CHERISH SUNSHINE INTERNATIONAL LIMITED
承輝國際有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 1094)

ANNUAL REPORT
2023/2024

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Corporate Information

DIRECTORS

Executive Directors
Ms. Wu Siyuan *(Chairman)* *MSc, BSc*
Mr. Shi Qiang *(Chief Executive)* *MBA, LL.B*
Ms. He Qian, *CPA (PRC), EMBA, BAcc*

Non-executive Directors
Ms. Liu Qian, *EMBA, MA, BEng*
(Ceased on 9 May 2024)
Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*
Mr. Li Guanghua, *EMBA, BEng*
(Ceased on 9 May 2024)

Independent Non-executive Directors
Mr. Zhong Dengyu, *CPA (PRC)*
Ms. Deng Hua, *LL.M, LL.B*
Ms. Yang Xiaoyan, *BA, MBA*
(Appointed on 25 August 2023)
Mr. Jiang Jun, *BAcc*
(Ceased on 25 August 2023)

BOARD COMMITTEES

Audit Committee
Mr. Zhong Dengyu *(Chairman)*
Ms. Deng Hua, *LL.M, LL.B*
Ms. Yang Xiaoyan, *BA, MBA*
(Appointed on 25 August 2023)
Mr. Jiang Jun
(Ceased on 25 August 2023)

Remuneration Committee
Ms. Yang Xiaoyan *(Chairman)*
(Appointed on 25 August 2023)
Mr. Zhong Dengyu
Ms. Deng Hua
(Appointed on 25 August 2023)
Ms. Wu Siyuan *MSc, BSc*
(Ceased on 25 August 2023)
Mr. Jiang Jun
(Ceased on 25 August 2023)

Nomination Committee
Ms. Wu Siyuan *(Chairman)*
Ms. Yang Xiaoyan
(Appointed on 25 August 2023)
Mr. Zhong Dengyu
Mr. Jiang Jun
(Ceased on 25 August 2023)

AUTHORISED REPRESENTATIVES

Ms. Wu Siyuan
Mr. Li Shun (as to Listing Rules)
(Appointed on 13 November 2023)
Ms. Wong Kwun Yuet Shavonne (as to Listing Rules)
(Ceased on 13 November 2023)

COMPANY SECRETARY

Mr. Li Shun
(Appointed on 13 November 2023)
Ms. Wong Kwun Yuet Shavonne
(Ceased on 13 November 2023)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 109–14, Block 1
No. 1818-2 Wenyi West Road
Yuhang Street, Yuhang District
Hangzhou, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 705, 7/F
Nam Wo Hong Building
148 Wing Lok Street
Sheung Wan
Hong Kong

AUDITOR

Crowe (HK) CPA Limited
(Certified Public Accountants and Registered Public Interest Entity Auditor)

LEGAL ADVISERS

As to Hong Kong law
Chiu & Partners

As to Bermuda law
Conyers Dill & Pearman

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Hangzhou

STOCK CODE

1094

WEBSITE

www.sunshine1094.com

Chairman's Statement

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Cherish Sunshine International Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present to you this annual report of the Group for the year ended 31 March 2024 (the "**Year**").

BUSINESS PERFORMANCES

For the Year, Cherish Sunshine International Limited has continued its year-on-year growth momentum and achieved an inspiring performance outcome. The Group's expansion of service scope has increased its total revenue by approximately 187.9% from the previous year ended 31 March 2023. The penetration into the Engineering, Procurement and Construction ("**EPC**") business of the solar power development projects contributed most to the overall revenue growth and is expected to play an increasingly important role in future. However, the cooling down of the real estate market had also driven down the value of the properties which brought significant negative financial impact to the Group's financial performance and partially off-set the inspiring result brought by the revenue growth during the Year.

In addition, the Group is also facing a more and more challenging business environment in the information technology industry and macro-economy wise. For example, the harsher and stricter restrictions imposed by the United States government on the exportation of global information technology to the People's Republic of China ("**PRC**") further pushed domestic entities and users to focus on adopting softwares and hardwares that are made in China. That presents a huge challenge that demands companies like the Group to deploy more resources and increase its inputs into the development of new software versions to suit the needs to our governmental and corporate clients.

The Group achieved encouraging progress during the Year. For example, the Group had qualified as one of the only three technology service suppliers to the electronic public procurement transaction platform of Hubei Province（湖北省政府採購電子交易匯聚平台）in the PRC. Despite the proud progress made so far, the management holds that the public procurement business will still be unsteady in the foreseeable future as the financial situations of the public sector is under pressure since the overall economy growth has slowed down.

To deal with the above mentioned difficulties and keep up the fast growth momentum of the Group in the past few years, the Group will continue its strategy to further penetrate into the new energy market, particularly into the solar power market. Apart from the traditional online and off line procurement services, the Group may start providing more comprehensive services that may be needed in the solar power development projects, such as the whole EPC services package. For that purpose, the Group made some preparations and gained relevant qualification. For example, one of the subsidiaries of the Group has been granted the Grade II certificate of general contractor for electricity power construction projects by the Administration Office for Housing and Urban and Countryside Construction of Zhejiang Province (浙江省住房和城鄉建設廳) in the PRC. It is expected that the Group will benefit greatly from the commencement of EPC comprehensive services undertakings so that the Group will be growing in a more secured and more sustainable manner.

BUSINESS PROSPECTS

Faced with the increasingly sophisticated requests from the public sector clients who are facing increasing financial pressure, the Group will have to look for new growth opportunities to support its future growth. Leveraging on the Group's deep understanding of the information technology industry, the Group is researching and considering to explore into the computing power business because the artificial intelligence ("**AI**") industry and related super computing power business is developing very fast where a lot of potential business opportunities wait to be developed and exploited. Although the business is relatively new to the Group, the Group has strong interest in it and expects to boost the Group's revenue growth once the correct niche market is identified.

As disclosed in the past, the Group as well as its management not only strongly supports and promotes the Environmental, Social and Governance ("**ESG**") related activities, but also sees it as a good business opportunity where the Group could benefit financially. For example, according the Scope 3 disclosure requirement published under the International Financial Reporting Standards ("**IFRS**"), corporate entities will be required to disclose the carbon footprint of their products or services in near future. And therefore, it is expected that ESG related services such as consultation, verification and examination and so on will be in high demand. The Group has become the official member of United Nations Global Compact Organization which is the world's largest corporate sustainability initiative. The Group's subsidiary Beijing Design Carbon Company Limited （北京碳諾科技有限公司）will undertake all the ESG related business and has already started engaging some big corporate entities during the Year. It is expected this new business area will become a new growth engine for the Group in the coming years.

Although the Group is actively researching and exploring the new emerging business opportunities, it will have to operate in an increasingly tough general economic environment in a way that all the businesses, be it big or small, are dealing with the worsening liquidity problem. One failed business will have a domino effect to its lower and upper stream business partners. Since the procurement business is one of the main businesses of the Group, it is hard to predict whether the Group will be affected by the spread of the liquidity problem that is already wide spread in the business community. The Group will focus to safeguard its own financial health with best efforts and work hard to grow its business in a sustainable manner.

Management Discussion and Analysis

I. BUSINESS REVIEW

The Year remained as a challenging year for the Group. The international trading business and the general market sentiment were disturbed by the wars in various parts of the world and the increasingly tense geo-political relationships between the major economies. Domestically, while China's macro-economic gross domestic product ("**GDP**") growth was steady, the general business community remained cautious about the future economy prospect. For example, China's stock market indices were at their multi-years low in February 2024 and has not increased much since then. The Group itself was also facing unprecedented challenges and difficulties and has been working hard to overcome the problems. For example, during the Year, the Group received growing requests from its governmental clients in respect of the procurement software upgrading and data processing, which presented a major task for the Group to fulfill. The Group had to devote significant financial and human resources to address such requests. On the other hand, the financial conditions of the governmental clients were unfortunately worsening, partly due to the adverse impact brought by the cooling real estate market nationwide and partly because of the past consumption of public resources during the fight against the COVID-19 pandemic. Against this background and foreseeable future market trend, the management holds a cautious view about the future public procurement software business and its contribution to the Group's overall financial performance, and as a result is actively exploring new growth paths. For further details, please refer to the paragraph headed "Business Prospects" on page 17 of the same section.

Over the Year, the Group recorded an increase in total revenue of approximately 187.9% to approximately HK$782.2 million from the total revenue of approximately HK$271.7 million of the previous year. That was because the Group had achieved revenue growth from all of its business segment except the rental income arising from the office leasing income business, the decline of which was largely due to the general cooling of the real estate market in China. However, the overall gross profit margin achieved by the Group during the Year decreased to approximately 7.6% from approximately 13.9% from the previous year. This was mainly due to a larger percentage of the business coming from the trading business, which had a lower profit margin. The management was satisfied with the successful strategy implementation of its strategy to penetrate deeper and wider into the solar energy business. The Group's offline procurement services rendered to solar energy development projects alone contributed over HK$146 million of the total revenue for the provision of procurement services and other IT services segment, approximately tripling the revenue contribution from similar services rendered of the previous year. The Group had also made further preparations for its future role in the new energy business industry. For example, one of its principal subsidiaries has been granted the Grade II certificate of general contractor for electricity power construction projects by the Administration of Office for Housing and Urban and Countryside Construction of Zhejiang Province (浙江省住房和城鄉建設廳) in the PRC, enabling the Group to undertake small to medium-size electricity-related projects in the PRC with the capacity of up to 200 megawatts per project. Additionally, the Group has also been recruiting project management personnel to be better equipped to provide full EPC (engineering, procurement and construction) project management services to clients in the new energy industry. The management shares the view of the broader business community that the new energy market, such as the solar power, still has significant growth potential, providing rich business opportunities, and it is expected that the new energy market will continue to be a major engine of economic growth in the years ahead.

One problem the Group has observed is the increasing credit risk associated with the supply chain in relation to the Group's provision of procurement services. Procurement services is one of the principal business activities of the Group involving large amount of monetary transactions. The management is concerned about and closely monitoring the worsening liquidity conditions of the industry players which is becoming a common problem faced by many businesses in the country. To mitigate the potential risks associated with the Group's business, the Group has, on the one hand, taken actions such as increasing its credit provisions to account for future potential losses. On the other hand, the management has also become more selective and cautions in choosing its business partners.

Provision of procurement services and other IT services

During the Year, the Group continued its rapid development momentum thanks to the contribution from the procurement services from the solar power generation construction projects. It achieved a total revenue of approximately HK$190.5 million, representing an increase of approximately 143.9% as compared with the revenue of approximately HK$78.1 million for FY22/23. The revenue from the procurement services rendered in relation to EPC projects contributed approximately HK$146.1 million of the total revenue of this segment. This proves that the Group has tapped into this market and become one of the constant market participants. Although the traditional IT services only contributed approximately HK$30.7 million to the total revenue of this segment, it still achieved a satisfactory growth and recorded an increase of over 40% compared against the revenue recorded for the same type of service for FY22/23. The IT professional team of the Group continues its hard work to address the needs of the public sector clients to replace foreign technology-based IT software with China-made products. However, it is far from certain whether the new software would improve the revenue and profits of the Group due to the declining and unsteady financial conditions of the public sector clients.

Trading business

The relaxation of the COVID-19 control measures was gradually reviving the economy and the business activities became more active during the Year. As a result, the Group's trading business was also recovering and achieved a total revenue of approximately HK$565.8 million during the Year, representing an increase of approximately 232.8% as compared with the revenue of approximately HK$170.0 million for FY22/23. While the profit margin of the trading business remained similar, a small amount of bad debt recovery helped boost the overall profitability of the trading business segment during the Year. However, the management is conscious of the increasingly challenging economic environment and may adjust the strategy and plan in respect of the trading business based on their assessment of the financial gains against the associated risks of the trading business.

Rental income

During the Year, the rental income of the Group decreased by approximately 10.0% to HK$15.3 million as compared with HK$17.0 million for the Corresponding Prior Year. Part of the decrease of the rental revenue for the Year against FY22/23 was due to the depreciation of Renminbi (RMB) against Hong Kong dollars, the presentation currency of the Group. Aside of the foreign exchange impact, the revenue for the Year denominated in RMB had decreased by approximately 5% as compared to that for FY22/23. The decrease was mainly due to the general cooling of the real estate market in China, in view of which the Group offered discount to a new tenant who signed a long-term contract with the Group. The downturn of the real estate market coupling with the competitive rents offered for the office buildings in the neighbourhood affected revenue growth of the leasing business of the Group. Nevertheless, the team had worked hard and the profit margin from the office leasing business remained steady for the Year as compared to that of FY22/23 and hopefully could recover the occupancy rate to the similar level prior to the COVID-19 period.

Energy management contracting business

The Group provides basic operational and maintenance services to solar power generation plants of large power companies, some of which are state-owned. During the Year, this segment achieved a growth and had recorded a revenue of approximately HK$10.6 million for the Year as compared to approximately HK$6.6 million for FY22/23. The management is pleased to see that the energy management contracting services segment performed in line with its expectation. Apart from this, the management is seeking more business opportunities to provide value-added services to big corporate companies. An example is that we have started to provide ESG reporting and consulting services to one of these companies using AI modelling technique. This attempt was proven to be inspiring as we met strong interests from various background corporate clients. Therefore, the management is considering to rapidly enhance its development in this area given the regulatory and compliance requirements on ESG issues are expected to be increasingly important for corporate entities in the next few years.

II. FINANCIAL REVIEW

Operational Performance

1. Revenue

Revenue of the Group for the Year was HK$782,180,000 (FY22/23: HK$271,719,000).

