaries	39,170	34,538
Commission	7,790	9,228
Pension scheme contributions <sup>##</sup>	2,145	2,367
Share-based payments	2,877	4,057
	<b>51,982</b>	<b>50,190</b>
Reversal of impairment of loan receivables	(7,363)	–
Reversal of impairment of margin clients	(432)	–
Impairment of interests in associates	–	205
Impairment/(reversal of impairment) under expected credit losses model: (Reversal of impairment)/impairment of accounts receivables arising from NG business	(3,338)	1,447
Impairment of accounts receivables arising from new energy business	6,557	–
Impairment/(reversal of impairment) of LNG finance lease receivables	1,216	(963)
Reversal of impairment of other receivables	(344)	(840)
Reversal of impairment of accounts receivables arising from securities brokerage business	–	(386)
	<b>4,091</b>	<b>(742)</b>

<sup>#</sup> This balance is included in "Cost of sales" in the consolidated statement of profit or loss.

<sup>##</sup> According to the relevant laws and regulations in the PRC, the PRC subsidiaries within the Group are required to contribute a certain percentage of the payrolls of their employees to the retirement benefits scheme to fund the retirement benefits of their employees. The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, contribution of which is matched by employees. The maximum monthly amount of contribution is limited to HK\$1,500 per employee. During the years ended 31 March 2024 and 2023, the Group had no forfeited contributions under the MPF Scheme and PRC retirement benefits scheme which may be used by the Group to reduce existing level of contributions as described in paragraph 26(2) Appendix 16 of the Listing Rules. No forfeited contributions were also available at 31 March 2024 and 2023 for the Group to reduce contribution payables in future years, if applicable.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest expense on loans from a shareholder	24,392	23,291
Interest expense on interest-bearing bank borrowings	9,500	6,109
Interest expense on loans from third parties	504	426
Default interest expense	–	4,166
Interest expense on lease liabilities	299	867
	<b>34,695</b>	34,859

## 7. PROVISION OF PENALTY CHARGE ON LEGAL PROCEEDINGS

On 9 May 2024, the Company received a “Civil Ruling” dated 25 April 2024 issued by the Tianjin Maritime Court of PRC (the “**Court**”) regarding claims brought by an independent creditor of NG segment. Pursuant to the Civil Ruling, Great Trend Investment Management (Shanghai) Company Limited\*, an indirect wholly-owned subsidiary of the Company, was liable to pay the creditor the outstanding balance, along with a penalty charge and overdue interest. The penalty expenses was amounting to approximately HK\$39,221,000. Both the Company and its wholly-owned subsidiary, China LNG Limited, act as guarantors for the outstanding balance and the penalty charge.

For prudent purposes based on legal advice, a full provision for penalty expenses in the amount of approximately HK\$39,221,000 was recognised during the year ended 31 March 2024.

## 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, 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, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees:		
Executive directors	20	20
Non-executive directors	206	140
Independent non-executive directors	150	150
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	964	–
Pension scheme contributions	39	–
Share-based payments	6,291	8,932
	<b>7,670</b>	9,242

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 8. DIRECTORS' REMUNERATION (continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Share- based payments HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2024</b>					
Executive directors:					
Dr. Kan	10	-	6,291	-	6,301
Mr. Deng Yaobo (appointed on 2 October 2023)	-	964	-	39	1,003
Mr. Li Kai Yien, Arthur Albert	10	-	-	-	10
	<b>20</b>	<b>964</b>	<b>6,291</b>	<b>39</b>	<b>7,314</b>
Non-executive directors:					
Mr. Simon Murray	50	-	-	-	50
Mr. Lam, Lee G (resigned on 8 February 2024)	65	-	-	-	65
Mr. Xiao Cong (resigned on 3 December 2023)	91	-	-	-	91
	<b>206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206</b>
Independent non-executive directors:					
Mr. Li Siu Yui	50	-	-	-	50
Mr. Lam Lum Lee	50	-	-	-	50
Mr. Chow Ching Ning	50	-	-	-	50
	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>
	<b>376</b>	<b>964</b>	<b>6,291</b>	<b>39</b>	<b>7,670</b>

Dr. Kan is also the chairman of the Company. He resigned as CEO of the Company on 2 October 2023.

Mr. Deng Yaobo appointed as the chief executive officer of the Company on 2 October 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 8. DIRECTORS' REMUNERATION (continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Share- based payments HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2023</b>					
Executive directors:					
Dr. Kan	10	–	8,932	–	8,942
Mr. Li Kai Yien, Arthur Albert	10	–	–	–	10
	20	–	8,932	–	8,952
Non-executive directors:					
Mr. Simon Murray	50	–	–	–	50
Mr. Lam, Lee G	50	–	–	–	50
Mr. Xiao Cong	40	–	–	–	40
	140	–	–	–	140
Independent non-executive directors:					
Mr. Li Siu Yui	50	–	–	–	50
Mr. Lam Lum Lee	50	–	–	–	50
Mr. Chow Ching Ning	50	–	–	–	50
	150	–	–	–	150
	310	–	8,932	–	9,242

There was no arrangement under which a director waived or agreed to waive any remuneration, and no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2024 and 2023.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: one director). Details of the remuneration for the year of the remaining three (2023: four) non-director highest paid employees are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	2,045	2,440
Pension scheme contributions	72	191
Share-based payments	1,923	3,318
	<b>4,040</b>	5,949

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 9. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Numbers of employees	
	2024	2023
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1
	<b>3</b>	<b>4</b>

## 10. INCOME TAX (EXPENSE)/(CREDIT)

### (a) Income tax (expense)/credit comprises:

	2024 HK\$'000	2023 HK\$'000
Current income tax		
– The PRC Enterprise Income Tax	(27)	–
Over-provision in prior years		
– Hong Kong Profit Tax	–	1,162
Deferred taxation	(3,935)	695
Total tax (expense)/credit	<b>(3,962)</b>	<b>1,857</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for both years.

Under the Law of The PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of The PRC subsidiaries of NG business is 25% for both years.

The PRC subsidiaries of new energy business are recognised as New and Technology Enterprise which are entitled to a preferential PRC Enterprise Income Tax rate of 15%.

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax (credit)/expense is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	<b>(142,805)</b>	(182,844)
Tax at the statutory rates	<b>(34,733)</b>	(45,720)
Income not subject to tax	<b>(691)</b>	(5,985)
Expenses not deductible for tax	<b>2,096</b>	17,051
Temporary difference not recognised	<b>1,107</b>	(692)
Share of results of joint ventures which is non-deductible	–	458
Utilisation of tax losses not previously recognised	<b>(379)</b>	(2,850)
Deductible temporary differences	<b>(13)</b>	–
Tax losses not recognised	<b>36,575</b>	37,043
Over-provision in prior years	–	(1,162)
Tax expense/(credit)	<b>3,962</b>	(1,857)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 10. INCOME TAX (continued)

- (a) Income tax expense/(credit) comprises: (continued)

There is no share of tax attributable to associates for both years. The share of tax credit attributable to joint ventures amounting to HK\$641,000 (2023: tax credit of HK\$396,000) is included in "Share of results of joint ventures" in the consolidated statement of profit or loss.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

- (b) Deferred tax liabilities of HK\$1,697,000 (2023: HK\$2,276,000) represents fair value adjustment arising from acquisition of subsidiaries.

Deferred tax liabilities of HK\$4,038,000 (2023: HK\$Nil) represents timing differences in depreciation policies arising from PRC subsidiaries.

The Group has estimated tax losses arising in Hong Kong of HK\$562,114,000 (2023: HK\$578,470,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has estimated tax losses arising in Mainland China of HK\$773,233,000 (2023: HK\$811,939,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 March 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries, joint ventures and associates established in Mainland China. In the opinion of the directors, the Company has the ability to control the timing of distribution and it is not probable that the distribution of these subsidiaries and joint ventures will be made in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$3,859,000 at 31 March 2024 (2023: HK\$7,629,000).

## 11. DIVIDENDS

No dividends was proposed or paid for ordinary shareholders of the Company during the years ended 31 March 2024 and 2023, nor has any dividend been propose since the end of the reporting period.

## 12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 5,731,832,419 (2023: 5,643,797,090) in issue during the year.

The diluted loss per share for the years ended 31 March 2024 and 2023 is equal to the basic loss per share.