The revenue for the Year included (i) revenue from provision of procurement services and other IT services of approximately HK$190,476,000, accounting for approximately 24.4% of the total revenue (FY22/23: HK$78,075,000, 28.7%); (ii) revenue from trading business of approximately HK$565,796,000, accounting for approximately 72.3% of the total revenue (FY22/23: HK$169,969,000, 62.6%); (iii) rental income of approximately HK$15,340,000, accounting for approximately 2.0% of the total revenue (FY22/23: HK$17,032,000, 6.3%); and (iv) revenue from energy management contracting business of approximately HK$10,568,000, accounting for approximately 1.3% of the total revenue (FY22/23: HK$6,643,000, 2.4%).

2. *Cost of sales and services rendered*

Cost of sales and services rendered for the Year was approximately HK$722,666,000 (FY22/23: HK$234,084,000). The increase in cost of sales and services rendered was in line with the growth of revenue. Through business expansion and new business implementation, the Group recorded increasing material costs reflecting our purchases to meet orders of customers under the trading business segment and more technical and human resources consumed for new contracts in the segments of provision of procurement services and other IT services and energy management contracting business.

3. *Gross profit*

Gross profit for the Year was approximately HK$59,514,000 (FY22/23: HK$37,635,000). Despite an increase in the gross profit, the gross profit margin for the Year was 7.6%, representing a decrease of 6.3 percentage points as compared to the gross profit margin of 13.9% for FY22/23.

The decrease in gross profit margin was mainly attributable to the increased proportion of revenue generated from the trading business, where in line with industry norm, a lower profit margin prevailed. The increase proportion of those businesses therefore caused the decrease in overall profit margin in spite of the significant increase in profit in absolute value. Profit margin in other segments such as provision of other IT services and energy management services showed improvement, however the impact is insignificant as their profit contribution takes a smaller percentage of the total profits.

4. *Other income and gains/(losses)*

The other income and gains/(losses) for the Year mainly comprised fair value changes on investment properties and government grant. The account balance for the Year was a loss of approximately HK$13,211,000, as compared to a loss of HK$5,637,000 for FY22/23. Such change was mainly due to fair value loss of investment properties and a one-off government grant.

5. *Administrative expenses*

The administrative expenses for the Year was approximately HK$55,747,000 (FY22/23: HK$61,422,000). The administrative expenses mainly comprised staff cost, legal and other professional fees, depreciation for property, plant and equipment and right-of-use assets and general office expenses. The overall administrative expenses reduced by 9.2% thanks to the execution of more stringent costs controlling measures on certain operational expenses.

6. *Reversal of impairment loss for intangible assets*

As at 31 March 2024, based on the valuation conducted by an independent qualified professional valuer, the Group made a reversal of impairment loss for intangible assets, which amounted to approximately HK$3,711,000 (FY22/23: HK$13,746,000) arising from an increase in the recoverable amount of intangible assets due to the improvement of financial results of the relevant cash-generating unit resulting from more usage of our procurement platform services and expansion of customers' base in the PRC during the Year. The valuation is determined based on value in use calculation, which based on the financial budgets approved by the management covering a five-year period and a pre-tax discount rate of approximately 22%.

7. *(Impairment loss)/reversal of impairment loss for trade and other receivables and reversal of impairment loss for prepayments*

Based on the expected credit loss calculation performed by an independent qualified professional valuer and internal review on the recoverability of trade and other receivables for the Year, the Group made impairment loss for trade and other receivable of approximately HK$2,054,000 (FY22/23: a net reversal of impairment loss of HK$76,000) as the Group had concerns on recoverability of these receivables. The expected loss calculation has been made using provision matrix approach, by reference to the expected credit loss ratio which took into account historical default rate, internal credit rating and forward-looking informations. The Group also made a reversal of impairment loss for prepayments of approximately HK$2,339,000 (FY22/23: HK$11,405,000) as such amount had been recovered by the successful legal actions taken in the Year.

8. *Finance costs*

Finance costs for the Year was approximately HK$6,725,000 (FY22/23: HK$3,671,000). They were interests on convertible bonds, interests on bank and other borrowings and interests on lease liabilities. The increase in finance costs is mainly due to increase in interest payments to bank and other borrowings. During the Year, the outstanding borrowings of the Group were in place for a longer period as compared to that of FY22/23, and therefore the Group incurred more interest payments resulting in the increase in finance costs.

9. *Income tax credit*

Income tax credit of the Group for the Year amounted to approximately HK$11,290,000 (FY22/23: HK$16,995,000). Tax credit made for the Year mainly represented a reversal of deferred taxation on land appreciation tax of our properties located in Wuhan, Hubei Province, the PRC.

10. *Profit for the Year*

Profit for the Year amounted to approximately HK$804,000 (FY22/23: HK$13,594,000). The profit generated for the Year was mainly due to increase in revenue and other income and reduction of administration expenses. In comparison with FY22/23, profit for the Year was significantly reduced. Such decrease is mainly due to fair value loss of investment properties and less reversal of impairment loss for intangible assets, prepayments and loan receivables recorded for the Year.

Financial Position

1. *Liquidity and capital structure*

As at 31 March 2024, the Group had restricted bank deposits of approximately HK$61,593,000 (31 March 2023: Nil) and cash and cash equivalents of approximately HK$6,309,000 (31 March 2023: HK$8,478,000). As at 31 March 2024, cash, bank deposits and restricted deposit of the Group mentioned above totally approximately HK$67,902,000 of which HK$66,981,000 (31 March 2023: HK$6,812,000) were denominated in RMB. The total assets of the Group amounted to approximately HK$727,927,000 (31 March 2023: HK$593,424,000), the total equity amounted to approximately HK$295,310,000 (31 March 2023: HK$310,367,000), the total liabilities amounted to approximately HK$432,617,000 (31 March 2023: HK$283,057,000). The assets-liabilities ratio (total assets over total liabilities) was 1.68:1 (31 March 2023: 2.10:1), the current ratio (current assets over current liabilities) was 1.35:1 (31 March 2023: 1.22:1) and the gearing ratio (total bank and other borrowings and convertible bonds over total equity) was 0.42:1 (31 March 2023: 0.44:1).

2. *Structure of interest-bearing bank and other borrowings*

As at 31 March 2024, the Group's interest-bearing bank and other borrowings amounted to approximately HK$100,211,000 (31 March 2023: HK$113,801,000) which were all denominated in RMB (31 March 2023: all denominated in RMB). As at 31 March 2024, interest-bearing bank and other borrowings of approximately HK$46,334,000 were wholly repayable within one year (31 March 2023: 100% wholly repayable within one year). As at 31 March 2024, all interest-bearing bank borrowings were arranged at effective interest rates of 4.95% per annum which are ranging at 1-Year Loan Prime Rate ("**LPR**") quoted by National Interbank Funding Centre plus 1.3% per annum to 1-Year LPR plus 1.5% per annum. Except for the portion of bank borrowings of approximately HK$46,334,000 with a fixed 1-Year LPR adopted throughout the loan period, the 1-Year LPR of the remaining portion of bank borrowings of approximately HK$53,877,000 shall be adjusted at the anniversary of the respective loan drawdown dates. In addition, all interest-bearing bank borrowings were secured by a charge over the Group's buildings, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network Technology Limited ("**Gongcai Network**"), a wholly-owned subsidiary of the Company. Furthermore, such facilities were also guaranteed free of charge by Ms. Liu Luoxiu ("**Ms. Liu**") and Mr. Zou Yuwen ("**Mr. Zou**", the spouse of Ms. Liu Luoxiu), whereas Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 46.44% of the Company's issued ordinary shares as at 31 March 2024.

3. *Prepayment for goods and services*

As at 31 March 2024, the Group had prepayments for goods and services amounting to approximately HK$300,867,000 (31 March 2023: HK$217,987,000) in relation to the provision of EPC services, and the provision of procurement services in respect of goods with regards to new solar power related EPC projects. The increase in the balances is mainly due to a larger scale of the procurement services for new EPC projects the Group engaged in during the Year as compared with the same type of businesses provided by the Group during FY22/23. Such projects include different solar projects at various locations of PRC, such as projects at Zhanjiang City of Guangdong Province, Heshan County of Guangxi Province, Binzhou City of Shaanxi Province, Lianyungang City of Jiangsu Province, and so on. Since those projects would be over 1 gigawatt in aggregate in terms of power capacity upon completion, the total value of investment injected into those new solar power construction projects would be in billions of RMB. The need for procurement services and the total purchase value of materials for those projects will therefore be large. Being one of the procurement service providers to those large projects, in order to secure the customers and suppliers, the Group has to carry out its job along the supply chain of the EPC projects, under which various prepayments for the procurement of materials required for different projects were made during the Year.

During the Year, prepayments in aggregate of approximately HK$446,424,000 were made mainly for the above mentioned new projects. As at 31 March 2024, approximately HK$137,144,000 had been utilised and settled upon completion of some projects. For some other projects where the projects construction had come across various problems, such as the need to obtain additional or new governmental approvals leading to prolonged delays in the projects, the management of the Group had decided to pull out and negotiated with the relevant parties, such as suppliers, for a refund of the prepayment made. During the Year, the relevant suppliers agreed to do a refund of approximately HK$215,934,000, of which HK$199,025,000 had been received during the Year and the remaining HK$16,909,000 is expected to be refunded to the Group by the end of 2024. During the period subsequent to 31 March 2024 and as at the date of this annual report, approximately HK$28,627,000 had been refunded or utilised and settled. The increase in prepayment balance as at 31 March 2024 is a result of the Group's expansion in EPC business in solar power industry. The Group recorded an increased transaction volume for procurement services in relation to solar power construction projects towards the end of the Year. It is also partly due to some other pipeline business orders made by the Group in contemplation for the projects that are yet to be completed. The management of the Group are closely monitoring the projects' progress and will take actions timely when necessary such as requesting the refunds of the prepayments. Alternatively, the Group may request the delivery of the goods equaling to the value of the prepayments so that the Group may resell them in return for cash or utilise them in other projects or potential projects of the Group.

III. OTHER ISSUES

1. Significant investment, material acquisition and disposal of subsidiaries and future material investments or capital and assets acquisition plan

The Group did not have any significant investment and material acquisition or disposal of subsidiaries, associates and joint venture during the Year.

The Group did not have any specific and formalised plans for future material investments or capital assets as at 31 March 2024. Nevertheless, the Group will continue to explore and evaluate projects and investment opportunities with potentials to create value for its shareholders in the long run.

2. Pledge of assets

As at 31 March 2024, the Group had bank borrowings of RMB93,000,000 (equivalent to approximately HK$100,211,000) from a bank in the PRC which were secured by the pledging of the Group's buildings, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network. The borrowings are also guaranteed by Ms. Liu and Mr. Zou free of charge.

In addition, bank deposits of the Group with carrying amount of approximately HK$60,456,000 (31 March 2023: Nil) were pledged as guarantee deposits for bills payable made available to the Group. For further details, please refer to note 34 to the consolidated financial statements.

3. Litigations and contingent liability

(i) On 8 January 2024, the People's Court of Wuhan Donghu New Technology Development Zone ("**People's Court of Wuhan Donghu**") sent a summons and related filing materials (the "**Materials**") to Gongcai Network. According to the Materials, Nanchang Nanfei Fire Protection Equipment Manufacturing Co., Ltd. ("**Plaintiff 1**") requested Gongcai Network, and China Energy Construction Group Anhui Electric Power Construction Second Engineering Co., Ltd., the main project developer of an EPC project, to repay approximately RMB9,144,000 together with a penalty for late payment in respect of a purchase order for fixing stands. The fixing stands were materials used in a 100 megawatt photovoltaic power station project in Daishan County, Zhejiang Province, the PRC and procured by Gongcai Network. Gongcai Network had instructed its business department to negotiate with Plaintiff 1. Due to disputes on quality of the goods and the quantity shipped, Plaintiff 1 and Gongcai Network have yet to reach an agreement for settlement as at the date of this annual report. The hearing for this case is scheduled to be conducted in August 2024. As at 31 March 2024, the Group had recognised a payable of approximately RMB7,839,000 in the consolidated financial statements in view of the above.

(ii) On 22 February 2024, a civil lawsuit was brought by Ningbo Zhongchun Hi-Tech Co., Ltd. (the "**Plaintiff 2**") against Hangzhou Chenghui Engineering Technology Co., Ltd. ("**Hangzhou Chenghui**"), a wholly-owned subsidiary of the Company, in regard of a procurement order of pile foundation for a construction contract. Plaintiff 2 claimed that it had completed the shipments to Hangzhou Chenghui and claimed against Hangzhou Chenghui for the outstanding amount of approximately RMB3,433,000 and interest for the overdue payment. The People's Court of Yinzhou District of Ningbo City, Zhejiang Province, the PRC accepted this case for hearing with schedule to be fixed. As at the date of this annual report, hearing for this case is yet to be scheduled. As at 31 March 2024, the Group had recognised a payable to Plaintiff 2 of approximately RMB3,433,000 in the consolidated financial statement in view of the above.

As a result of the cases abovementioned, certain bank deposits of the Group of approximately RMB1,025,000 (or equivalent to approximately HK$1,105,000) were temporarily frozen as at 31 March 2024 as disclosed in note 25(a) to the consolidated financial statements.

During the Year, the Company has also launched the following lawsuits against certain of its customers:

(iii) On 8 March 2024, Gongcai Network filed a civil lawsuit at People's Court of Wuhan Donghu against Yancheng Zhuozhouyong Trading Co., Ltd., Cai Kaozhang, Chen Xuerong, Cai Kaozhong (collectively the "**Defendants Group 1**") in regard of a contract dispute with contract sum of approximately RMB23,870,000. Gongcai Network claimed that it had completed all shipments of fixing stands to Defendants Group 1 and requested Defendants Group 1 to honor the contract and repay the remaining contract sum of approximately RMB8,880,000 and interest for the overdue payment. People's Court of Wuhan Donghu accepted this case for hearing with schedule to be fixed. As at the date of this annual report, hearing for this case is yet to be scheduled.

(iv) On 27 March 2024, Hangzhou Chenghui filed a civil lawsuit at Hangzhou Yuhang District People's Court, Zhejiang Province ("**Yuhang District Court**") against Jiangsu Rongmo Technology Development Co., Ltd. ("**Jiangsu Rongmo**"), Shen Jing, Chen Xuerong, Cai Kouzhong (collectively the "**Defendants Group 2**") in regard of a dispute of purchase contract for pile foundation supply. Confirmation for the order shipments was signed and agreed by Hangzhou Chenghui and Jiangsu Rongmo in December 2023. Hangzhou Chenghui did not receive the remaining contract sum of approximately RMB5,003,000 at the agreed time. Hence, the Group took legal action against Defendants Group 2. Yuhang District Court accepted this case for hearing with schedule to be fixed. As at the date of this annual report, hearing for this case is yet to be scheduled.

Based on the advice of the Group's PRC legal adviser, the management of the Group considered that the legal proceedings are unlikely to result in any other material net outflow of economic benefits from the Group and therefore no contingent liability has been recognised. In addition, the Group has probably performed impairment assessment on the relevant trade receivables under the ECL model, and substantially recorded the relevant trade payables against Plaintiff 1 and Plaintiff 2. Hence the Group did not recognise any provision for the cases abovementioned as at 31 March 2024.

4. Foreign exchange exposure

During the Year, the Group mainly earned revenue in RMB and incurred costs mainly in Hong Kong dollars and RMB. The Group does not foresee any real significant risk caused by exchange rate fluctuation to its financial health in the near future. However, any permanent or significant changes in RMB against Hong Kong dollars may still have an impact on the Group's presentation of financial results in the future. The management will monitor the foreign exchange risk and may adopt appropriate hedging policy when necessary.

5. Staff and remuneration policy

The Group determines staff remuneration in accordance with market terms, individual qualifications and performances. Remuneration of Directors are determined and from time to time reviewed by the Board based on the recommendations from the remuneration committee of the Company with reference to the Group's operating results, individual performance and comparable market statistics. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. As at 31 March 2024, the Group employed approximately 185 employees (as at 31 March 2023: 196), and the total remuneration of employees (including the Directors) was approximately HK$49,342,000 for the Year (FY22/23: HK$55,115,000). During the Year, according to the Company's share option scheme and share award plan, 3,003,759 share options and 2,216,500 awarded shares previously granted were vested to Directors and eligible employees upon the respective fulfillment of the relevant vesting conditions of the share option scheme and the share award plan.

6. Rights Issue

On 18 October 2022, in order to satisfy the funding needs of the Group for the Group's business expansion, the Company proposed to conduct rights issue of not more than 201,366,286 rights shares (the "**Rights Share(s)**") at the subscription price of HK$0.63 per Rights Share on the basis of five (5) Rights share for every eight (8) existing shares of the Company in issue (the "**Rights Issue**"). An underwriting agreement was entered into between the Company and Eastmount Global Limited, a substantial shareholder of the Company, as the underwriter to the Rights Issue on 18 October 2022 (the "**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the Rights Issue had been conducted on a fully underwritten basis. A placing agreement (the "**Placing Agreement**") had also been entered into between the Company and Eddid Securities and Futures Limited as the placing agent (the "**Placing Agent**") on the same day, pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for unsubscribed Rights Shares. An aggregate of 189,907,953 new shares were allotted and issued by the Company on 8 February 2023 as a result of the Rights Issue. Among all 189,907,953 new shares issued, Eastmount Global Limited, as the underwriter, had performed its underwriting obligation under the Underwriting Agreement and took up 123,596,678 Rights Shares that were unsubscribed and were not placed by the Placing Agent.

The Rights Shares had been offered for subscription at the subscription price of HK$0.63 per Rights Share. The gross proceeds from the Rights Issue were approximately HK$119.6 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, were approximately HK$117.1 million. The net price per Rights Share is therefore HK$0.62. The Rights Shares (when allotted, fully paid or credited as fully paid and issued) rank pari passu in all respect among themselves and with the shares of the Company in issue as at the date of allotment and issuance. The closing price of the shares as quoted on the Stock Exchange on 18 October 2022, being the date of publication of the announcement in relation to the Rights Issue, was HK$0.73 per share. On 15 January 2024, the Board resolved to change and reallocate the use of the unutilised net proceeds originally intended for property investment of approximately HK$23.4 million, such that (i) approximately HK$20.0 million will be used for the pursuance of strategic acquisitions of businesses engaging in energy management contracting ("**EMC**") services; and (ii) the remaining HK$3.4 million will be reallocated as the general working capital of the Group.

The utilisation of the net proceeds from the Rights Issue has been summarised as follows:

		Approximate percentage of total net proceeds	Original allocation of net proceeds	Revised allocation of net proceeds	Amount utilised up to 31 March 2024	Balance as at 31 March 2024	Expected timeline for utilisation
			HK$'000	HK$'000	HK$'000	HK$'000	
1)	Research and development of the procurement service software	5%	5,855	—	4,218	1,637	By the end of December 2024
2)	Procurement services business	50%	58,550	—	58,550	—	N/A
3)	Trading business	10%	11,710	—	11,710	—	N/A
4)	Investment in office properties in Hong Kong	—	23,420	(23,420)	—	—	N/A
5)	General working capital	18%	17,565	3,420	20,985	—	N/A
6)	Acquisition of EMC business	17%	—	20,000	—	20,000	By the end of March 2025
			117,100	—	95,463	21,637	

As at 31 March 2024, the net proceeds of approximately HK$70.3 million were used for paying orders for procurement services business and trading business; approximately HK$4.2 million were used for research and development of the procurement service software; and approximately HK$21.0 million were used for payment to suppliers and operating expenses as intended.

Further details of the Rights Issue and change in use of proceeds are set out in the announcements of the Company dated 18 October 2022, 29 November 2022, 20 December 2022, 7 February 2023 and 15 January 2024 and the prospectus of the Company dated 6 January 2023.

7. Event after the reporting period

Save as disclosed elsewhere in this annual report, there are no other material events subsequent to the end of the Year.

IV. BUSINESS PROSPECTS

Although the Group achieved a satisfactory revenue growth record and kept its growth momentum that it has been achieving for the past few years, it is facing an increasingly tough business operational environment, which applies to both the business partners of the Group in its upper and lower business chain as well as the general business community. To ensure that the business of the Group can grow in a more sustainable manner, the Group will further strengthen its risk management and control system to better safeguard its economic benefits. More internal control measures shall be implemented within the Group to better monitor and control both financial and non-financial risks. The Group shall strive to take these actions to counter balance and mitigate the risks from the future potential problems that might arise from its operational partners who might be facing an increasing liquidity risks under the current macro-economic situation just like many other businesses.

Apart from the worsening business and economic environment, the Group also has to deal with the increasingly sophisticated requests from its public sector clients who are also facing growing financial pressure. The Group shall strive to look for new business opportunities to support its future growth. Leveraging on the Group's deep understanding of and long term presence in the information technology industry, the Group is researching and considering to explore the AI-related business opportunities, such as super computing power business which is developing rapidly and where a lot of potential business opportunities await further development and exploration. Hopefully, the Group could open up a new income avenue to support the long term growth for its shareholders.

Biography of Directors and Senior Management

DIRECTORS

Executive Directors

Ms. Wu Siyuan, aged 31, has been appointed as an executive Director since 19 November 2021. She was further appointed as the chairman of the Board and the nomination committee of the Company (the "**Nomination Committee**") and member of the remuneration committee of the Company (the "**Remuneration Committee**") on 29 April 2022. She also served as the Chief Executive of the Company from 19 November 2021 to 7 March 2023. Ms. Wu graduated from Henan University in 2013 with a Bachelor's Degree in Finance, and from Hunan University in 2016 with a Master's Degree in Finance. From July 2016 to April 2018, she worked in the channel management department of Bank of Shanghai Co., Ltd.* (上海銀行股份有限公司), responsible for the marketing and operation of mobile sales channels. From May 2018 to October 2020, she worked as the investment director in Shanghai Fuluona Asset Management Co., Ltd.* (上海富羅納資產管理有限公司). From October 2020 to October 2021, she worked as the standing deputy general manager in Shanghai Akcome Fuluona Financial Leasing Co., Ltd.* (上海愛康富羅納融資租賃有限公司).

Mr. Shi Qiang, aged 41, was appointed as the Chief Executive of the Company and an executive Director on 7 March 2023. Mr. Shi graduated from Hunan University in June 2006 with a Bachelor's Degree in Laws and further obtained a Master's Degree in Business Administration from China Europe International Business School in November 2018. From 2006 to 2012, Mr. Shi successively served as sales manager, sales director and the general manager of Jiangyin Akcome Solar Energy Equipment Co., Ltd.* (江陰愛康太陽能器材有限公司). From 2012 to 2019, Mr. Shi served as the vice president of Suzhou Akcome Energy Group Co., Ltd.* (蘇州愛康能源集團股份有限公司). He was responsible for the company's overall strategy and investment and participated in the company's major business negotiations. From 2019 to 2021, Mr. Shi served as the senior vice president in Jiangsu Akcome Science and Technology Co., Ltd.* (江蘇愛康科技股份有限公司) ("**Jiangsu Akcome**"), a company listed on the Shenzhen Stock Exchange (stock code: 002610). Prior to Mr. Shi's appointment as the Chief Executive of the Company, he first joined the Group as the vice president of Shanghai Chenghua Rui'an Energy Group Co., Ltd.* (上海承華睿安能源集團有限公司), a wholly-owned subsidiary of the Company, principally responsible for the renewable energy related procurement business development in early 2022. From August 2019 to January 2022, Mr. Shi also served as a director in Jiangsu Akcome.

Ms. He Qian, aged 52, has been appointed an executive Director since January 2015. She obtained a Bachelor's Degree in accounting from University of International Business and Economics in 2006 and a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2011, and she is a certified accountant and certified tax agent. She began her career in accounting in 1994. She was a partner of Zhejiang Yuehua Certified Public Accountants* (浙江嶽華會計師事務所有限公司) from January 2004 to December 2008, she then became a partner and the head of the Zhejiang branch office of RSM China Certified Public Accountants Zhejiang Branch (中瑞嶽華會計師事務所（特殊普通合夥）浙江分所) from January 2009 to May 2013. From June 2013 to March 2015, she was a partner and the head of the Zhejiang branch office of Ruihua Certified Public Accountants Zhejiang Branch (瑞華會計師事務所（特殊普通合夥）浙江分所). Since April 2015, she has become the chairman of Zhejiang Yueyou Private Funds Management Co. Ltd. (浙江岳佑私募基金管理有限公司). She was an independent director of (i) Zhejiang Chunhui Intelligent Control Co., Ltd. (浙江春暉智能控制股份有限公司) (stock code: 300943) from May 2016 to May 2022; and (ii) Jiangsu Akcome from May 2016 to October 2022, both being companies listed on the Shenzhen Stock Exchange. In March 2022, Ms. He has also been re-appointed as an independent director of Lionco Pharmaceutical Group Co., Ltd (靈康藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603669), where she once served as an independent director from December 2013 to February 2019.

Non-executive Director

Mr. Li Shun, aged 48, joined the Company in October 2021 as a non-executive Director. He was further appointed as the chief financial officer of the Company on 1 December 2021, the company secretary of the Company and the authorised representative of the Company under Rule 3.05 of the Listing Rules on 13 November 2023. Mr. Li obtained his Bachelor's Degree in English Language from Beijing Foreign Studies University in 1999 and a Master of Science in Management from The University of Lancaster in the United Kingdom in 2002. Mr. Li has been an associate of The Chartered Institute of Management Accountants since 2006 and has been an associate member of The Hong Kong Chartered Governance Institute since 30 May 2023. Mr. Li worked in the financial control department of China International Capital Corporation (UK) Limited (a subsidiary of China International Capital Corporation Limited, a company listed on the Stock Exchange, stock code: 3908) from April 2010 to July 2014. He worked as the chief financial officer of Metropolis Capital Holdings Limited (a company listed on the Stock Exchange, stock code: 8621) and its subsidiaries from August 2014 to May 2021, responsible for overseeing its corporate strategies, financial affairs and investment.

Independent non-executive Directors

Mr. Zhong Dengyu, aged 51, joined the Company in December 2021, as an independent non-executive Director, a member of the Nomination Committee and the Remuneration Committee, and the chairman of the Audit Committee. He graduated from Heilongjiang Business School* (黑龍江商學院) (now known as Harbin University of Commerce) in 1997 with a bachelor's degree in accounting. Mr. Zhong has been a certified public accountant in the PRC since 1999 and a certified tax agent in the PRC since 2002. Since July 1997, Mr. Zhong has worked as an accountant in Jiangsu Xinggang Accounting Firm* (江蘇興港會計師事務所), Suzhou Qinye United Accounting Firm* (蘇州勤業聯合會計師事務所), Suzhou Qinye Certified Public Accountants Co., Ltd.* (蘇州勤業會計師事務所有限公司), Talent Certified Public Accountants (Special General Partnership) Suzhou Qinye Branch* (天衡會計師事務所(特殊普通合夥)蘇州勤業分所) and Talent Certified Public Accountants Co., Ltd. Suzhou Qinye Branch* (天衡會計師事務所有限公司蘇州勤業分所), where his current position is a partner and a deputy head.