The computation of diluted loss per share does not assume to exercise of the outstanding share options since the assumed conversion would result in decrease in loss per share for the years ended 31 March 2024 and 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

The calculations of basic and diluted loss per share is based on:

	2024 HK\$'000	2023 HK\$'000
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<b>(139,297)</b>	(167,194)
	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<b>5,731,832,419</b>	5,643,797,090

## 13. PROPERTY, PLANT AND EQUIPMENT/OTHER ASSETS

	Furniture and fixtures HK\$'000	Leasehold improvements HK\$'000	Equipment and machinery HK\$'000	Motor vehicles HK\$'000	Building HK\$'000	Yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost:								
1 April 2022	10,397	5,350	325,520	212,705	98,598	9,100	72,213	733,883
Additions	1,310	-	7,779	4,635	-	-	30,071	43,795
Transfer	-	-	10,871	-	12,698	-	(23,569)	-
Disposals	(55)	-	(15,232)	(6,296)	-	-	(4,682)	(26,265)
Exchange realignment	(684)	(211)	(23,888)	(15,422)	(7,206)	-	(5,296)	(52,707)
At 31 March 2023 and 1 April 2023	10,968	5,139	305,050	195,622	104,090	9,100	68,737	698,706
Additions	<b>1,940</b>	-	<b>41,536</b>	<b>4</b>	<b>420</b>	-	<b>8,035</b>	<b>51,935</b>
Acquisition of subsidiaries	<b>309</b>	-	<b>2,071</b>	<b>777</b>	-	-	-	<b>3,157</b>
Deregistration of a subsidiary	-	-	-	-	-	-	<b>(11,133)</b>	<b>(11,133)</b>
Transfer	-	-	-	-	-	-	<b>12,370</b>	<b>12,370</b>
Disposals	<b>(664)</b>	-	-	<b>(28,988)</b>	-	-	<b>(7,547)</b>	<b>(37,199)</b>
Exchange realignment	<b>(338)</b>	<b>(114)</b>	<b>(10,366)</b>	<b>(6,719)</b>	<b>(3,578)</b>	-	<b>(2,358)</b>	<b>(23,473)</b>
At 31 March 2024	<b>12,215</b>	<b>5,025</b>	<b>338,291</b>	<b>160,696</b>	<b>100,932</b>	<b>9,100</b>	<b>68,104</b>	<b>694,363</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT/OTHER ASSETS (continued)

	Furniture and fixtures HK\$'000	Leasehold improvements HK\$'000	Equipment and machinery HK\$'000	Motor vehicles HK\$'000	Building HK\$'000	Yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Accumulated depreciation:								
At 1 April 2022	8,921	5,323	66,457	86,634	2,472	9,100	-	178,907
Provided for the year	1,511	23	16,844	24,398	3,873	-	-	46,649
Disposals	(50)	-	(1,638)	(5,837)	-	-	-	(7,525)
Exchange realignment	(578)	(207)	(4,840)	(6,116)	(172)	-	-	(11,913)
At 31 March 2023 and 1 April 2023	9,804	5,139	76,823	99,079	6,173	9,100	-	206,118
<b>Provided for the year</b>	<b>731</b>	<b>-</b>	<b>18,040</b>	<b>14,581</b>	<b>4,379</b>	<b>-</b>	<b>-</b>	<b>37,731</b>
<b>Disposals</b>	<b>(40)</b>	<b>-</b>	<b>-</b>	<b>(18,346)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,386)</b>
<b>Exchange realignment</b>	<b>(299)</b>	<b>(114)</b>	<b>(2,588)</b>	<b>(3,325)</b>	<b>(199)</b>	<b>-</b>	<b>-</b>	<b>(6,525)</b>
<b>At 31 March 2024</b>	<b>10,196</b>	<b>5,025</b>	<b>92,275</b>	<b>91,989</b>	<b>10,353</b>	<b>9,100</b>	<b>-</b>	<b>218,938</b>
Impairment loss:								
At 1 April 2022	75	-	24,355	-	5,325	-	18,450	48,205
Exchange realignment	(5)	-	(1,788)	-	(391)	-	(1,354)	(3,538)
At 31 March 2023 and 1 April 2023	70	-	22,567	-	4,934	-	17,096	44,667
<b>Exchange realignment</b>	<b>(2)</b>	<b>-</b>	<b>(776)</b>	<b>-</b>	<b>(170)</b>	<b>-</b>	<b>(588)</b>	<b>(1,536)</b>
<b>At 31 March 2024</b>	<b>68</b>	<b>-</b>	<b>21,791</b>	<b>-</b>	<b>4,764</b>	<b>-</b>	<b>16,508</b>	<b>43,131</b>
Carrying values:								
<b>At 31 March 2024</b>	<b>1,951</b>	<b>-</b>	<b>224,225</b>	<b>68,707</b>	<b>85,815</b>	<b>-</b>	<b>51,596</b>	<b>432,294</b>
At 31 March 2023	1,094	-	205,660	96,543	92,983	-	51,641	447,921



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT/OTHER ASSETS (continued)

Other assets of HK\$288,164,000 (2023: HK\$298,426,000) represented the right to acquire LNG tank containers pursuant to a sale and purchase agreement dated 29 June 2018 entered into between Gangzong Trade (Shanghai) Co., Ltd, a wholly-owned subsidiary of the Company and CIMC Enric Energy Equipment (Suzhou) Co., Ltd., a wholly-owned subsidiary of CIMC Enric Holdings Limited. Details of the acquisition were disclosed in a circular of the Company dated 24 August 2018. Liability of the same balance is recognised and included in other payables and accruals (Note 27).

As at 31 March 2024, property, plant and equipment with the carrying amounts of approximately HK\$16,102,000 (2023: HK\$18,591,000) were pledged to banks to secure banking facilities granted to the Group (Note 28).

## 14. IMPAIRMENT TESTING ON NON-FINANCIAL ASSETS

For the purposes of impairment testing, property, plant and equipment, other intangible assets, right-of-use assets and deposits for acquisition of property, plant and equipment and land use rights that generate cash flows together are included in the CGU of the Sales and distribution of NG and provision of LNG logistic services segment ("NG Business CGU").

The recoverable amount of the unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and discount rate of 19% (2023: 19%). Cash flows beyond the 5-year period are extrapolated using a steady 2.5% (2023: 2.5%) growth rate.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

As at 31 March 2024, the recoverable amount of the NG business CGU amounted to HK\$557 million (2023: HK\$576 million) exceeded its carrying amounts, and thus there is no impairment in respect of non-financial assets included in the NG Business CGU has been recognised during the year ended 31 March 2024 (2023: Nil).

Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 15. OTHER INTANGIBLE ASSETS

	Technology development and design HK\$'000	Road transpiration operation permits of dangerous goods HK\$'000	Total HK\$'000
Cost:			
At 1 April 2022	–	9,576	9,576
Exchange realignment	–	(703)	(703)
At 31 March 2023 and 1 April 2023	–	8,873	8,873
Acquisition of subsidiaries	1,531	–	1,531
Exchange realignment	–	(305)	(305)
<b>At 31 March 2024</b>	<b>1,531</b>	<b>8,568</b>	<b>10,099</b>
Accumulated amortisation:			
At 1 April 2022	–	3,842	3,842
Charge for the year	–	885	885
Exchange realignment	–	(291)	(291)
At 31 March 2023 and 1 April 2023	–	4,436	4,436
Charge for the year	38	854	892
Exchange realignment	–	(139)	(139)
<b>At 31 March 2024</b>	<b>38</b>	<b>5,151</b>	<b>5,189</b>
Impairment:			
At 1 April 2022	–	318	318
Exchange realignment	–	(12)	(12)
At 31 March 2023 and 1 April 2023	–	306	306
Exchange realignment	–	(21)	(21)
<b>At 31 March 2024</b>	<b>–</b>	<b>285</b>	<b>285</b>
Carrying values:			
<b>At 31 March 2024</b>	<b>1,493</b>	<b>3,132</b>	<b>4,625</b>
At 31 March 2023	–	4,131	4,131

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 16. RIGHT-OF-USE ASSETS

	Land use rights HK\$'000	Properties HK\$'000	Containers HK\$'000	Total HK\$'000
Cost:				
At 1 April 2022	118,781	9,772	84,781	213,334
New leases	228	9,086	–	9,314
Disposal	(1,636)	–	–	(1,636)
Write-off on termination	–	(5,926)	–	(5,926)
Exchange realignment	(8,724)	(717)	(6,224)	(15,665)
At 31 March 2023 and 1 April 2023	108,649	12,215	78,557	199,421
New leases	–	12,247	–	12,247
Acquisition of subsidiaries	–	2,617	–	2,617
Write-off on termination	–	(9,370)	–	(9,370)
Exchange realignment	(3,736)	(325)	–	(4,061)
<b>At 31 March 2024</b>	<b>104,913</b>	<b>17,384</b>	<b>78,557</b>	<b>200,854</b>
Accumulated depreciation:				
At 1 April 2022	6,404	5,304	64,693	76,401
Charge for the year	2,710	4,678	17,537	24,925
Written back on disposal	(88)	–	–	(88)
Write-off on termination	–	(3,238)	–	(3,238)
Exchange realignment	(463)	(380)	(4,705)	(5,548)
At 31 March 2023 and 1 April 2023	8,563	6,364	77,525	92,452
Charge for the year	2,385	4,528	–	6,913
Write-off on termination	–	(7,097)	–	(7,097)
Exchange realignment	(287)	(198)	–	(485)
<b>At 31 March 2024</b>	<b>10,661</b>	<b>3,597</b>	<b>77,525</b>	<b>91,783</b>
Impairment:				
At 1 April 2022	–	–	1,113	1,113
Exchange realignment	–	–	(81)	(81)
At 31 March 2023 and 1 April 2023	–	–	1,032	1,032
Exchange realignment	–	–	–	–
<b>At 31 March 2024</b>	<b>–</b>	<b>–</b>	<b>1,032</b>	<b>1,032</b>
Net book value:				
<b>At 31 March 2024</b>	<b>94,252</b>	<b>13,787</b>	<b>–</b>	<b>108,039</b>
At 31 March 2023	100,086	5,851	–	105,937

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 16. RIGHT-OF-USE ASSETS (continued)

The Group has entered into lease agreements to obtain the right to use properties as its offices, warehouses and staff quarters, and right to use containers as its storage equipment and as a result incurred lease liabilities (Note 29). The leases typically run for an initial period of 2 to 10 years. Certain leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

In addition to the above, the Group has right-of-use assets related to land use rights of which the Group is the registered owner. The related lands are located in the PRC and the lease terms are ranging from 40 to 50 years.