Ms. Deng Hua, aged 42, joined the Company in August 2022 as an independent non-executive Director and she is a member of the Audit Committee. Ms. Deng graduated from the East China Normal University (華東師範大學) in June 2004 with a Bachelor's Degree in laws and further obtained a Master Degree in laws in July 2007. Ms. Deng has been a qualified lawyer in the PRC since 2010. Ms. Deng started her career as a PRC lawyer in the Shanghai office of Allbright Law Offices (上海市錦天城律師事務所) (the "**Firm**") from September 2010 and has many years of experience in the practice areas of capital markets, mergers and corporate finance. She is currently a senior partner of the Firm.

Ms. Yang Xiaoyan, aged 52, joined the Company in August 2023 as an independent non-executive Director and she is a member of the Audit Committee and the Nomination Committee, and the chairman of the Remuneration Committee. Ms. Yang graduated with an English major in the Foreign Language Department of Beijing Normal University, China in 1996. Then she obtained MBA from Hong Kong University of Science and Technology in 2004. Since 1996 to 1997, Ms. Yang worked as a foreign affairs translator in Beijing Electronic Tube Factory (BOE). Then since 1997 to 1999, she worked as a program director at China Europe International Business School. Furthermore, since 2000 to 2003, she worked as a director of EMBA Department at Guanghua School of Management, Peking University. Since 2005 to 2009, she is the chief representative of the Beijing Representative Office of the Business School of the Hong Kong University of Science and Technology. Since 2009 to 2013, she worked as the director of the Cisco Leadership Institute at Guanghua School of Management, Peking University. Eventually, since 2013, she became the assistant Dean at Cheung Kong Graduate School of Business.

SENIOR MANAGEMENT

The executive Directors and the non-executive Directors are regarded as senior management of the Group.

COMPANY SECRETARY

Mr. Li Shun ("**Mr. Li**") the biography of whom has been set out on page 19 of this annual report, is the company secretary of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 13 November 2023.

* *The English translation is for identification purpose only*

Corporate Governance Report

The Board appreciates the importance of good corporate governance standards to the achievement of corporate strategy and value creation to the Company. The Board is committed to following high level of corporate governance standards to its risk management and internal control.

COMPLIANCE WITH THE LISTING RULES AND CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the corporate governance code ("**CG Code**") as set out in part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), which provides code provisions and recommends best practices for corporate governance practices by listed companies. During the Year, the Company has complied with the CG Code.

Although the Company considered that it has the structures and systems to satisfy the applicable requirements of the code provisions of the CG Code that was in force during the Year, the Company still has room for improvement and will continuously enhance the corporate governance practice throughout the Group and ensure further measures to be put in place by reference to the recommended best practices whenever suitable and appropriate.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct for securities transactions by Directors and the relevant employees of the Group. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Year.

BOARD

Composition

As at the date of this annual report, the Board consists of 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

Executive Directors
Ms. Wu Siyuan, *MSc, BSc* *(Chairman)*
Mr. Shi Qiang, *MBA, LL.B* *(Chief Executive)*
Ms. He Qian, *CPA (PRC), EMBA, BAcc*

Non-executive Director
Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*

Independent non-executive Directors
Mr. Zhong Dengyu, *CPA (PRC)*
Ms. Deng Hua, *LL.M, LL.B*
Ms. Yang Xiaoyan, *BA, MBA*

Attendance of the Directors at the Board and general meetings

For the Year, six Board meetings and two general meetings have been held. Details of the attendance of the Directors are as follows:

	Number of meetings attended/ Number of meetings held	
Board members	**Board meetings**	**General meetings**
Executive Directors		
Ms. Wu Siyuan *(Chairman)*	5/6	2/2
Mr. Shi Qiang *(Chief Executive)*	4/6	2/2
Ms. He Qian	5/6	2/2
Non-executive Directors		
Ms. Liu Qian *(ceased on 9 May 2024)*	5/6	2/2
Mr. Li Shun	6/6	2/2
Mr. Li Guanghua *(ceased on 9 May 2024)*	6/6	2/2
Independent non-executive Directors		
Mr. Zhong Dengyu	5/6	2/2
Mr. Jiang Jun *(ceased on 25 August 2023)*	1/2	0/1
Ms. Deng Hua *(appointed on 25 August 2022)*	5/6	2/2
Ms. Yang Xiaoyan *(appointed on 25 August 2023)*	4/4	2/2

Apart from the above Board meetings and general meetings, a meeting between the chairman and the independent non-executive Directors without the presence of other Directors was also held during the Year.

Responsibilities of the Board and management

The Board reviews and approves important corporate matters such as business strategies, major investments, mergers and acquisitions and so on. The Board has overall responsibility in monitoring the process of corporate reporting and internal control system throughout the Group. The corporate reporting standards are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance and compliance practices with the Listing Rules, the Securities and Futures Ordinance (the "**SFO**") and other applicable regulations are delegated to the risk and compliance control department as well as the company secretarial department. The management of the Company reviews and briefs the reporting systems with the executive Directors regularly and the Audit Committee and the Remuneration Committee at least annually.

To strengthen the risk management and coordination among different departments and the internal communication between the management team and the Board, the Company set up an operational management committee which consisted the Chairman and the Chief Executive of the Company and other management officers from different departments to deal with the business operational and management matters that are potentially of significance to the Company. The operational management committee holds meetings according to operational needs and reports to the Board for matters worthy of its attention or approval in accordance with its terms of reference.

Save as disclosed in the section headed "Biography of Directors and Senior Management", there is no financial, business, family or other material/relevant relationship between the members of the Board.

Continuous professional development of Directors

According to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the Year, Directors participated in continuous professional development by reading the study materials of the Listing Rules, attending training sessions provided by the Company and the external compliance professionals on topics including, among others, (i) the updated Listing Rules with regards to the ESG reporting and disclosure requirements; and (ii) internal control and corporate governance practice with reference to Appendix 14 of Listing Rules.

	Type of Continuous Professional Development	
Name of Director	**Attending Training Sessions, and In-house Briefings**	**Reading Materials and Updates**
Executive Directors		
Ms. Wu Siyuan *(Chairman)*	✓	✓
Mr. Shi Qiang *(Chief Executive)*	✓	✓
Ms. He Qian	✓	✓

	Type of Continuous Professional Development	
Name of Director	Attending Training Sessions, and In-house Briefings	Reading Materials and Updates
Non-executive Directors		
Ms. Liu Qian *(ceased on 9 May 2024)*	✓	✓
Mr. Li Shun	✓	✓
Mr. Li Guanghua *(ceased on 9 May 2024)*	✓	✓
Independent non-executive Directors		
Mr. Zhong Dengyu	✓	✓
Mr. Jiang Jun *(ceased on 25 August 2023)*	✓	✓
Ms. Deng Hua *(appointed on 25 August 2022)*	✓	✓
Ms. Yang Xiaoyan *(appointed on 25 August 2023)*	✓	✓

Furthermore, each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has an appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements.

CHAIRMAN AND CHIEF EXECUTIVE

As at the date of this annual report, Mr. Shi Qiang is serving as the Chief Executive of the Company, whereas Ms. Wu Siyuan is serving as the Chairman of the Board.

The Chairman provides leadership and is responsible for the effective functioning and operation of the Board in accordance with good corporate governance practice and the overall strategy of the Group. The Chief Executive of the Company, leading the senior management team, focuses on the overall management, operation and business development of the Group. This segregation of duties ensures the reinforcement of their independence, accountability and responsibility. The Chairman will also ensure that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

NON-EXECUTIVE DIRECTORS

The term of office under service contracts of all the non-executive Directors (including independent non-executive Directors) are three years from their respective dates of appointment and subject to retirement by rotation in accordance with the Bye-laws.

INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the date of this annual report, the Company met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 3.13 of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his or her independence from the Company, and considers all of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

BOARD INDEPENDENCE

The Board understands that independent views and input are vital elements to good corporate governance, the Company strives to ensure independent views and input are available to the Board, including, among others, (i) allowing individual Director direct access to advice from the management team as well as external independent professional advisers of the Company, where necessary; and (ii) arranging meetings between independent non-executive Directors and Chairman of the Board or external auditors, allowing the independent non-executive Directors to express their own views and raise any issues or irregularities which they have noted and may have an impact on the Company, and also for them to provide constructive advice to the Board accordingly.

BOARD COMMITTEES

There are three committees established under the Board, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Role and function

The terms of reference of the Audit Committee, which is available on the websites of the Company and the Stock Exchange, follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants, and have been updated on terms no less exacting those set out in the code provisions under the CG Code. Audit Committee must meet, at least twice a year, with the Company's external auditors.

The functions of the Audit Committee include but not limited to the following:

- making recommendation to the Board on the appointment, resignation and removal of external auditor and their fees and governing the relationship with the external auditors;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards;

- ensuring co-ordination between internal audit function and external auditors of the Group, and ensuring that the internal audit function of the Group is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- reviewing the financial statements, interim and annual results of the Group and the significant financial reporting judgments contained therein;

- discussing with the external auditor problems and issues of significance during the annual audit of the Group; and

- overseeing the financial reporting system, risk management and internal control systems of the Company.

Composition

As at the date of this annual report, the Audit Committee comprises three members as follows:

Mr. Zhong Dengyu *(Chairman)*
Ms. Deng Hua
Ms. Yang Xiaoyan

Mr. Zhong Dengyu, Ms. Deng Hua and Ms. Yang Xiaoyan are independent non-executive Directors, Mr. Zhong Dengyu possess recognised professional qualification in accounting and have proven experience in audit and accounting.

Attendance record

For the Year, two Audit Committee meetings had been held. Details of the attendance of the Audit Committee members are as follows:

Audit Committee members	Number of meetings attended/ Number of meetings held
Mr. Zhong Dengyu *(Chairman)*	2/2
Ms. Deng Hua *(appointed on 25 August 2022)*	2/2
Ms. Yang Xiaoyan *(appointed on 25 August 2023)*	0/1
Mr. Jiang Jun *(ceased on 25 August 2023)*	1/1

Summary of the work done

The work done by the Audit Committee for the Year included:

- reviewed the interim results of the Group for the six months ended 30 September 2023, and annual results of the Group for the year ended 31 March 2023;

- discussed with the management of the Company over the completeness, fairness, adequacy and compliance of accounting standards and policies of the Group in the preparation of the interim financial statements for the six months ended 30 September 2023 and annual financial statements for the year ended 31 March 2023;

- reviewed and discussed with the external auditors over the financial reporting of the Company; and

- reviewed adequacy and effectiveness of risk management and internal control system, and the internal audit function maintained within the Group.

Each Audit Committee meeting was supplied with the necessary financial information of the Group for the Audit Committee members to consider, review and assess matters of significance arising from the work conducted.

The audited consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee.

Remuneration Committee

Role and function

The terms of reference of the Remuneration Committee, which is available on the websites of the Company and the Stock Exchange, follow the code provisions under the CG Code. The Remuneration Committee shall meet at least once a year. The functions of the Remuneration Committee include but not limited to the following:

- making recommendations to the Board on the Company's policy and structure of remuneration for all Directors and senior management;

- establishing and applying a formal and transparent procedure for developing remuneration policy for Directors and senior management to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration;

- making recommendations to the Board on the remuneration packages of all Directors and senior management;

- ensuring levels of remuneration of Directors commensurate with their qualifications and competencies, and that such remuneration is sufficient to attract and retain Directors and senior management; and

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Composition

As at the date of this annual report, the Remuneration Committee comprises three members as follows:

Ms. Yang Xiaoyan *(Chairman)*
Mr. Zhong Dengyu
Ms. Deng Hua

Ms. Yang Xiaoyan, Mr. Zhong Dengyu and Ms. Deng Hua are independent non-executive Directors.

Attendance record

For the Year, one Remuneration Committee meeting had been held. Details of the attendance of the Remuneration Committee members are as follows:

Remuneration Committee members	Number of meeting attended/ Number of meeting held
Ms. Yang Xiaoyan *(Chairman) (appointed on 25 August 2023)*	0/0
Mr. Zhong Dengyu	1/1
Ms. Deng Hua	1/1
Mr. Jiang Jun *(Chairman) (ceased on 25 August 2023)*	1/1

Summary of the work done

The work done by the Remuneration Committee for the Year included:

- reviewed the remuneration package of all the Directors and senior management, including the new appointed director during the Year;
- made recommendations of the above remuneration policy and remuneration packages to the Board;
- assessed the performance of executive Directors and approved the terms of executive Directors' service contracts; and
- reviewed the vesting of the share options and share awards granted by the Company under the Company's share option scheme and share award scheme.

The Remuneration Committee meetings were supplied with the necessary information on specific remuneration package of Directors and senior management of the Group for the members to consider, review and make recommendation to the Board on the remuneration policy.

Nomination Committee

Role and function

The terms of reference of the Nomination Committee, which is available on the websites of the Company and the Stock Exchange, follow the code provisions under the CG Code. The Nomination Committee shall meet at least once a year. The functions of the Nomination Committee include but not limited to the following:

- reviewing the structure, size, composition and the diversity (including the skills, knowledge and experience) of the Board at least annually;
- assessing the independence of independent non-executive Directors;
- identifying and nominating for the approval of the Board candidates to fill Board vacancies;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; and

- making recommendations to the Board on appointment or re-appointment of the Directors and succession planning for the Directors.

Composition

As at the date of this annual report, the Nomination Committee comprises three members as follows:

Ms. Wu Siyuan *(Chairman)*
Mr. Zhong Dengyu
Ms. Yang Xiaoyan

Mr. Wu Siyuan is an executive Director whereas Mr. Zhong Dengyu and Ms. Yang Xiaoyan are independent non-executive Directors.

Attendance record

For the Year, one Nomination Committee meeting had been held. Details of the attendance of the Nomination Committee members are as follows:

Nomination Committee members	**Number of meeting attended/ Number of meeting held**
Ms. Wu Siyuan *(Chairman)*	1/1
Mr. Zhong Dengyu	1/1
Ms. Yang Xiaoyan *(appointed on 25 August 2023)*	0/0
Mr. Jiang Jun *(ceased on 25 August 2023)*	0/1

Summary of the work done

The work done by the Nomination Committee for the Year included:

- reviewed the structure, size, composition and the diversity (including the skills, knowledge and experience) of the Board;

- reviewed the independence of independent non-executive Directors; and

- identified individuals suitably qualified to become Board members having taken into account the Company's board diversity policy and made recommendations to the Board on the selection of individuals nominated for directorships.

The Board has established a nomination policy (the "**Nomination Policy**") setting out the approach to identify and nominate candidates to make recommendations to the Board and for its consideration.

The criteria of nomination as set out in the Nomination Policy have been considered from a number of aspects, including but not limited to, balance of skills, knowledge, experience and, with reference to such evaluation, prepare a description of the role and capabilities required for a particular appointment.

The Nomination Committee shall:

(a) use open advertising or the services of external advisers to facilitate the search for potential candidates;

(b) consider candidates on merits and against objective criteria, taking into consideration (in the case of non-executive appointments) whether the appointees can give sufficient time and attention to the Company's affairs;

(c) keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

(d) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

(e) in consultation with the head of human resources, recommend to the Board procedures for formal and rigorous annual evaluation of performance of the Board, its committees and individual Directors;

(f) review annually the time required from Directors to perform duties. Performance evaluation should be used to assess whether the non-executive Director sufficient time in performing their duties; and

(g) ensure that on appointment to the Board, non-executive Directors receive a formal service contract setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

The Nomination Committee shall submit recommendations to the Board concerning the candidates for directorship for consideration and decision.

Board Diversity Policy

The Company as well as its Board recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of criteria and perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional skills, industry experience, and length of service which are measurable objectives for implementing the Board Diversity Policy. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board. The implementation and effectiveness of the Board Diversity Policy is reviewed by the Board annually.

The Nomination Committee reviewed the Board's composition and considered the Board Diversity Policy during the Year. The Board currently comprises seven directors with different backgrounds and expertise from diversified professions such as accounting, legal, supply chain management and project management of different industries. The Nomination Committee is of the view that the structure, number of members and composition of the Board have maintained a diversification in terms of gender, expertise and experience, which is appropriate for the business operations of the Group and complied with the Board Diversity Policy. The Company will continue to take gender diversity into consideration during its recruitment process such that there will be a pipeline of potential successors to the Board to maintain gender diversity.

As at 31 March 2024, in respect of gender diversity at workforce level (including senior management), the female and male representation is about 29.7% and 70.3% of our total workforce, respectively. Given the nature of the Group's business and the industry that the Group operates in, it is expected that equality of gender ratio will be difficult to achieve within the Group. However, the Group will strive to enhance gender diversity (in terms of gender ratio) across all levels of workforce so far as reasonably practicable. In respect of the Board gender diversity, out of the seven Board members then, four of them were females and three of them were males, the Board is of the view that gender diversity has been achieved at Board level.

Corporate Governance Functions

Role and function

The Board is responsible for performing corporate governance functions (the "**Corporate Governance Functions**"). The terms of reference of Corporate Governance Functions was adopted pursuant to the Board resolution of the Company which was passed on 29 March 2012. The Board shall hold Corporate Governance Functions meeting at least once a year and it may from time to time adjust or amend its corporate governance practice to accommodate the new changes that has happened or will happen either to the external regulatory and legal requirements or the internal business operations so as to control the risks and be in compliance with the relevant external regulatory and legal requirements more appropriately.

The Corporate Governance Functions include but not limited to the following:

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

Summary of the work done

The work done by the Corporate Governance Functions for the Year included:

- developed and reviewed the policies and practices of the Group on corporate governance and compliance with legal and regulatory requirements and made recommendations;
- reviewed and updated (if necessary) system documents related to the Company's internal control and risk management;
- reviewed and monitored the training and continuous professional development of the Directors and senior management;
- reviewed and monitored the code of conduct applicable to employees and the Directors; and
- reviewed the Group's compliance with the CG Code and disclosure in the "Corporate Governance Report" of the Company.

AUDITOR'S REMUNERATION

With recommendation from the Audit Committee, the Board resolved to appoint Crowe (HK) CPA Limited ("**Crowe**") as the Company's external auditor and such appointment of Crowe as the auditor of the Company was approved by shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 25 August 2023. They are primarily responsible for providing audit services in connection with the financial statements of the Group for the Year.

Remuneration paid to the Company's external auditor, Crowe, for annual audit services and non-audit services provided for the Year were HK$990,000 and HK$500,000, respectively. The non-audit services were the review of the preliminary result announcements of the Group and other professional services.

In order to maintain the independence and objectivity of Crowe, the Group has been monitoring the use of the auditor for non-audit services and the balance of audit and non-audit fees paid. The Audit Committee has pre-approved the engagement of Crowe to provide the audit services and any other non-audit services must be specifically pre-approved by the Audit Committee.

FINANCIAL REPORTING

The Directors acknowledge that they are responsible for the preparation of the consolidated financial statements for the accounting year that truly and fairly reflect the business, property and cash flows of the Company for that year.

The statement of the auditor regarding their reporting responsibility for the consolidated financial statements is set out in the Independent Auditor's Report on pages 50 to 56.

COMPANY SECRETARY

Mr. Li Shun, a non-executive Director, the chief financial officer of the Company and an associate member of the Hong Kong Chartered Governance Institute, replaced Ms. Wong Kwun Yuet Shavonne to serve as the company secretary of the Company since 13 November 2023. For the Year, Mr. Li Shun took no less than 15 hours of relevant professional training pursuant to Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening a special general meeting

Pursuant to Bye-law 58 of the Bye-laws, members 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 at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy on 29 March 2012 (the "**Shareholders' Communication Policy**") which is subject to annual review to ensure its effectiveness. As part of the Shareholders' Communication Policy of the Company, a number of means are available for Shareholders to communicate and share their views or raise enquiries to the Company, and for the Company to solicit and understand the views of the Shareholders and the investing public by maintaining an on-going dialogue with them. The means of Shareholders' communication include but not limited to (i) the publication of bilingual corporate communications of the Company (such as interim and annual reports, announcements, circulars and other business information) via the websites of the Stock Exchange and the Company; and (ii) the holding of general meetings of the Company where Shareholders are encouraged to attend and members of the Board and (if appropriate) the auditors of the Company are present to answer any enquiries raised by the Shareholders.

Shareholders may also at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the company secretary at the Company's head office and principal place of business in Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition. Shareholders may send a written requisition to the Board or Company Secretary at the Company's office in Hong Kong for putting forward any proposals to the Board.

INVESTOR RELATIONS

In order to foster effective communications, during the Year, the Company provided all necessary information to the Shareholders in its annual report and interim reports and held the annual general meeting and one special general meeting to meet the Shareholders and answer to their enquiries. The Directors made efforts to attend the general meetings so that they could answer any questions from the Shareholders. During the Year, the Company established new communication channels with the Shareholders and the general public, such as the launching of the WeChat official account of the Company. The Directors, the company secretary or other appropriate members of senior management of the Company were also endeavoured to respond to inquiries from the Shareholders and investors promptly.

In view of the above, the Company is of the view that the Shareholders' Communication Policy had been effectively implemented during the Year.

CONSTITUTIONAL DOCUMENT

No amendment had been made to the Bye-laws of the Company during the Year. The latest version of the Bye-laws are available on the websites of the Company and the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Board complied with the code provisions on risk management and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and environmental, social and governance ("**ESG**") risk controls for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors and ensuring the ESG performance of the Group is up to standard. The management of the Company is further delegated and authorised to (i) design, implement and maintain risk management and internal control systems appropriately and effectively; (ii) identify, evaluate, manage and control the risks that may have potential and material impacts on the processes of the operations; (iii) monitor risks and take appropriate methods to mitigate risks; (iv) respond promptly to and follow up the findings of the risk management and internal control issues identified; and (v) provide confirmation to the Board and the function of the Group on the effectiveness of the risk management and internal control systems.

The Board oversees the Company's risk management and internal control systems on an ongoing basis and reviews its effectiveness annually. A review was conducted on the effectiveness of the Company's and its subsidiaries' risk management and internal control systems for the Year, in areas such as finance, operational and compliance controls to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions and the reports were presented at the meetings of the Audit Committee during the Year. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Save for the internal control deficiency as identified by the Board in respect of the Company's delay in publication of the annual results of the Year, enhancement measures of which are further set out below, the Board found no material defects and considers these systems to be effective and adequate.

As disclosed in the announcement of the Company dated 5 July 2024 setting out, among others, the annual results of the Company for the Year and the reason for the delay in publication of the annual results, the delay was primarily resulted from the additional time required for Crowe to obtain the necessary audit confirmations from certain new business partners, none of whom are familiar with the Hong Kong auditing procedures of the Company as a listed company in Hong Kong and required additional guidance on the return of audit confirmations.

In view of that, the Company has identified internal control deficiency in respect of the Company's annual reporting and shall adopt the enhance internal control measures set out below to improve in the following aspects in the upcoming financial years:

1. The internal reporting mechanism of the Company in respect of financial reporting would be fine-tuned to avoid any significant delays in auditing progress. The finance department of the Company shall closely monitor the progress and the management shall be notified earlier of any potential serious delays in order to take more effective actions to assist with the audit procedure (including but not limited to allocating more resources or manpower for the completion of the audit procedure). The audit committee of the Company as well as the Board shall review the situation and the progress more timely and step in when necessary. The finance department shall strengthen its daily review on the financial controlling measures that are in place and put forward improvement such as enhancing audit planning and preparation of works in order to reduce its year-end audit work load.

2. The management team of the Company, particularly the senior management, shall be provided with enhanced training and guidance to better understand how to support the annual audit procedures and how to liaise with and guide the business partners of the Company to ensure their smooth internal communication in between various departments as well as the external communication between the finance department of the Company with Crowe, the external auditor, and other related departments (including the sales and procurement departments) with the customers and suppliers of the Group.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and training arrangements.

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Group are provision of procurement services and other IT services, trading of general goods, leasing of the Group's investment properties located in Wuhan, Hubei Province, the People's Republic of China (the "**PRC**") and provision of energy management contracting services in the PRC.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report and the paragraphs below.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by its subsidiaries established in the PRC and the Company was incorporated in Bermuda and is a listed company on the Main Board of the Stock Exchange. Therefore, the Group should comply with relevant laws and regulations of Bermuda, Hong Kong and the PRC.

The Group complies with the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), the Listing Rules and the SFO for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and ordinances relating to occupational safety for the interest of employees of the Group. During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

KEY RISK FACTORS AND UNCERTAINTIES

Set out below are the key risks and uncertainties faced by the Group:

Government Policy Risk

The business operation of the Group is susceptible to changes of government policies, relevant regulations and guidelines issued or updated by the regulatory authorities in the PRC from time to time. New policy requirements imposed on the Group by the governmental authorities in most cases will increase the Group's operational costs and failure to meet the new requirements will lead to the loss of revenue. For example, due to the increasingly tense Sino-US relationship, the central government of the PRC has required the local governments and their related agencies at all levels to replace foreign language-based IT software with domestic alternatives. In order to retain its public-sector clients and keep its market share, the Group had to increase its inputs into system development and upgrading to cater for new and varying needs of its customers arising from the government's new policy requirements. Another example is that the Group may be required to carry out its ordinary business with an agency company appointed by the government under certain policy, in the case of which the Group has to share its revenue with the appointed agent, and the business profitability of the Group may be affected.

Third-Party Risks

The Group has been relying on third-party service providers in parts of its business to improve performance and efficiency of the Group, such as the energy management contracting service. While gaining the benefits from external service providers, the management realises that such operational dependency may pose a threat of vulnerability as any unexpected service underperformance or disruptions from those third-parties may bring adverse impact to the Group, including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Credit Risks

The Group derives most of its revenues from procurement services and trading business, the nature of which inherently involves with monetary transactions of large amounts in the form of trade receivables or prepayments and so on with its customers or suppliers. As our procurement service business is growing fast over time, this risk may cause significant adverse impact on the Group if the supply chain customers or suppliers of the Group's procurement business or trading business fell into any financial difficulty and failed to reimburse or repay the Group timely. Management observes and notes that the chance of this type of risk unfortunately is growing and such risk may not only affect the Group, but may also affect its upstream or downstream business partners as the whole domestic economy growth is slowing down. The Group has carefully analysed its client base and will take more prudent approach and cautious risk control measures when dealing with its customers and will enhance its measures as appropriate to safeguard the interests of the Group.