As at 31 March 2024, land use rights with the carrying amount of approximately HK\$69,829,000 (2023: HK\$66,924,000) were pledged to banks to secure banking facilities granted to the Group (Note 28).

Lease liabilities of HK\$13,214,000 (2023: HK\$5,921,000) are recognised with related right-of-use assets of HK\$13,787,000 (2023: HK\$5,851,000) as at 31 March 2024.

## 17. BUSINESS COMBINATION

The Group entered into a sale and purchase agreement on 21 December 2023 with two independent third parties (the “**Oasetech Vendors**”), pursuant to which the Group conditionally agreed to purchase, and the Oasetech Vendors conditionally agreed to sell, the entire issued share capital of Oasetech Limited, which together with its subsidiaries (collectively, the “Oasetech Group”) are principally engaged in the development and production of new energy products and integrated solutions. The acquisition was completed on 2 February 2024.

The fair values of the identifiable assets and liabilities of Oasetech Group at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$'000
Total non-current assets	7,305
Total current assets	66,425
Total current liabilities	(53,810)
Total non-current liabilities	(2,228)
Total identifiable net assets at fair value	17,692
Goodwill on acquisition	82,308
Satisfied by issue of new shares	100,000

The consideration for the acquisition was HK\$100,000,000, settled by allotment and issue of 232,558,140 ordinary shares at fair value of HK\$0.43 per share which is determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

The Group incurred transaction costs of HK\$668,000 for this acquisition. These transaction costs have been expensed and are charged to the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 17. BUSINESS COMBINATION (continued)

Goodwill arose in the acquisition of the Oasetech Group because the considerations paid for the acquisition effectively included, inter alia, amounts in relation to the benefits of expected synergies from combining the respective operations of the Oasetech Group and the Group. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised was expected to be deductible for income tax purposes.

An analysis of the cash flow in respect of the acquisition is as follows:

	HK\$'000
Cash and cash equivalents acquired	3,993
Net inflow of cash and cash equivalents included in cash flows used in investing activities	3,993
Transaction costs of the acquisition included in cash flows used in operating activities	(668)
	<b>3,325</b>

Since the acquisition, the Oasetech Group contributed HK\$10,806,000 to the Group's revenue and profit of HK\$5,022,000 to the consolidated loss for the year ended 31 March 2024.

In the view of the management, due to differences in accounting standards and accounting period providing proforma financial information as if the business combination had taken place at the beginning of the year would be costly and inefficient and the cost outweighs the benefits. Therefore, such pro forma information has not been prepared for illustration.

## 18. INTERESTS IN JOINT VENTURES

	2024 HK\$'000	2023 HK\$'000
Share of net assets	<b>76,383</b>	76,548

Particulars of the Group's principal held joint venture are as follows:

Name	Particulars of issued equity held	Place of establishment and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
港海能源(珠海)有限公司 (Formerly known as 港海能源 (上海)有限公司)	Registered capital of RMB 25,500,000 (2023: RMB 25,500,000)	PRC	51 (2023: 51)	(Note)	51 (2023: 51)	Sales and distribution of LNG
石家莊盛冉燃氣貿易有限公司	Registered capital of RMB 80,000,000 (2023: RMB 80,000,000)	PRC	50 (2023: 50)	50 (2023: 50)	50 (2023: 50)	Trading of natural gas and transportation

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 18. INTERESTS IN JOINT VENTURES (continued)

Note: The joint venture is jointly controlled by the Group and other shareholder by virtue of contractual arrangements among shareholders which require simple majority of directors' approval for major business decisions. The Group and the other shareholder each can appoint 2 directors out of total 5 directors of this joint venture, whereas the remaining 1 director is jointly appointed by both the Group and the other shareholder. Therefore, it is classified as a joint venture of the Group.

The joint ventures are accounted for using the equity method.

- (a) The following table illustrates the summarised financial information in respect of 港海能源(珠海)有限公司 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents	41,841	39,035
Other current assets	–	5,868
Current assets	41,841	44,903
Non-current assets	3,221	2,050
Current liabilities	503	447
Net assets	44,559	46,506
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	51%	51%
Group's share of net assets of the joint venture	22,725	23,718
Carrying amount of the investment	23,230	23,718
Revenue	104,778	47,192
Interest income	554	1,066
Operating expenses	(105,949)	(51,581)
Income tax credit	1,257	777
Profit/(loss) for the year	640	(2,546)
Total comprehensive income for the year	640	(1,799)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 18. INTERESTS IN JOINT VENTURES (continued)

- (b) The following table illustrates the summarised financial information in respect of 石家莊盛冉燃氣貿易有限公司 adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents	40,755	9,983
Other current assets	45,583	61,823
Current assets	86,338	71,806
Non-current assets	45,020	45,386
Current liabilities	13,676	10,045
Non-current liabilities	9,957	–
Net assets	107,725	107,129
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture	53,863	53,565
Carrying amount of the investment	53,153	52,830
Revenue	413,491	101,084
Other income	85	58
Operating expenses	(409,308)	(102,396)
Profit/(loss) for the year	4,268	(1,254)
Total comprehensive income for the year	4,268	(1,254)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 19. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Cost of investment in associates	4,826	4,826
Share of post-acquisition losses and other comprehensive loss	(4,299)	(4,299)
Provision for impairment	(488)	(488)
Exchange realignment	(39)	(39)
	-	-

The movements for impairment of interest in associates are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning for the year	488	305
Provision for impairment	-	205
Exchange realignment	-	(22)
At end of the year	488	488

Particulars of associates are as follows:

Name	Place of incorporation/ establishment and business	Issued/ paid up share capital	Percentage of ownership interest attributable to the Group		Principal activities
			2024	2023	
CNOOC (Shanghai) Traffic New Energy Co., Ltd.	PRC	RMB9,000,000/ RMB9,000,000	40%	40%	Sales and distribution of LNG diesel and oil product
Anhui Jugang Energy Co., Ltd.	PRC	RMB5,000,000/ RMB5,000,000	30.25%	30.25%	Sales and distribution of LNG diesel and oil product

The Group's shareholdings in the associates are held through subsidiaries of the Company.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 20. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw material	24,607	–
Finish goods	19,320	9,033
	<b>43,927</b>	9,033

## 21. LNG FINANCE LEASE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Gross receivables	36,145	37,432
Less: Allowance for credit losses	(27,290)	(26,999)
	<b>8,855</b>	10,433

The Group entered into finance lease contracts pursuant to which the Group purchased new vehicles or equipment from third party manufacturers or distributors of its choice or of the lessees' choice and leased the assets to the lessees with lease periods of 2 years (2023: periods of 2 years) from the date of inception. The ownership of the leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and interest accrued under the finance lease contracts. The lessees obtain control of the assets after entering into the contracts. As at 31 March 2024, the gross receivables under finance lease contracts was approximately HK\$24,582,000 (2023: HK\$25,457,000).

The Group entered into finance lease arrangements pursuant to which the lessees sold their vehicles to the Group and leased back the assets with lease periods ranging from 2 years to 3 years (2023: 2 years to 3 years) from the date of inception. The ownership of leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and interest accrued under the finance lease arrangements. The lessees retain control of the assets before and after entering into the arrangements. These finance lease arrangements do not constitute leases for accounting purposes. As at 31 March 2024, the gross receivables under finance lease arrangements was approximately HK\$11,563,000 (2023: HK\$11,975,000)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 21. LNG FINANCE LEASE RECEIVABLES (continued)

At 31 March 2023 and 2024, the effective interest rates applicable to the finance lease was approximately 0% per annum.

Set out below is the information about the maturity profile and credit risk exposure on the Group's LNG finance lease receivables using a provision matrix:

### As at 31 March 2024

	Past due	
	Over 1 year	Total
Expected credit losses rate	75.5%	
Gross carrying amount (HK\$'000)	36,145	36,145
Expected credit losses (HK\$'000)	27,290	27,290

### As at 31 March 2023

	Past due	
	Over 1 year	Total
Expected credit losses rate	72.13%	
Gross carrying amount (HK\$'000)	37,432	37,432
Expected credit losses (HK\$'000)	26,999	26,999

The movements in the loss allowance for impairment of LNG finance lease receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	26,999	30,181
Provision for/(reversal of) impairment	1,216	(963)
Exchange realignment	(925)	(2,219)
At end of the year	27,290	26,999

The receivables are secured by the leased vehicles and equipment. The Group has obtained guarantees provided by the shareholders of the lessees and other independent third parties for certain finance lease contracts. The Group has also obtained security deposits for certain finance lease contracts and these security deposits were interest-free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 22. LOAN AND REIMBURSEMENT RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Loan receivables	<b>135,068</b>	142,431
Less: Allowance for credit losses	<b>(135,068)</b>	(142,431)
	<b>–</b>	–
Reimbursement receivables	<b>112,787</b>	112,787
	<b>112,787</b>	112,787

Loan receivables relate to 2 (2023: 2) customers in money lending business. The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. Loan receivables are charged at the interest rates at fixed rates of 1% to 4.6% (2023: 1% to 4.6%) per annum. The loan receivables are secured.

The movements in the loss allowance for impairment of loan receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	<b>142,431</b>	143,488
Impairment	<b>2,147</b>	4,515
Reversal of impairment	<b>(9,510)</b>	(5,572)
At end of the year	<b>135,068</b>	142,431

The Group holds collateral or other credit enhancement over its loan and reimbursement receivables balance of HK\$135,068,000 (2023: HK\$142,431,000).

Included in the loan receivables are loans of HK\$112,787,000 (2023: HK\$112,787,000) to a former non-controlling shareholder of Key Fit Group Limited, a 60.42%-owned subsidiary of the Company, the loans are collateralised with shares of Key Fit Group Limited and the Company. Dr. Kan provided personal undertaking to purchase the aforementioned loans as at 31 March 2024 and 2023, should the loans are not recovered in full by the Group and accordingly the Group recognises reimbursement receivable of HK\$112,787,000 (2023: HK\$112,787,000) as it is virtually certain that Dr. Kan will reimburse the Group for the loss that the Group might incur if the borrower fails to pay when due.

Lifetime probability of default rate of 100% (2023: 100%) and loss given default rate of 0% (2023: 0%) are applied in the calculation of impairment on the reimbursement receivables.

The remaining loans of HK\$22,281,000 (2023: HK\$29,643,000) are collateralised with shares of the Company as at year ended 31 March 2024. At 31 March 2024, an impairment of HK\$22,281,000 (2023: HK\$29,643,000) was made. Lifetime probability of default rate of 100% and loss given default rate of 100% are applied in the impairment calculation.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Notes	2024 HK\$'000	2023 HK\$'000
Accounts receivables arising from securities brokerage business	(a)		
Cash clients		317	317
Less: Allowance for credit losses		(317)	(317)
		-	-
Margin clients		3,355	3,787
Less: Allowance for credit losses		(3,355)	(3,787)
		-	-
Accounts receivables arising from NG business	(b)	55,111	37,886
Less: Allowance for credit losses		(24,321)	(28,655)
		30,790	9,231
Accounts receivables arising from new energy business	(b)	59,132	-
Less: Allowance for credit losses		(9,944)	-
		49,188	-
Total accounts receivables		79,978	9,231
Deposits and other receivables	(c)	48,843	28,279
Less: Allowance for credit losses		(9,056)	(9,959)
		39,787	18,320
Loans to third parties	(d)	1,940	2,010
Total other receivables		41,727	20,330
Prepayments		54,504	34,722
Value-added tax recoverable		13,179	13,649
		189,388	77,932

Notes:

- (a) The settlement terms of the accounts receivables from cash clients arising from the business of dealing in securities are two days after the trade date.

At 31 March 2024 and 2023, the accounts receivables from margin clients were repayable on demand, interest-bearing at 9.25% (2023: 9.25%) per annum.

No detailed aging analysis is disclosed as in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of the securities dealing business.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Notes: (continued)

(a) (continued)

Analysis of changes in the corresponding ECL allowance is as follows:

	31 March 2024			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
At 31 March 2024	-	-	3,672	3,672
Arising from:				
Cash clients	-	-	317	317
Margin clients	-	-	3,355	3,355
ECL rate	-	-	100%	N/A

  

	31 March 2023			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
At 31 March 2023	-	-	4,104	4,104
Arising from:				
Cash clients	-	-	317	317
Margin clients	-	-	3,787	3,787
ECL rate	-	-	100%	N/A

During the year 31 March 2024 and 2023, no accounts receivables arising from cash clients and margin clients changed the classification among stage 1, 2 and 3, or changes in risk parameters.

(b) The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 30 to 90 days. The aging analysis of accounts receivables arising from NG business and new energy business presented based on the invoice date and net of loss allowance is as follows:

NG business

	2024 HK\$'000	2023 HK\$'000
Within 3 months	22,450	8,721
4 to 6 months	4,135	40
7 to 9 months	1,585	82
10 to 12 months	10	114
Over 12 months	2,610	274
	<b>30,790</b>	9,231

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Notes: (continued)

(b) (continued)

### New energy business

	2024 HK\$'000	2023 HK\$'000
Within 3 months	33,541	–
4 to 6 months	14,378	–
7 to 9 months	357	–
10 to 12 months	152	–
Over 12 months	760	–
	<b>49,188</b>	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivables are written off if past due for more than one year and are not subject to enforcement activity.

The movements in the loss allowance for impairment of accounts receivables arising from NG business are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	28,655	29,361
(Reversal of impairment)/impairment for the year	(3,338)	1,447
Exchange realignment	(996)	(2,153)
At end of the year	<b>24,321</b>	28,655

The movements in the loss allowance for impairment of accounts receivables arising from New Energy Business are as follows:

	2024 HK\$'000	2023 HK\$'000
Acquisition	3,357	–
Impairment for the year	6,557	–
Exchange realignment	30	–
At end of the year	<b>9,944</b>	–

Set out below is the information about the credit risk exposure on the Group's accounts receivables arising from NG business and new energy business using a provision matrix:

### NG business

**As at 31 March 2024**

	Past due					Total
	Current	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months or above	
Expected credit losses rate	5.41%	5.92%	18.51%	76.74%	89.56%	
Gross carrying amount (HK\$'000)	23,734	4,395	1,945	43	24,994	55,111
Expected credit losses (HK\$'000)	1,284	260	360	33	22,384	24,321

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 23. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Notes: (continued)

(b) (continued)

As at 31 March 2023

	Current	Past due				Total
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months or above	
Expected credit losses rate	4.38%	62.61%	67.59%	83.45%	99.01%	
Gross carrying amount (HK\$'000)	9,120	107	253	689	27,717	37,886
Expected credit losses (HK\$'000)	399	67	171	575	27,443	28,655

New energy business

**As at 31 March 2024**

	Current	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months or above	Total
Expected credit losses rate	<b>5.41%</b>	<b>5.93%</b>	<b>18.68%</b>	<b>77.65%</b>	<b>89.55%</b>	
Gross carrying amount (HK\$'000)	<b>35,458</b>	<b>15,284</b>	<b>439</b>	<b>680</b>	<b>7,271</b>	<b>59,132</b>
Expected credit losses (HK\$'000)	<b>1,917</b>	<b>906</b>	<b>82</b>	<b>528</b>	<b>6,511</b>	<b>9,944</b>

- (c) The balance mainly represents rental deposits and deposits with suppliers. Expected credit losses are estimated using a credit rating on debtors based on the Group's historical credit loss experience, adjusted for (a) information that is specific to particular debtors and (b) forward-looking information based on the current and forecast general economic conditions available to the Group without undue cost or effort at the reporting date. Expected credit loss is recognised in profit or loss with the corresponding adjustment to the carrying amount of other receivables through a loss allowance account. The expected credit loss of other receivables for the year is approximately HK\$9,056,000 (2023: HK\$9,959,000).