ENVIRONMENTAL PROTECTION

The Group as well as the Board and management of the Company strongly support the green and sustainable growth of its business. The Company is fully aware of its responsibility in monitoring its impact to the environment arising from its business operations. The Group is committed to maintaining sustainable working practices and pays close attention to ensure that all resources are efficiently utilised. During the Year, to the best knowledge of the Directors, the Group has complied with relevant laws and regulations that have a significant impact on the Group. Not only that, the Group is also planning to take further steps and be directly involved in ESG related business. For further details, please refer to the paragraph headed "Business Prospects" in the section headed "Chairman's Statement" in this annual report.

In accordance with Rule 13.91 of the Listing Rules that was in force during the Year, the Company will publish an Environmental, Social and Governance ("**ESG**") Report together with the publication of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents were reported in the Year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The Group's requirements and standards are also well communicated to its suppliers before the commencement of a project. Facing a worsening business operational environment, the Group will increase its credit risk control to select its business partners more carefully and strictly.

The Group values the views and opinions of all customers received and collected through various means and channels, including the usage of business intelligence to understand customers' trends and needs and perform regular analysis on customers' feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

SEGMENT INFORMATION

An analysis of the Group's results, assets and liabilities by segment for the Year is set out in note 10 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss on page 57 of this annual report.

DIVIDEND

Dividend Policy

The principle of dividend policy is to allow Shareholders to participate in the Company's profits whilst allowing the Company to retain adequate reserves for the Group's future growth. In considering the declaration and payment of dividends, the Board will consider:

- the Group's actual and expected financial results;
- the economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group;
- the current and future operations, liquidity position, capital requirements and investment of the Group; and
- any other factors that the Board deems appropriate.

There is no fixed dividend payout ratio and there is no assurance that dividends will be paid in any particular amount for any given period.

Dividend

The Directors do not recommend the payment of final dividend for the Year (FY22/23: nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years/period is set out on page 181 of this annual report.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

Details of the movements in the property, plant and equipment, investment properties and right-of-use assets of the Group during the Year are set out in notes 18, 19 and 20 to the consolidated financial statements, respectively.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 March 2024 are set out in note 30 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year is set out in note 26 to the consolidated financial statements. Details about the issue of shares are also set out in note 26 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 27(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 March 2024 and 31 March 2023, no reserve of the Company was available for distribution as the aggregate of the contributed surplus and the accumulated losses is in debit balance. Details are set out in note 27(b) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the Year or subsisting at the end of the Year are set out below:

Convertible Bonds

On 19 April 2022, the Company issued convertible bonds in the aggregate principal amount of HK$27,500,000 (the "**Convertible Bonds**"), which may be converted into 18,333,333 conversion shares of the Company based on the initial conversion price of HK$1.50 (subject to adjustment) per share upon full conversion, to Sea Best Group Limited and Mr. Wu Feng (the "**Bondholders**"). The net price per conversion share is approximately HK$1.43. The conversion shares shall rank pari passu in respect of the voting rights with all other shares of the Company in issue on the date of issue and allotment of the conversion shares. The Convertible Bonds carry coupon interest at the rate of 5% per annum with a term of 7 years. The closing price of the shares of the Company on the date of the Convertible Bonds placing agreement was HK$1.53 per share. The net proceeds from the placing of the Convertible Bonds of approximately HK$26,300,000 had been utilised in full for expansion of the existing procurement and tendering business to customers in trading industry and general working capital purposes. As at 31 March 2024, none of the Convertible Bonds were converted into ordinary shares of the Company.

Subsequent to the Year, the Group missed the payment of coupon interests to the Bondholders in an aggregate amount of HK$1,375,000. Pursuant to the terms and conditions of the Convertible Bonds, the Bondholders have the right at any time to require the Company to redeem the whole of the outstanding Convertible Bonds due to the delayed interest payment. The Group took remedial action and repaid the outstanding coupon interests in an aggregate amount of HK$1,375,000 afterwards to the Bondholders. The Company has been in continuous contact with the Bondholders, and as at the date of this annual report, the Bondholders have not exercised their early redemption right. For further details of the Convertible Bonds, please refer to note 36 to the consolidated financial statements.

Share Option Scheme

The Company adopted a share option scheme (the "**Scheme**") pursuant to an ordinary resolution passed by the Shareholders in the annual general meeting held on 3 August 2022.

The purpose of the Scheme is to enable the Group to grant Options to selected participants to (A) recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to encourage and retain them for the continual operation and development of the Group; and (B) to attract suitable personnel for further development of the Group. Participants under the Scheme include, among others, Directors and employees of the Group. The Company is aware that under the new Rule 17.03A of the Listing Rules which came into effect on 1 January 2023, participants of share schemes shall only comprise employee participants, related entity participants and service providers (as defined in the Listing Rules). The Company will only grant share options to eligible participants in compliance with the new rule 17.03A and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange.

The principal terms of the Scheme are summarised as follows:

The Scheme will remain in force for a period of 10 years commencing from 3 August 2022 and will expire on 2 August 2032.

Share options may be granted without any initial payment. The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(i) the nominal value of the shares;

(ii) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the share option; and

(iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the share option.

The Board or its delegate(s), may from time to time while the Scheme is in force and subject to all applicable laws, grant options to any eligible participant in accordance with Rule 17.03A of the Listing Rules, and determine, among other things, the timing of grants, selection of the grantees, number of options, vesting dates and conditions of vesting, and performance targets that must be achieved before any of the options may be vested in the grantees. When a grantee has satisfied all vesting conditions and/or performance targets specified (and as may be waived or amended from time to time) by the Board or its delegate(s), the relevant options shall be vested in such grantee on the relevant vesting date and become exercisable.

Under the Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the Scheme and other share option scheme of the Group or shares of the Company which may be subject to a share award under any share award plan (excluding, for this purpose, options and share awards which have lapsed in accordance with the relevant schemes or plans of the Group) shall not in aggregate exceed 10% of the number of shares in issue at the date of approval of the Scheme provided that, *inter alia*, the Company may seek approval of the Shareholders at a general meeting to refresh the general scheme limit.

During the Year, (i) 3,003,759 share options were vested to the Directors and eligible employees of the Company; (ii) 557,200 share options lapsed due to the resignation of the relevant eligible employees; and (iii) 2,989,003 shares options (being the second tranche of the share options granted on 2 September 2022 with vesting date on 2 September 2024) lapsed before the vesting date due to the failure of the share option holders in fulfilling their performance related vesting conditions before the stipulated vesting date. No share options were granted, exercised or cancelled during the Year.

As no share options granted under the Scheme has been exercised since the date of grant, the number of shares available for issue under the Scheme both as at 1 April 2023, 31 March 2024 and as at the date of this annual report is 29,308,372, representing approximately 5.94% of the total issued shares of the Company as at each of 1 April 2023, 31 March 2024 and the date of this report. The number of share options available for grant under the Scheme as at each of 1 April 2023 and 31 March 2024 is 16,795,171 and 20,341,374 respectively, representing approximately 3.40% and 4.12% of the total issued shares of the Company as at the date of this report.

Further details of the Scheme are set out in note 29(ii) to the consolidated financial statement.

Share Award Plan

The Company adopted a share award plan on 29 April 2022 (the "**Share Award Plan**") in order to recognise and reward the contribution of the selected participants under the Share Award Plan, to encourage and retain them for the Group's continual operation and development and to attract suitable personnel for the Group's future development. Under the Share Award Plan, the Board may from time to time select any employees, directors, advisers or consultants and other group or classes of participants of the Group or any invested entity of the Group, whom the Board considers, in their sole discretion, to have contributed or will contribute to the Group, as selected participants (the "**Selected Participants**"). The Board shall determine the timing of awarding shares of the Company to the Selected Participants (the "**Award**"), the number of awarded shares (the "**Awarded Shares**"), vesting dates and conditions of vesting, and performance targets that must be achieved before any of the Awarded Shares may be vested in the Selected Participants under such Award.

The trustee will hold the Awarded Shares on trust for all or one or more of the Selected Participants until such Awarded Shares are vested with the relevant Selected Participants in accordance with the rules of the Share Award Plan.

The consideration payable by the Selected Participants for each Awarded Share upon acceptance of an Award shall be a percentage of the closing price on the date of the grant of the Award and such percentage shall be determined by the Board in its sole discretion.

The aggregated maximum number of Shares underlying all Awards made pursuant to the Share Award Plan (excluding Awarded Shares which have lapsed in accordance with the Share Award Plan) must not exceed 5% of the total issued shares of the Company as at the date of adoption of the Share Award Plan (i.e. 14,654,186 Shares), such 5% limit may be refreshed subject to Shareholders' approval provided that the total number of shares of the Company which may be subject to an Award or Awards under the Share Award Plan and any other share option scheme or share award plan of the Group may not exceed 10% of the total number of the shares of the Company in issue as at the date of the Shareholders' approval of the refreshed limit. The maximum number of shares of the Company which may be awarded to a Selected Participants in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

The Share Award Plan will remain in force for a period of 10 years from 29 April 2022 and will expire on 28 April 2032. Early termination maybe done by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Share Award Plan.

During the Year, 2,216,500 awarded shares were vested and allotted to the respective holders of the awarded shares; (ii) 247,750 unvested awarded shares lapsed due to the resignation of employees; and (iii) 2,205,250 awarded shares (being the second tranche of the awarded shares granted on 2 September 2022 with vesting date on 2 September 2024) lapsed before the vesting date due to the failure of the respective holders of the awarded shares in fulfilling their performance related vesting conditions before the stipulated vesting date. No awarded shares were granted by the Company during the Year.

The total number of award shares available for issue under the Share Award Plan as at (i) 1 April 2023 is 14,654,186 and (ii) each of 31 March 2024 and the date of this annual report is 12,437,686, respectively, representing approximately 2.97% and 2.52% of the total issued shares of the Company as at each of 1 April 2023, 31 March 2024 and the date of this report. As at 1 April 2023 and as at 31 March 2024, the total number of award shares available for grant under the 2022 Share Award Plan is 5,574,186 and 8,027,186 respectively, representing approximately 1.13% and 1.63% of the total issued shares of the Company as at the date of this report.

For further details of the Share Award Plan, please refer to note 29(iii) to the consolidated financial statement.

Pursuant to Chapter 17 of the Listing Rules, the total number of shares which may be issued in respect of the options and awards to be granted under the Scheme, the Share Award Plan and any other share scheme of the Company must not in aggregate exceed 10% of the issued shares of the Company as at the date of adoption of the Scheme (i.e. 29,308,372 shares).

DIRECTORS

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

Executive Directors
Ms. Wu Siyuan, *MSc, BSc* *(Chairman)*
Mr. Shi Qiang, *MBA, LL.B* *(Chief Executive)*
Ms. He Qian, *CPA (PRC), EMBA, BAcc*

Non-executive Directors
Ms. Liu Qian, *EMBA, MA, BEng* *(ceased on 9 May 2024)*
Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*
Mr. Li Guanghua, *EMBA, MSc, BSc* *(ceased on 9 May 2024)*

Independent non-executive Directors
Mr. Zhong Dengyu, *CPA (PRC)*
Ms. Deng Hua, *LL.M, LL.B*
Ms. Yang Xiaoyan, *MBA, BA* *(appointed on 25 August 2023)*
Mr. Jiang Jun, *BAcc* *(ceased on 25 August 2023)*

In accordance with Bye-law 84(1) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, the number nearest but not less than one-third, shall retire from office by rotation. Accordingly, Ms. Wu Siyuan, Mr. Shi Qiang and Mr. Li Shun shall retire by rotation (the "**Retiring Directors**") at the forthcoming annual general meeting ("**AGM**"). Each of the Retiring Directors has informed the Board his/her wish to retire as a Director and not to offer himself/herself for re-election at the AGM. The Company is revisiting the composition of the Board and its committees, and identifying new candidates who will join the Board soon, as appropriate.

The Company has received from each of the independent non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent to the Company.

DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

All Directors have entered into formal service contracts or letters of appointment with the Company for a term of 3 years and are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws.

As mentioned above, none of the Retiring Director will offer himself/herself for re-election at the forthcoming AGM. None of the Retiring Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board duly authorised by the Shareholders at the AGM, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted equity-linked scheme as an incentive to Directors and eligible employees, details of which are set out in note 29 to the financial statements contained in this annual report.

Save as disclosed in this annual report, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the Year.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate Directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Brief biographical information of the Directors and senior management of the Company are set out in the section headed "Biography of Directors and Senior Management" on pages 18 to 20 of this annual report. Save as disclosed, no other information of Directors is required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Capacity	Class of shares	Number of shares/ underlying shares in the Company	Total interests as to percentage of the issued share capital of the Company as at 31 March 2024 (Note 1)
Wu Siyuan	Discretionary beneficiary of a discretionary trust	Ordinary	229,291,903 (Note 2)	46.44%
	Beneficial owner	Ordinary	314,500	0.06%
Shi Qiang	Beneficial owner	Ordinary	314,500	0.06%
He Qian	Beneficial owner	Ordinary	7,300,000	1.5%
Liu Qian	Beneficial owner	Ordinary	679,250	0.14%
Li Guanghua	Beneficial owner	Ordinary	76,500	0.02%
Li Shun	Beneficial owner	Ordinary	314,500	0.06%

Notes:

1. As at 31 March 2024, the issued share capital of the Company was 493,760,678 shares.

2. These shares of the Company were held by Eastmount Global Limited, the entire issued share capital of which was indirectly held by Trident Trust Company (Singapore) Pte Limited as trustee of a family trust founded by Ms. Liu Luoxiu. Given Ms. Wu Siyuan was a discretionary beneficiary under the family trust, she was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.