The movements in the loss allowance for impairment of deposits and other receivables are as follows:

	12-month ECL HK\$	Lifetime ECL – credit impaired HK\$	Total HK\$
At 1 April 2022	1,775	9,024	10,799
Increase/(decrease) during the year, net	(1,751)	911	(840)
At 31 March 2023	24	9,935	9,959
	12-month ECL HK\$	Lifetime ECL – credit impaired HK\$	Total HK\$
At 1 April 2023	24	9,935	9,959
Decrease during the year, net	–	(903)	(903)
At 31 March 2024	24	9,032	9,056

- (d) The loans were unsecured, interest-bearing at 8% (2023: 8%) per annum and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 24. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group ceased to carry on the securities trading business and was in the process of returning client assets during the year ended 31 March 2024. On 14 June 2023, the Group lodged an application with the High Court to release the unclaimed bank balances of HK\$608,000 back to the Group for unrestricted use, following the cessation of the securities brokerage business.

## 25. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	43,569	30,971
Cash on hand	60	798
	<b>43,629</b>	31,769

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$38,900,000 (2023: HK\$26,162,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 26. ACCOUNTS PAYABLES

	Notes	2024 HK\$'000	2023 HK\$'000
Accounts payables arising from securities brokerage business			
Cash clients	(a)	–	473
Margin clients	(a)	–	135
Accounts payables arising from NG business and New Energy business	(b)	<b>135,313</b>	130,734
		<b>135,313</b>	131,342

Note:

- (a) The Group ceased to carry on the securities brokerage business and had returned client assets during the year ended 31 March 2024.
- (b) An aging analysis of the accounts payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 3 months	19,010	33,963
4 to 6 months	26,012	10,031
Over 6 months	90,291	86,740
	<b>135,313</b>	130,734

The accounts payables are non-interest-bearing and are normally settled on 30 to 90 days terms.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 27. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK\$'000	2023 HK\$'000
Accruals and other payables		<b>172,825</b>	128,184
Contract liabilities	(a)	<b>17,801</b>	16,981
Loans from a shareholder	(b)	<b>631,307</b>	476,430
Interest payable on loans from a shareholder	(b)	<b>87,349</b>	63,307
Payable for the right to acquire property, plant and equipment	13	<b>288,164</b>	298,426
		<b>1,197,446</b>	983,328
Non-current portion of loans from a shareholder		<b>(631,307)</b>	(476,430)
Current portion		<b>566,139</b>	506,898

Notes:

- (a) Contract liabilities represented short-term advances received before sales and distribution of NG business and new energy business to customers. Movements in contract liabilities are as follows:

	2024 HK\$'000	2023 HK\$'000
At the beginning of year	<b>16,981</b>	21,457
Increase in contract liabilities as a result of consideration received from customers during the year	<b>333,114</b>	7,195
Decrease in contract liabilities as a result of recognising revenue during the year which was included in the contract liabilities at the beginning of the year	<b>(335,170)</b>	(10,095)
Exchange realignment	<b>2,876</b>	(1,576)
At the end of year	<b>17,801</b>	16,981

- (b) Balance of HK\$631,307,000 (2023: HK\$476,430,000) represented loans from a shareholder, Dr. Kan, which bore interest at 5% to 8% per annum (2023: bore interest at 5% to 8% per annum), unsecured and repayable on demand. During the year 2024, Dr. Kan agreed not to demand repayment of these loans until 30 June 2025. During the year 2023, Dr. Kan agreed not to demand repayment of these loans until 30 June 2024. Balance of HK\$87,349,000 (2023: HK\$63,307,000) represents interest payable on the loans from a shareholder.

## 28. INTEREST-BEARING BANK BORROWINGS

The Group's bank borrowings are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	<b>120,582</b>	88,323
In the second to fifth year inclusive	<b>14,648</b>	15,170
After five years	<b>7,456</b>	11,514
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>142,686</b> <b>(120,582)</b>	115,007 (88,323)
Amount due for settlement after 12 months	<b>22,104</b>	26,684

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 28. INTEREST-BEARING BANK BORROWINGS (continued)

31 March 2024

	Interest rate (%) p.a.	Maturity	HK\$000
Bank Loan (a), secured	Loan prime rate* plus 2.15%	December 2024	3,309
Bank Loan (b), secured	Loan prime rate* plus 2.15%	December 2024	11,030
Bank Loan (c), secured	4.30%	February 2025	5,515
Bank Loan (d), secured	6.00%	December 2024	11,030
Bank Loan (e), secured	5.65%	December 2024	3,309
Bank Loan (f), secured	Loan prime rate* plus 0.3%	September 2024	5,515
Bank Loan (g), secured	Loan prime rate* plus 1%	January 2031	25,767
Bank Loan (h), secured	Loan prime rate*	January 2025	11,030
Bank Loan (i), secured	5.5%	November 2024	4,412
Bank Loan (j), secured	4.2%	January 2025	5,515
Bank Loan (k), secured	Loan prime rate* plus 1.05%	November 2024	11,030
Bank Loan (l), secured	4.5%	October 2026	11,030
Bank Loan (m), secured	3.15%	January 2025	5,515
Bank Loan (n), secured	Loan prime rate* plus 0.85%	June 2024	9,928
Bank Loan (o), secured	3.05%	July 2025	3,309
Bank Loan (p), secured	3.05%	January 2025	4,412
Bank Loan (q), secured	Loan prime rate*	November 2024	11,030
			<b>142,686</b>

31 March 2023

	Interest rate (%) p.a.	Maturity	HK\$000
Bank loan (a), secured	Loan prime rate* plus 2.15%	December 2023	11,423
Bank loan (b), secured	Loan prime rate* plus 2.15%	December 2023	11,423
Bank loan (c), secured	Loan prime rate	February 2024	11,423
Bank loan (d), secured	Loan prime rate* plus 1%	January 2031	30,477
Bank loan (e), secured	Loan prime rate* plus 1.89728%	January 2024	14,850
Bank loan (f), secured	6%	December 2023	11,423
Bank loan (g), secured	5.65%	December 2023	3,426
Bank loan (h), secured	Loan prime rate* plus 0.65%	September 2023	5,712
Bank loan (i), secured	5.2%	January 2024	5,712
Bank loan (j), secured	5.5%	December 2023	5,712
Bank loan (k), secured	Loan prime rate* plus 1.15%	March 2024	3,426
			<b>115,007</b>

\* The loan prime rate is based on the best loan rate quotations of commercial banks in Mainland China, which is authorised and published by the National Interbank Funding Centre on each business day.

At 31 March 2024, the bank borrowings are supported by corporate guarantee provided by certain of the Company's wholly-owned subsidiaries, personal guarantee provided by certain non-controlling shareholders of subsidiaries, and land use rights with carrying amount of approximately HK\$69,829,000 (2023: approximately HK\$66,924,000), and property, plant and equipment with carrying amount of approximately HK\$16,102,000 (2023: approximately HK\$18,591,000).

At 31 March 2024 and 2023, the Group's bank borrowings are denominated in RMB.

At 31 March 2024, the Group has available undrawn borrowing facilities of approximately RMB3,000,000, equivalent to HK\$3,309,000 (2023: RMB12,320,000, equivalent to HK\$14,073,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 29. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	Minimum lease payments		Present value of minimum lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	3,864	4,888	4,847	4,762
More than one year	10,665	1,190	8,367	1,159
Total minimum finance lease payments	14,529	6,078	13,214	5,921
Future finance charges	(1,315)	(157)		
Present value of lease obligations	13,214	5,921		

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 5.63% (2023: from 3.65% to 5.63%).

## 30. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Authorised: 20,000,000,000 (2023: 20,000,000,000) ordinary shares of HK\$0.02 each		
Issued and fully paid: 5,976,355,230 (2023: 5,643,797,090) ordinary shares	119,527	112,876

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

	Note	Number of shares in issue	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April 2022, 31 March 2023 and 1 April 2023		5,643,797,090	112,876	434,385	547,261
Issue of subscription shares under general mandate	(i)	100,000,000	2,000	37,000	39,000
Issue of initial consideration shares under general mandate	(ii)	232,558,140	4,651	95,349	100,000
Sale of treasury shares	(iii)	-	-	(178)	(178)
At 31 March 2024		5,976,355,230	119,527	566,556	686,083

Notes:

- (i) On 29 September 2023, the Company issued 100,000,000 ordinary shares at a subscription price of HK\$0.39 per share to certain subscribers.
- (ii) On 2 February 2024, the Company allotted approximately 232,558,140 ordinary shares at a issue price of HK\$0.43 per share for the acquisition of entire equity interest of Oasetech Limited.
- (iii) 5,079,040 treasury shares were sold during the year, the difference between the sale proceeds and the carrying amount of the treasury shares was recognised in share premium.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 31. RESERVES

### Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

### Nature and purpose of reserve

#### (i) Special reserve

The special reserve of the Group represents (i) the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition under the group reorganisation; and (ii) the difference between the consideration paid for acquisition of additional interests in subsidiaries and the net carrying amounts of the acquired portion.