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

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares of the Company in, or debt securities (including debentures) of the Company or any other body corporate.

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

As at 31 March 2024, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the Directors or chief executives of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	Capacity	Number of shares of the Company interested	Percentage of the issued share capital of the Company as at 31 March 2024 (Note 1)
Eastmount Global Limited	Beneficial owner	229,291,903 (Note 2)	46.44%
Trident Trust Company (Singapore) Pte Limited	Trustee of a discretionary trust	229,291,903 (Note 2)	46.44%
Liu Luoxiu	Founder of a discretionary trust	229,291,903 (Note 2)	46.44%
Jiangxi Bank Co., Ltd* (江西銀行股份有限公司)	Person having a security interest in shares of the Company	63,860,200 (Note 3)	12.93%

Notes:

1. As at 31 March 2024, the issued share capital of the Company was 493,760,678 shares.

2. These shares of the Company were held by Eastmount Global Limited, which was wholly-owned by Fu Ze Ventures Limited, which was in turn wholly-owned by Eshay Investments Limited. Eshay Investments Limited was wholly-owned by Frandor Limited, which in turn was wholly-owned by Trident Trust Company (Singapore) Pte Limited, the trustee of a discretionary trust of which Ms. Liu Luoxiu is the settlor and certain family members of Ms. Liu Luoxiu, including Ms. Wu Siyuan, the chairman of the Board, and an executive Director of the Company, are discretionary beneficiaries. Each of aforementioned persons and entities was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.

3. These Shares were pledged to Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) under a share pledge agreement between Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) and Eastmount Global Limited dated 15 July 2022.

Save as disclosed above, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 March 2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transaction" and "Related Party Transactions" in this report, there was no other contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries during the Year.

CONNECTED TRANSACTION

During the Year, the Group had the following continuing connected transaction that was not exempt from the annual reporting requirement in Chapter 14A of the Listing Rules. The Company has complied with all disclosure requirements applicable to the below continuing connected transaction under Chapter 14A of the Listing Rules.

Procurement Services Framework Agreement

On 14 August 2023, the Company (for itself and on behalf of its subsidiaries) entered into the a procurement services framework agreement (the "**Procurement Services Framework Agreement**") with Ms. Liu (for herself and her associates) ("**Ms. Liu's Associates**") pursuant to which the Group shall provide procurement services to Ms. Liu's Associates subject to and upon the terms and conditions set out in the Procurement Services Framework Agreement for a period up to 31 March 2024.

As Ms. Liu is a controlling shareholder of the Company by virtue of her being a settlor of a discretionary trust whose trustee indirectly holds approximately 45.63% of the total issued share capital of the Company as at the date of the Procurement Services Framework Agreement and approximately 46.44% as at the date of this annual report and therefore a connected person of the Company, the transactions contemplated under the Procurement Services Framework Agreement constituted continuing connected transactions of the Company.

Under the Procurement Services Framework Agreement, the Group shall provide procurement services to Ms. Liu's Associates, including but not limited to, procurement equipment and/or materials in EPC projects that are concerned with new energy. The prices for the services under the Procurement Services Framework Agreement shall be determined based on the agreed prices between the parties. The agreed prices will be calculated based on the actual costs incurred in providing such services, such as the cost of the goods procured, labour and other expenses, plus a profit margin as agreed between the parties that is no less favourable than the profit margin charged to an independent third party customer of the Group in recent transactions of similar nature, taking into account factors such as the duration of provision of services, types and volume of goods to be procured, etc.

The Group entered into the Procurement Services Framework Agreement targeting to expand its customer base and to further accumulate experience in providing procurement services to private enterprises and to enhance market share.

The annual cap under the Procurement Services Framework Agreement for the Year was set at HK$120 million, and during the Year, revenue in the amount of approximately HK$5.29 million was generated under the Procurement Services Framework Agreement.

Crowe, the external auditor, was engaged by the Company to report on the continuing connected transactions and has issued its unqualified letter containing its findings and conclusions in respect of the transactions disclosed by the Group as above in accordance with Rule 14A.56 of the Listing Rule.

The independent non-executive Directors of the Company have reviewed the transactions conducted under the Procurement Services Framework Agreement during the Year and the report of Crowe and confirmed that such transactions were conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and on terms fair and reasonable and in the interests of the Company and its shareholders as a whole.

COMPETING INTERESTS

As at 31 March 2024, none of the Directors or substantial Shareholders or any of their respective close associates has engaged in any business that competes or is likely to compete with the business of the Group, or has any other conflict of interests with the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions pursuant to HKFRSs are set out in note 41 to the consolidated financial statements. Save as disclosed in the section headed "Connected Transaction", the related party transactions set out in note 41 to the consolidated financial statements also constituted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and such transactions are fully exempt from the Shareholder's approval, annual review and disclosure requirement under Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for 59% of the total sales for the Year, in which sales to the largest customer represented approximately 41% of the total sales of the Year.

The cost of sales mainly consists of purchases, depreciation, staff costs and sub-contractor fees. The purchases from the Group's five largest suppliers for trading and services rendered, amounted to 53% of the total purchases for the Year, in which purchases from the largest supplier represented approximately 18% of the total purchases of the Year.

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) has an interest in the major suppliers or customers noted above.

MANAGEMENT CONTRACTS

Save as disclosed herein, no contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company.

PUBLIC FLOAT

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

EXTERNAL AUDITOR

The consolidated financial statements of the Group for the Year have been audited by Crowe whose term of office will expire upon the conclusion of the AGM. There has been no change in external auditor since 16 December 2020. A resolution for the re-appointment of Crowe as the external auditor of the Company for the subsequent year will be proposed at the AGM.

For and on behalf of the Board

Wu Siyuan
Chairman

Hong Kong, 5 July 2024

Independent Auditor's Report

國富浩華(香港)會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CHERISH SUNSHINE INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Cherish Sunshine International Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 57 to 180, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**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 of our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgments and estimates required in determining the fair values. As disclosed in Note 19 to the consolidated financial statements, the carrying amount of investment properties is approximately HK$232,673,000 as at 31 March 2024. During the year ended 31 March 2024, a fair value loss on investment properties of approximately HK$20,461,000 was recognised in the consolidated statement of profit or loss. As disclosed in Note 2(g) to the consolidated financial statements, the Group's investment properties are stated at fair value based on the valuations performed by an independent qualified professional valuer (the "**Valuer**"). Details of the valuation techniques are disclosed in Note 7 to the consolidated financial statements. These valuations involve a significant degree of estimation in respect of the key unobservable inputs including market rentals and market yield, taking into account the lettable units and type of the properties.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approach to assess if they meet the requirements of the HKFRSs and industry norms; • Obtaining the detailed work of the Valuer to evaluate the accuracy and relevance of key data inputs underpinning the valuation; and • Challenging the reasonableness and the appropriateness of the key inputs and key assumptions applied based on our knowledge of the property markets.

Key audit matter	How our audit addressed the key audit matter
*Impairment assessment of cash-generating unit ("**CGU**") under provision of procurement services and other IT services segment*	
We identified the impairment assessment of CGU under provision of procurement services and other IT services segment as a key audit matter due to the significant estimation involved in the management's impairment assessment process. Included in the abovementioned segment, it mainly comprised of an intangible asset representing software technical knowhow with a carrying amount of approximately HK$28,388,000 as at 31 March 2024 which was disclosed in Note 21 to the consolidated financial statements. In deciding whether a CGU was impaired or not requires the determination of the recoverable amount which requires estimation of the recoverable amount of the CGU under the provision of procurement services and other IT services segment. In estimating the value in use of the CGU, key inputs used by the management included the discount rate, budgeted revenue and gross margin taking into account the CGU's past performance, management's expectation for the market developments and the future 5 years' financial forecast approved by management. As a result of the estimation of the recoverable amount of the CGU, reversal of impairment loss for intangible assets of approximately HK$3,711,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2024. An independent external valuation was performed by the Valuer in support of the management's estimate.	Our procedures in relation to the impairment assessment of CGU under provision of procurement services and other IT segment included: • Understanding how the management perform impairment assessment including the estimation of future cash flows and key assumptions used; • Evaluating the competence, capabilities and objectivity of the Valuer; • Evaluating the appropriateness of the key assumptions used in the discounted cash flow calculation, including budgeted revenue and gross margin through assessing the CGU's past performance, management's expectation for the market developments and the future 5 years' financial forecast approved by the management; • Assessing the reasonableness of the discount rate applied in determining the value in use by benchmarking against market data; • Evaluating the potential impact of value in use based on the reasonably possible change of the key assumptions used; and • Evaluating the historical accuracy of the cash flows forecast by comparing historical cash flows forecast to the actual results in the current period and understanding the causes of any significant variances.

Key audit matter	How our audit addressed the key audit matter
Valuation of derivative components embedded in convertible bonds	
We identified the valuation of derivative components embedded in convertible bonds as a key audit matter due to the significant estimates required in determining the fair values. As disclosed in Note 36(b) to the consolidated financial statements, the carrying amounts of derivative components embedded in convertible bonds were assets and liabilities of approximately HK$2,964,000 and HK$6,038,000 respectively as at 31 March 2024, representing the call option of the Group and the conversion option of the holders of convertible bonds respectively. During the year ended 31 March 2024, a fair value gain on derivatives embedded in convertible bonds of approximately HK$1,692,000 was recognised in the consolidated statement of profit or loss. As disclosed in Notes 2(f) and 2(r) to the consolidated financial statements, the Group's derivative financial instruments are stated at fair value based on the valuations performed by the Valuer. Details of the valuation techniques are disclosed in Note 7 to the consolidated financial statements. These valuations involve a significant degree of estimation in respect of the key unobservable inputs including expected volatility of the share price of the Company.	Our procedures in relation to the valuation of derivative components embedded in convertible bonds included: • Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approach to assess if they meet the requirements of the HKFRSs and industry norms; • Obtaining the detailed work of the Valuer to evaluate the accuracy and relevance of key data inputs underpinning the valuation; and • Challenging the reasonableness and the appropriateness of the key inputs and key assumptions applied based on our knowledge.

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.

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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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.

- 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.

Crowe (HK) CPA Limited
Certified Public Accountants

Hong Kong, 5 July 2024

Chan Wing Fai
Practising Certificate Number P07327

Consolidated Statement of Profit or Loss

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	8	**782,180**	271,719
Cost of sales and services rendered		**(722,666)**	(234,084)
Gross profit		**59,514**	37,635
Other income and gains/(losses)	9	**(13,211)**	(5,637)
Administrative expenses		**(55,747)**	(61,422)
Reversal of impairment loss for intangible assets	21	**3,711**	13,746
(Impairment loss)/reversal of impairment loss for trade and other receivables and contract assets, net		**(2,054)**	76
Reversal of impairment loss for prepayments	23	**2,339**	11,405
Reversal of impairment loss for loan receivables	24	**—**	4,837
Share of result of an associate	22	**(5)**	—
Change in fair value of derivatives embedded in convertible bonds	36(b)	**1,692**	(370)
(Loss)/profit from operations		**(3,761)**	270
Finance costs	11	**(6,725)**	(3,671)
Loss before tax		**(10,486)**	(3,401)
Income tax credit	12	**11,290**	16,995
Profit for the year	13	**804**	13,594
Profit attributable to:			
Owners of the Company		**656**	13,282
Non-controlling interests		**148**	312
		804	13,594
Earnings per ordinary share (HK cents per share)	17		
Basic		**0.1359**	4.0156
Diluted		**0.1356**	3.9997

The notes on pages 65 to 180 form parts of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	2024	2023
	HK$'000	HK$'000
Profit for the year	**804**	13,594
Other comprehensive (expense)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(18,158)**	(17,030)
Share of other comprehensive expense of an associate	**(26)**	—
Reclassification of cumulative foreign currency translation reserve upon disposal of a subsidiary	**10**	—
Other comprehensive expense for the year, net of tax	**(18,174)**	(17,030)
Total comprehensive expense for the year	**(17,370)**	(3,436)
Other comprehensive (expense)/income attributable to:		
Owners of the Company	**(17,806)**	(4,183)
Non-controlling interests	**436**	747
	(17,370)	(3,436)

The notes on pages 65 to 180 form parts of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**6,284**	7,621
Investment properties	19	**232,673**	267,130
Right-of-use assets	20	**8,148**	10,089
Intangible assets	21	**28,667**	26,331
Interest in an associate	22	**197**	228
Deferred tax assets	33	**376**	—
Derivative component of convertible bonds	36(b)	**2,964**	9,904
Total non-current assets		**279,309**	321,303
Current assets			
Inventories — raw materials		**230**	101
Trade and other receivables	23	**360,079**	257,158
Contract assets	35(a)	**20,407**	6,384
Loan receivables	24	**—**	—
Restricted bank deposits	25(a)	**61,593**	—
Cash and cash equivalents	25(b)	**6,309**	8,478
Total current assets		**448,618**	272,121
TOTAL ASSETS		**727,927**	593,424
EQUITY			
Share capital	26	**48,522**	48,300
Reserves		**258,483**	273,574
Equity attributable to owners of the Company		**307,005**	321,874
Non-controlling interests	42	**(11,695)**	(11,507)
Total equity		**295,310**	310,367