#### (ii) Treasury shares

Treasury shares arose from the foreclosure of the Company's own shares, which were used as collateral by a borrower of loan receivables and by a margin client for securities trading. The foreclosure occurred due to the default of the relevant receivables. The shares have been taken into possession by the Group. The treasury shares is dealt with in accordance with the accounting policies set out in note 2.4 to the consolidated financial statements and details of treasury shares is referred to page 31 of the annual report under the heading of "PURCHASE, REDEMPTION OF SALE OF LISTED SECURITIES OF THE COMPANY".

#### (iii) Share premium

The application of the share premium account is governed by the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The share premium account of the Company is distributable to the owners of the Company in the form of fully paid bonus shares

#### (iv) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.4 to the consolidated financial statements.

#### (v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.4 to the consolidated financial statements.

## 32. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 30 August 2019 so as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any full-time employees, directors, consultants or advisors of the Group, or any substantial shareholders of the Group, or any distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution or potential contribution to the development and growth of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. SHARE OPTION SCHEME (continued)

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme in any 12-month period up to and including the date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who or whose associate is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million, such grant must be approved by the Company's shareholders in general meeting.

The offer of a grant of share options might be accepted in writing within 21 days inclusive of the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 21 days from the date of the offer).

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on the date of share options grant and expiring on the business day immediately preceding the 10th anniversary thereof, subject to early termination provisions contained in the Scheme.

The maximum number of shares of the Company which may be issued upon exercise of all options that may be granted under the existing Scheme limit is 564,379,709 shares (representing approximately 10% of the issued share capital of the Company as at the date of approval of the Scheme).

There is no performance target which must be achieved before any of the options can be exercised.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. SHARE OPTION SCHEME (continued)

- (a) A summary of the movements of share options granted during the years ended 31 March 2024 and 2023 is as follows:

	Date of granted	Exercise period	Exercise period in HK\$ per share	Outstanding as at 1 April 2022	Number of share options					
					Granted during the year	Cancelled during the year	Outstanding as at 31 March 2023 and 1 April 2023	Granted during the year	Cancelled during the year	Outstanding as at 31 March 2024
Director	31 December 2019	31 December 2021 to 31 December 2029	0.53	1,692,000	-	-	1,692,000	-	-	1,692,000
		31 December 2022 to 31 December 2029	0.53	1,692,000	-	-	1,692,000	-	-	1,692,000
		31 December 2023 to 31 December 2029	0.53	2,256,000	-	-	2,256,000	-	-	2,256,000
Employees	31 December 2019	31 December 2021 to 31 December 2029	0.53	6,000,000	-	-	6,000,000	-	(6,000,000)	-
		31 December 2022 to 31 December 2029	0.53	6,000,000	-	-	6,000,000	-	(6,000,000)	-
		31 December 2023 to 31 December 2029	0.53	8,000,000	-	-	8,000,000	-	(8,000,000)	-
Employees	31 March 2021	31 March 2023 to 31 March 2031	0.5	8,535,000	-	(1,320,000)	7,215,000	-	(6,975,000)	240,000
		31 March 2024 to 31 March 2031	0.5	8,535,000	-	(1,320,000)	7,215,000	-	(6,975,000)	240,000
		31 March 2025 to 31 March 2031	0.5	11,380,000	-	(1,760,000)	9,620,000	-	(9,300,000)	320,000
Director	16 July 2021	16 July 2023 to 16 July 2031	0.5	30,000,000	-	-	30,000,000	-	-	30,000,000
		16 July 2024 to 16 July 2031	0.5	30,000,000	-	-	30,000,000	-	-	30,000,000
		16 July 2025 to 16 July 2031	0.5	40,000,000	-	-	40,000,000	-	-	40,000,000
Employees	30 September 2021	31 March 2023 to 31 March 2031	0.5	2,610,000	-	(2,250,000)	360,000	-	-	360,000
		31 March 2024 to 31 March 2031	0.5	2,610,000	-	(2,250,000)	360,000	-	-	360,000
		31 March 2025 to 31 March 2031	0.5	3,480,000	-	(3,000,000)	480,000	-	-	480,000
Employee	24 January 2022	24 January 2024 to 24 January 2032	0.5	300,000	-	-	300,000	-	-	300,000
		24 January 2025 to 24 January 2032	0.5	300,000	-	-	300,000	-	-	300,000
		24 January 2026 to 24 January 2032	0.5	400,000	-	-	400,000	-	-	400,000
Employee	26 April 2022	26 April 2024 to 26 April 2032	0.5	-	900,000	-	900,000	-	-	900,000
		26 April 2025 to 26 April 2032	0.5	-	900,000	-	900,000	-	-	900,000
		26 April 2026 to 26 April 2032	0.5	-	1,200,000	-	1,200,000	-	-	1,200,000
Employee	21 August 2023	21 August 2025 to 21 August 2033	0.5	-	-	-	-	21,000,000	(480,000)	20,520,000
		21 August 2026 to 21 August 2033	0.5	-	-	-	-	21,000,000	(480,000)	20,520,000
		21 August 2027 to 21 August 2033	0.5	-	-	-	-	28,000,000	(640,000)	27,360,000
				163,790,000	3,000,000	(11,900,000)	154,890,000	70,000,000	(44,850,000)	180,040,000

The share options are vested as: (a) first 30% on the two-year anniversary from the date of grant; (b) next 30% on the three-year anniversary from the date of grant; and (c) remaining 40% on the four-year anniversary from the date of grant.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. SHARE OPTION SCHEME (continued)

(b) The number and weighted average of exercise prices of share options are as follows:

	2024		2023	
	Weighted average of exercise price HK\$	Number of options	Weighted average of exercise price HK\$	Number of options
Outstanding at the beginning of year	0.505	154,890,000	0.505	163,790,000
Granted during the year	0.500	70,000,000	0.500	3,000,000
Cancelled during the year	0.514	(44,850,000)	0.500	(11,900,000)
Outstanding at the end of year	0.501	180,040,000	0.505	154,890,000

There were 44,850,000 (2023: 11,900,000) share options cancelled during the year ended 31 March 2024.

The share options outstanding at 31 March 2024 had a weighted average exercise price of HK\$0.501 (2023: HK\$0.505) and a weighted average remaining contractual life of 8.04 years (2023: 8.02 years).

(c) Fair value of share options granted

Fair value of share options granted during the years ended 31 March 2024 and 2023 was as follows:

### 2024

Grantees	Position	Date of grant	Number of share of the Company to be issued upon exercise of the options granted to such grantee in full	Fair value of the options granted (in HK\$'000)
<b>Director</b>				
Dr. Kan	Chairman, Executive	31 December 2019	5,640,000	1,902
	Director and Substantial shareholder of the Company	16 July 2021	100,000,000	24,915
<b>Employees</b>				
Yu Ada	Vice President	21 August 2023	56,000,000	7,857
Wang Guoliang (note 1)	Deputy General Manager	31 December 2019	20,000,000	5,973
		31 March 2021	20,000,000	5,270
Chan Mui	Chief Financial Officer	24 January 2022	1,000,000	176
		26 April 2022	3,000,000	308
		21 August 2023	4,000,000	561
Employees (note 2)		31 March 2021	4,050,000	856
		30 September 2021	1,200,000	226
		21 August 2023	10,000,000	1,403

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. SHARE OPTION SCHEME (continued)

(c) Fair value of share options granted (continued)

2023

Grantees	Position	Date of grant	Number of share of the Company to be issued upon exercise of the options granted to such grantee in full	Fair value of the options granted (in HK\$'000)
<b>Director</b>				
Dr. Kan	Chairman, Executive	31 December 2019	5,640,000	1,902
	Director and Substantial shareholder of the Company	16 July 2021	100,000,000	24,915
<b>Employees</b>				
Wang Guoliang	Deputy General Manager	31 December 2019	20,000,000	5,973
		31 March 2021	20,000,000	5,270
Chan Mui	Chief Financial Officer	24 January 2022	1,000,000	176
		26 April 2022	3,000,000	255
Employees (note 2)		31 March 2021	11,500,000	3,030
		30 September 2021	9,000,000	1,700

Note 1: Mr. Wang Guoliang terminated his employment with the Group on 31 May 2023 and 40,000,000 share options granted to Mr. Wang at fair value amounted to HK\$11,243,000 were cancelled on 31 May 2023.

Note 2: Certain employees terminated their employments with the Group during the year. There were 44,850,000 (2023: 11,900,000) share options at fair value amounted to HK\$1,081,000 (2023: HK\$2,577,000) cancelled during the year ended 31 March 2024.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 32. SHARE OPTION SCHEME (continued)

### (c) Fair value of share options granted (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Binomial Option Pricing Model.

	21 August 2023	26 April 2022	24 January 2022	30 September 2021	16 July 2021	31 March 2021	31 December 2019
The closing price of the Company's share immediately before the date of grant (HK\$)	0.31	0.23	0.37	0.36	0.425	0.48	0.53
Share price of the Company at the date of grant (HK\$)	0.31	0.23	0.37	0.35	0.425	0.47	0.53
Exercise price (HK\$)	0.5	0.50	0.50	0.50	0.50	0.50	0.53
Expected volatility (%)	57.909	66.918	68.123	68.377	68.202	68.849	69.113
Expected dividend yield (%)	0	0	0	0	0	0	0
Risk-free interest rate (%)	4.041	2.610	1.556	1.156	0.946	1.1323	1.706

The expected volatility is based on the historical volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

## 33. DISPOSAL OF SUBSIDIARIES

### Deregistration of subsidiaries during the years ended 31 March 2024 and 2023

Deregistration of subsidiaries during the years ended 31 March:

	2024 HK\$'000	2023 HK\$'000
Total assets (excluded cash and cash equivalents) (Note)	11,763	2,391
Total liabilities	–	(2,841)
(Loss)/gain on deregistration of subsidiaries	(11,728)	449
Exchange realignment	(35)	1
	–	–

Notes: There is no impact on cash flow in respect of the deregistration of subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 34. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Changes in liabilities arising from financing activities

	Loans from a shareholder HK\$'000	Interest- bearing bank borrowings HK\$'000	Other payables and accruals HK\$'000	Lease liabilities HK\$'000
<b>31 March 2024</b>				
At 1 April 2023	476,430	115,007	506,898	5,921
Changes from financing activities				
– Capital element of lease liabilities paid	–	–	–	(4,021)
– Interest element of lease liabilities paid	–	–	–	(302)
– Loan from a shareholder	211,767	–	–	–
– Repayment to a shareholder	(57,258)	–	–	–
– Loan from third parties	–	–	23,094	–
– Repayment to loans from third parties	–	–	(20,894)	–
– Interest paid on interest-bearing bank borrowings	–	(9,988)	–	–
– Interest paid on loans from third parties	–	–	(426)	–
– New bank loans	–	82,478	–	–
– Repayment of bank loan	–	(85,029)	–	–
Interest expenses	–	9,501	24,896	299
Changes classified as operating cash flows	–	–	30,722	–
New lease	–	–	–	12,247
Termination of lease	–	–	–	(2,962)
Acquisition of subsidiaries	–	34,194	6,900	2,159
Net off with current assets	–	–	12,239	–
Foreign exchange movement	368	(3,477)	(17,290)	(127)
<b>At 31 March 2024</b>	<b>631,307</b>	<b>142,686</b>	<b>566,139</b>	<b>13,214</b>
	Loans from a shareholder HK\$'000	Interest- bearing bank borrowings HK\$'000	Other payables and accruals HK\$'000	Lease liabilities HK\$'000
<b>31 March 2023</b>				
At 1 April 2022	466,930	96,158	471,873	79,759
Changes from financing activities				
– Capital element of lease liabilities paid	–	–	–	(4,711)
– Interest element of lease liabilities paid	–	–	–	(213)
– Loan from a shareholder	11,531	–	–	–
– Repayment to a shareholder	(130)	–	–	–
– Interest paid on interest-bearing bank borrowings	–	(6,109)	–	–
– Interest paid on loans from third parties	–	–	(426)	–
– New bank loans	–	75,200	–	–
– Repayment of bank loan	–	(49,359)	–	–
Interest expenses	–	6,109	27,883	867
Transfer to other payables and accruals	–	–	70,335	(70,335)
Changes classified as operating cash flows	–	–	(36,590)	–
New lease	–	–	–	9,086
Termination of lease	–	–	–	(2,688)
Foreign exchange movement	(1,901)	(6,992)	(26,177)	(5,844)
<b>At 31 March 2023</b>	<b>476,430</b>	<b>115,007</b>	<b>506,898</b>	<b>5,921</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 34. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (b) Major non-cash transactions

Additions to right-of-use assets during the year of HK\$2,273,000 (2023: HK\$9,314,000) were financed by leases liabilities.

## 35. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Contracted but not provided for: Property, plant and equipment	143,599	228,987

## 36. RELATED PARTY TRANSACTIONS

(a) Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with its related parties during the year.

	2024 HK\$'000	2023 HK\$'000
Provision of LNG logistic service to joint ventures (Note 1)	12,128	8,320
Purchase from joint ventures (Note 1)	(100,972)	(100,020)
Interest expense on loans from an executive director and the substantial shareholder (Note 2)	(24,932)	(23,291)

Notes:

- (1) The joint ventures are 港海能源(珠海)有限公司 and 石家莊盛冉燃氣貿易有限公司.
  - (2) Dr. Kan is an executive director and the chairman of the Company. As such, Dr. Kan is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Thus, the transactions constitute connected transactions for the Company under the Listing Rules.
- (b) The Company entered into loan facility agreements with Dr. Kan in relation to the provision of standby facilities of HK\$800,000,000 (2023: HK\$800,000,000) to the Company by Dr. Kan. At 31 March 2024, this facility had been utilised to the extent of HK\$718,656,000 (2023: HK\$539,737,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 36. RELATED PARTY TRANSACTIONS (continued)

- (c) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	1,900	1,150
Post-employment benefits	–	18
Share-based payments	6,571	9,089
	<b>8,471</b>	10,257

Further details of director's emoluments are included in note 8 to the consolidated financial statements.

- (d) Outstanding balances with related parties

- (i) Details of the Group's loans from a shareholder, Dr. Kan, are included in note 27(b) to the consolidated financial statements.
- (ii) Certain properties under right-of-use assets are guaranteed by the substantial shareholder, Dr. Kan.

## 37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests: Key Fit Group Limited and its subsidiaries	<b>39.58%</b>	39.58%
	<b>2024 HK\$'000</b>	2023 HK\$'000
Loss for the year allocated to non-controlling interests: Key Fit Group Limited and its subsidiaries	<b>(8,495)</b>	(8,124)
Accumulated balances of non-controlling interests at the reporting date: Key Fit Group Limited and its subsidiaries	<b>25,092</b>	54,896

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

<b>Year ended 31 March 2024</b>	<b>Key Fit Group Limited and its subsidiaries HK\$'000</b>
Revenue	2,148
Total other income and expense, net	(17,681)
Loss for the year	(15,533)
Total comprehensive income for the year	38,960
Current assets	56,136
Non-current assets	383
Current liabilities	(319,864)
Net cash flows from operating activities	(4,912)
Net cash flows from financing activities	8,537
Net decrease in cash and cash equivalents	3,625
	Key Fit Group Limited and its subsidiaries HK\$'000
<b>Year ended 31 March 2023</b>	<b>Key Fit Group Limited and its subsidiaries HK\$'000</b>
Revenue	57
Total other income and expense, net	(17,115)
Loss for the year	(17,085)
Total comprehensive income for the year	(12,823)
Current assets	439,309
Non-current assets	4,664
Non-current liability	(163)
Current liabilities	(308,566)
Net cash flows from operating activities	68,928
Net cash flows from investing activities	–
Net cash flows from financing activities	(69,242)
Net decrease in cash and cash equivalents	(314)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial assets

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets at fair value through profit or loss:</b>		
Equity instruments	475	4
<b>Financial assets measured at amortised cost:</b>		
LNG finance lease receivables	8,855	10,433
Loan receivables	112,787	112,787
Accounts receivables	79,978	9,231
Financial assets included in deposits and other receivables	41,727	20,330
Bank balances held on behalf of clients	–	608
Cash and cash equivalents	43,629	31,769
	<b>287,451</b>	<b>185,162</b>

### Financial liabilities

	2024 HK\$'000	2023 HK\$'000
<b>Financial liabilities at amortised cost:</b>		
Accounts payables	135,313	131,342
Financial liabilities included in other payables and accruals	1,179,645	966,347
Interest-bearing bank borrowings	142,686	115,007
Lease liabilities	13,214	5,921
	<b>1,470,858</b>	<b>1,218,617</b>

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

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include cash and cash equivalents, bank balances held on behalf of clients, financial assets included in receivables under finance lease arrangements and LNG finance lease receivables, loan receivables, accounts and other receivables, financial assets at fair value through profit or loss, loans from third parties, accounts and other payables, interest-bearing bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes to these consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

### Credit risk

The Group's principal financial assets are cash and cash equivalents, receivables under finance lease arrangements, LNG finance lease receivables, loan receivables, accounts and other receivables and loans to third parties.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Maximum exposure as at 31 March 2024

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2024. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
LNG finance lease receivables *	-	-	-	36,145	36,145
Reimbursement receivables **	-	-	112,787	-	112,787
Accounts receivables arising from securities brokerage business**					
– LTV at 100% or above	-	-	3,355	-	3,355
– Cash client	-	-	317	-	317
Accounts receivables arising from NG business and new energy business*	-	-	-	114,243	114,243
Financial assets included in deposits and other receivables **	-	-	48,843	-	48,843
Loans to third parties **	1,940	-	-	-	1,940
Cash and cash equivalents **	43,629	-	-	-	43,629
	<b>45,569</b>	<b>-</b>	<b>165,302</b>	<b>150,388</b>	<b>361,259</b>

\* For receivables under LNG finance lease arrangements, LNG finance lease receivables and accounts receivables arising from NG business and new energy business to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in the respective notes to the consolidated financial statements.

\*\* The credit quality is considered to be “normal/stage 1” when they are not past due or the LTV is below 100% and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. It will become “doubtful/stage 2” if there have been significant increases in credit risk since initial recognition through internal or external sources of information and “default/stage 3” if there is indication that the receivables is credit-impaired.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Maximum exposure as at 31 March 2023

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2023. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
LNG finance lease receivables *	–	–	–	37,432	37,432
Reimbursement receivables **	–	–	112,787	–	112,787
Accounts receivables arising from securities brokerage business**					
– LTV at 100% or above	–	–	3,787	–	3,787
– Cash client	–	–	317	–	317
Accounts receivables arising from NG business *	–	–	–	37,886	37,886
Financial assets included in deposits and other receivables **	14,085	–	14,194	–	28,279
Loans to third parties **	2,010	–	–	–	2,010
Bank balances held on behalf of client **	608	–	–	–	608
Cash and cash equivalents **	31,769	–	–	–	31,769
	48,472	–	131,085	75,318	254,875

\* For receivables under LNG finance lease arrangements, LNG finance lease receivables and accounts receivables arising from NG business to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in the respective notes to the financial statements.

\*\* The credit quality is considered to be “normal/stage 1” when they are not past due or the LTV is below 100% and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. It will become “doubtful/stage 2” if there have been significant increases in credit risk since initial recognition through internal or external sources of information and “default/stage 3” if there is indication that the receivables is credit-impaired.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its interest-bearing bank and other borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors the Group's interest rate exposure and considers entering into interest rate swaps to reduce its exposure to interest rate fluctuations should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity (before any impact on tax).

	Increase in interest rate	Increase in loss before tax HK\$'000	Decrease in equity* HK\$'000
<b>31 March 2024</b>			
Interest-bearing bank borrowings	100 basis points	1,390	–
<b>31 March 2023</b>			
Interest-bearing bank borrowings	100 basis points	1,150	–

\* Excluding retained profits

### Foreign exchange risk

The Group operates mainly in Hong Kong and Mainland China with most of its transactions settled in HK\$ and RMB. Certain of the Group's monetary assets and liabilities are denominated in US\$. The Group is exposed to foreign exchange risk arising from the exposure of RMB and US\$ against HK\$. The Group considered the impact on equity from the change in US\$ exchange rate was minimal at the end of the reporting period since HK\$ is pegged to US\$. In the current year, all of the Group's bank and other borrowings are denominated in RMB.

Management monitors the Group's currency exposure on an ongoing basis and considers entering into forward currency contracts when the need arises.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Foreign exchange risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate %	Decrease in loss before tax HK\$'000
<b>31 March 2024</b>		
If HK\$ weakens against RMB	5	(1,955)
<b>31 March 2023</b>		
If HK\$ weakens against RMB	5	(1,948)

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 March 2024			Total HK\$'000
	On demand and less than 12 months HK\$'000	1 to 5 years HK\$'000	After 5 years HK\$'000	
Accounts payables	135,313	–	–	135,313
Financial liabilities included in other payables and accruals	548,338	631,307	–	1,179,645
Interest-bearing bank borrowings	114,448	29,713	7,939	152,100
Lease liabilities	3,864	10,665	–	14,529
	<b>801,963</b>	<b>671,685</b>	<b>7,939</b>	<b>1,481,587</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Liquidity risk (continued)

	31 March 2023			
	On demand and less than 12 months HK\$'000	1 to 5 years HK\$'000	After 5 years HK\$'000	Total HK\$'000
	Accounts payables	131,342	–	–
Financial liabilities included in other payables and accruals	489,917	476,430	–	966,347
Interest-bearing bank borrowings	92,052	19,016	13,598	124,666
Lease liabilities	4,888	1,190	–	6,078
	<b>718,199</b>	<b>496,636</b>	<b>13,598</b>	<b>1,228,433</b>

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

The Group monitors capital using a gearing ratio, which is total debts divided by the total equity of the Group. Total debts include loans from a shareholder and interest-bearing bank borrowings. Capital includes total equity of the Group. The gearing ratios as at the end of the reporting periods were as follows:

	2024 HK\$'000	2023 HK\$'000
Loans from a shareholder	<b>631,307</b>	476,430
Interest-bearing bank borrowings	<b>142,686</b>	115,007
Total debts	<b>773,993</b>	591,437
Total equity	<b>59,524</b>	94,093
Gearing ratio	<b>1,300.3%</b>	628.6%

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Fair value measurement

Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using:			Total 2024 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets</b>				
Financial assets at FVTPL				
Listed equity securities	475	–	–	475

Description	Fair value measurements using:			Total 2023 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets				
Financial assets at FVTPL				
Listed equity securities	4	–	–	4

## 40. EVENT AFTER REPORTING PERIOD

On 7 March 2024, the Company and Dr. Kan entered into a Loan Capitalisation Agreement, pursuant to which the parties conditionally agreed that Dr. Kan shall subscribe for, and the Company shall allot and issue, a total of 697,674,419 Capitalisation Shares at the Capitalisation Price of HK\$0.43 per Capitalisation Share. The aggregate Capitalisation Price of all Capitalisation Shares payable by Dr. Kan shall be satisfied by capitalising and setting off against the Repayment Amount of HK\$300,000,000 upon completion of the transaction. Completion of the transaction took place on 3 May 2024.

Please refer to the announcement dated 7 March 2024 and 3 May 2024 and circular dated 27 March 2024 for details.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	<b>141,870</b>	41,870
Total non-current assets	<b>141,870</b>	41,870
<b>CURRENT ASSETS</b>		
Amount due from a subsidiary	<b>505,158</b>	620,206
Other receivable and prepayments	<b>1,153</b>	658
Cash and cash equivalents	<b>177</b>	543
Total current assets	<b>506,488</b>	621,407
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	<b>2,172</b>	927
Amounts due to subsidiaries	<b>349,214</b>	349,036
Total current liabilities	<b>351,386</b>	349,963
<b>NET CURRENT ASSETS</b>	<b>155,102</b>	271,444
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>296,972</b>	313,314
<b>NON-CURRENT LIABILITY</b>		
Loans from a shareholder	<b>243,035</b>	219,361
Total non-current liabilities	<b>243,035</b>	219,361
<b>NET ASSETS</b>	<b>53,937</b>	93,953
<b>EQUITY</b>		
Share capital	<b>119,527</b>	112,876
Reserves (note)	<b>(65,590)</b>	(18,923)
Total equity	<b>53,937</b>	93,953

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	434,385	112,369	14,746	(454,251)	107,249
Total comprehensive loss for the year	–	–	–	(139,161)	(139,161)
Share-based payments	–	–	12,989	–	12,989
Cancellation of share options	–	–	(1,202)	1,202	–
At 31 March 2023 and 1 April 2023	434,385	112,369	26,533	(592,210)	(18,923)
Total comprehensive loss for the year	–	–	–	(188,006)	(188,006)
Share-based payments	–	–	9,168	–	9,168
Allotment of shares	132,349	–	–	–	132,349
Sale of treasury shares	(178)	–	–	–	(178)
Cancellation of share option	–	–	(10,280)	10,280	–
<b>At 31 March 2024</b>	<b>566,556</b>	<b>112,369</b>	<b>25,421</b>	<b>(769,936)</b>	<b>(65,590)</b>

# Financial Summary

	Year ended 31 March				<b>2024</b>
	2020	2021	2022	2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Revenue	1,857,438	775,235	432,547	211,850	<b>454,491</b>
Loss before tax	(304,540)	(113,743)	(199,499)	(182,844)	<b>(142,805)</b>
Taxation	(2,218)	4,306	(69)	1,857	<b>(3,962)</b>
Loss for the year/period	(306,758)	(109,437)	(199,568)	(180,987)	<b>(146,767)</b>
Attributable to:					
Owners of the parent	(252,203)	(82,264)	(198,790)	(167,194)	<b>(139,297)</b>
Non-controlling interests	(54,555)	(27,173)	(778)	(13,793)	<b>(7,470)</b>
Loss for the year/period	(306,758)	(109,437)	(199,568)	(180,987)	<b>(146,767)</b>
<b>ASSETS AND LIABILITIES</b>					
Total assets	1,686,393	1,602,584	1,586,724	1,337,983	<b>1,560,779</b>
Total liabilities	(1,173,724)	(1,146,876)	(1,266,110)	(1,243,890)	<b>(1,501,255)</b>
Total equity	512,669	455,708	320,614	94,093	<b>59,524</b>