	Notes	2024 HK$'000	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowing	30	**53,877**	—
Deferred income	31	**2,788**	3,229
Lease liabilities	32	**—**	261
Convertible bonds	36(a)	**23,246**	22,635
Deferred tax liabilities	33	**20,849**	33,721
Total non-current liabilities		**100,760**	59,846
Current liabilities			
Bank and other borrowings	30	**46,334**	113,801
Lease liabilities	32	**652**	1,262
Trade and other payables	34	**223,576**	71,538
Contract liabilities	35(b)	**37,862**	3,230
Derivative component of convertible bonds	36(b)	**6,038**	14,670
Current tax liabilities		**17,395**	18,710
Total current liabilities		**331,857**	223,211
TOTAL EQUITY AND LIABILITIES		**727,927**	593,424
Net current assets		**116,761**	48,910
Total assets less current liabilities		**396,070**	370,213

Approved by the Board of Directors on 5 July 2024 and are signed on its behalf by:

Wu Siyuan

He Qian

The notes on pages 65 to 180 form parts of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company												
	Share capital	Share premium	Contribution surplus	Other reserve	Shares held for share award scheme	Share-based payments reserve	Statutory reserve	Foreign currency translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Note 28(b)(i)	Note 28(b)(vii)	Note 28(b)(ii)	Note 28(b)(viii)	Note 28(b)(iii)	Note 28(b)(iv)	Note 28(b)(v)	Note 28(b)(vi)				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	29,309	26,954	(114,233)	8,390	—	—	15,778	154,955	8,278	77,482	206,913	(12,254)	194,659
Profit for the year	—	—	—	—	—	—	—	—	—	13,282	13,282	312	13,594
Exchange differences on translating foreign operations	—	—	—	—	—	—	—	(17,465)	—	—	(17,465)	435	(17,030)
Total comprehensive (expense)/income for the year	—	—	—	—	—	—	—	(17,465)	—	13,282	(4,183)	747	(3,436)
Issue of shares by rights issue, net of transaction costs *(Note 26(iii))*	18,991	98,015	—	—	—	—	—	—	—	—	117,006	—	117,006
Transfer to statutory reserve	—	—	—	—	—	—	226	—	—	(226)	—	—	—
Shares held for share award scheme	—	—	—	—	(1,813)	—	—	—	—	—	(1,813)	—	(1,813)
Share-based payments expenses *(Note 14)*	—	—	—	—	—	3,951	—	—	—	—	3,951	—	3,951
Changes in equity for the year	18,991	98,015	—	—	(1,813)	3,951	226	(17,465)	—	13,056	114,961	747	115,708
At 31 March 2023	48,300	124,969	(114,233)	8,390	(1,813)	3,951	16,004	137,490	8,278	90,538	321,874	(11,507)	310,367

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company												
	Share capital	Share premium	Contribution surplus	Other reserves	Shares held for share award scheme	Share-based payments reserve	Statutory reserve	Foreign currency translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Note 28(b)(i)	Note 28(b)(vii)	Note 28(b)(ii)	Note 28(b)(viii)	Note 28(b)(iii)	Note 28(b)(iv)	Note 28(b)(v)	Note 28(b)(vi)				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2023	48,300	124,969	(114,233)	8,390	(1,813)	3,951	16,004	137,490	8,278	90,538	321,874	(11,507)	310,367
Profit for the year	–	–	–	–	–	–	–	–	–	656	656	148	804
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	(18,446)	–	–	(18,446)	288	(18,158)
Share of other comprehensive expense of an associate *(Note 22)*	–	–	–	–	–	–	–	(26)	–	–	(26)	–	(26)
Reclassification of cumulative foreign currency translation reserve upon disposal of a subsidiary *(Note 43)*	–	–	–	–	–	–	–	10	–	–	10	–	10
Total comprehensive (expense)/income for the year	–	–	–	–	–	–	–	(18,462)	–	656	(17,806)	436	(17,370)
Transfer to statutory reserve	–	–	–	–	–	–	391	–	–	(391)	–	–	–
Vesting of awarded shares *(Note 26(iv))*	222	2,217	–	–	–	(1,419)	–	–	–	–	1,020	–	1,020
Forfeiture and lapse of share options *(Note 29(ii))*	–	–	–	–	–	(1,307)	–	–	–	1,307	–	–	–
Forfeiture of awarded shares *(Note 29(iii))*	–	–	–	–	–	(884)	–	–	–	884	–	–	–
Acquisition of additional interest of a subsidiary *(Note 44)*	–	–	–	624	–	–	–	–	–	–	624	(624)	–
Share-based payments expenses *(Note 14)*	–	–	–	–	–	1,293	–	–	–	–	1,293	–	1,293
Changes in equity for the year	222	2,217	–	624	–	(2,317)	391	(18,462)	–	2,456	(14,869)	(188)	(15,057)
At 31 March 2024	48,522	127,186	(114,233)	9,014	(1,813)	1,634	16,395	119,028	8,278	92,994	307,005	(11,695)	295,310

The notes on pages 65 to 180 form parts of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(10,486)**	(3,401)
Adjustments for:			
Amortisation of deferred day-1 gain of the convertible bonds	9, 36(a)	**(98)**	(98)
Amortisation of deferred income	9, 31	**(272)**	(285)
Amortisation of intangible assets	21	**84**	230
Change in fair value of derivatives embedded in convertible bonds	36(b)	**(1,692)**	370
Depreciation of property, plant and equipment	18	**858**	841
Depreciation of right-of-use assets	20	**1,438**	1,774
Net fair value losses on investment properties	19	**20,461**	4,627
Finance costs	11	**6,725**	3,671
Reversal of impairment loss for intangible assets	21	**(3,711)**	(13,746)
Interest income	9	**(14)**	(46)
Share of result of an associate	22	**5**	—
Loss on disposal of property, plant and equipment	9	**166**	14
Impairment loss/(reversal of impairment loss) for trade and other receivables and contract assets, net		**2,054**	(76)
Share-based payments expenses	14	**1,293**	3,951
Loss on disposal of a subsidiary	9, 43	**10**	—
Gain on lease modification	9	**(3)**	—
Reversal of impairment loss for prepayment	23	**(2,339)**	(11,405)
Reversal of impairment loss for loan receivables	24	**—**	(4,837)
		14,479	(18,416)
Increase in inventories		**(135)**	(13)
Increase in trade and other receivables		**(116,230)**	(228,699)
Increase in contract assets		**(15,062)**	(5,679)
(Increase)/decrease in restricted bank deposits		**(62,197)**	1,469
Increase in trade and other payables		**157,670**	36,750
Increase/(decrease) in contract liabilities		**35,227**	(2,158)
Cash generated from/(used in) operations		**13,752**	(216,746)
Income taxes paid		**(1,124)**	(237)
Interest on lease liabilities	11	**(46)**	(63)
Net cash generated from/(used in) operating activities		**12,582**	(217,046)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9	**14**	46
Net cash inflow from the disposal of a subsidiary	43	**620**	—
Proceeds from disposal of property, plant and equipment		**—**	7
Purchases of property, plant and equipment	18	**(636)**	(5,017)
Purchase of intangible assets	21	**(144)**	(109)
Addition to right-of-use assets		**—**	(300)
Settlement of loans advanced		**—**	4,837
Investment in an associate		**—**	(228)
Net cash used in investing activities		**(146)**	(764)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(5,970)**	(1,690)
Proceeds from issue of shares		**—**	119,642
Transaction costs attributable to issue of shares		**—**	(2,636)
New bank and other borrowings raised		**103,370**	113,801
Repayment of bank and other borrowings		**(110,986)**	(23,898)
Principal elements of lease payments		**(815)**	(1,564)
Transaction costs in relation to the issuance of convertible bonds	36	**—**	(983)
Acquisition of shares for share award scheme	28(b)(viii)	**—**	(1,813)
Net cash (used in)/generated from financing activities		**(14,401)**	200,859
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,965)**	(16,951)
Effect of foreign exchange rate changes		**(204)**	(571)
CASH AND CASH EQUIVALENTS AT 1 APRIL		**8,478**	26,000
CASH AND CASH EQUIVALENTS AT 31 MARCH	25(b)	**6,309**	8,478

The notes on pages 65 to 180 form parts of these consolidated financial statements.

1. GENERAL INFORMATION

Cherish Sunshine International Limited (the "**Company**") was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its head office and principal place of business in the People's Republic of China (the "**PRC**") is Unit 109–14, Block 1, No. 1818-2 Wenyi West Road, Yuhang Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC. The address of its principal place of business in Hong Kong is Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 42 to the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued a new standard and certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. The directors of the Company consider HK$ is the appropriate presentation currency for the users of the Group's consolidated financial statements. The functional currency of the Company's major subsidiaries in the PRC is Renminbi ("**RMB**").

2. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in an associate.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets/liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment properties (see Note 2(g)); and

— derivative financial instruments (see Note 2(f))

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

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

The Group has not applied any amendments to HKFRSs that is not yet effective for the current accounting period. The application of the new standard or amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interest's proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associate

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit loss ("**ECLs**") model to such other long-term interests where applicable (see Note 2(k)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

(g) Investment properties

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(v).

2. MATERIAL ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which included capitalised borrowing costs, less accumulated depreciation and impairment losses (see Note 2(k)(ii)):

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(j)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 years
Plant and machinery	20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Leasehold improvement	Over the term of the lease or 4 years (whichever is the shorter)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(i) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any impairment losses (see Note 2(k)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Computer software acquired	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets, including online platform promotion right, online platform development and technical support right and software technology knowhow acquired, are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leased assets

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

(i) As a lessee

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(i) As a lessee (Continued)

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

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

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

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

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

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on:

— the financial assets measured at amortised cost (including restricted bank deposits, bank balances, trade and other receivables and loan receivables);

— contract assets; and

— lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

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

— fixed-rate financial assets, trade and other receivables, contract assets and loan receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivables

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Generally, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Significant increases in credit risk (Continued)

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

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, except for investments in non-equity securities that are measured at fair value through other comprehensive income ("**FVTOCI**") (recycling), for which the loss allowance is recognised in the other comprehensive income and accumulated in the fair value reserve (recycling) and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGUs**"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-financial assets (Continued)

Reversals of impairment losses

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 *"Interim Financial Reporting"*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 2(k)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial period/year to which the interim period relates.

(l) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(v)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(n)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(v)).

(n) Trade and other receivables and loan receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(k)(i).

2. MATERIAL ACCOUNTING POLICIES (Continued)

(p) Trade and other payables

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

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(x).

(r) Convertible bonds

Convertible bonds that do not contain an equity component

For convertible notes which do not contain an equity component, at initial recognition the derivative component is measured at fair value and presented as part of derivative financial instruments (see Note 2(f)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Any directly attributable transaction costs are allocated to the host liability and derivative components in proportion to their initial carrying amounts. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with Note 2(f). The host liability component is subsequently carried at amortised cost using effective interest method. Interest related to the host liability component is recognised in profit or loss.

If the bonds are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components are recognised in profit or loss. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(s) Employee benefits (Continued)

(ii) Share-based payments

Share options granted to employees (including directors of the Company)

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, such that the cumulative expenses reflect the revised estimates, with a corresponding adjustment to share-based payments 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.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Share awards granted to employees (including directors of the Company)

For share award schemes, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share-based payments reserve. The cost of acquisition of the Company's shares held for the share award scheme, if any, is recorded as treasury shares (shares held for share award scheme). At the time when the awarded shares are vested, the amount previously recognised in share-based payments reserve and the amount of the relevant treasury shares will be transferred to retained profits.

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the best available estimate of the management. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to the share-based payments reserve.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(s) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in the other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries and an associate to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(u) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(k)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income

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

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

Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the trading of general goods that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration that reflects the considerations to which the Group expects to be entitled in exchange for those goods and services.

(i) Trading business:

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

Revenue from contracts with customers (Continued)

(ii) Procurement business under provision of procurement services and other IT services segment:

Sales of authentication keys

Revenue from sales of authentication keys is recognised at a point in time when control of authentication keys has transferred, being when the authentication keys have been delivered to the customers.

Provision of tendering services

Revenue from tendering services is recognised at a point in time on the later of (i) the consideration is received and is non-refundable; and (ii) completion of the services.

Provision of engineering, procurement and construction ("EPC") services

The Group provides EPC services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these EPC services based on the stage of completion of the contract using output method.

The Group's EPC contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits at certain percentages of total contract sum, when the Group receives a deposit before work commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the EPC services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period of one year from the date of the practical completion of the EPC contract, are classified as contract assets, which represents certain percentages of the contract value of the EPC contract. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires and is invoiced upon the Group's work satisfactorily passing inspection. The defect liability period serves as an assurance that the services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

Revenue from contracts with customers (Continued)

(iii) Corporate IT solution business under provision of procurement services and other IT services segment:

Sales of online procurement software (with subsequent maintenance services)

The Group mainly sells online procurement software, and revenue is recognised at a point in time when control of software products has transferred, being when the software products have been delivered to customers' specific location and installed for use. In addition, the Group provided subsequent maintenance service after the installation, which is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price is either (i) fixed in the contract with customers; or (ii) allocated between sales of software products and the maintenance services on a relative stand-alone selling price basis. Revenue relating to the maintenance services is recognised over time and would be recognised as a separate performance obligation for provision of services. The transaction price allocated to these services is recognised on a straight-line basis over the period of service.

(iv) Energy management contracting business

The Group provides regular energy management contracting services in the PRC. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The Group receives partial payment in advance of management fee according to contract terms.

Revenue from other sources and other income

(i) Interest income

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

Revenue from other sources and other income (Continued)

(ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholders' rights to receive payment are established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Rental income from operating lease

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

(iv) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(w) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in the other comprehensive income:

— an investment in equity securities designated as at FVTOCI (except on impairment, in which case foreign currency differences that have been recognised in the other comprehensive income are reclassified to profit or loss);

— a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

— qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the non-controlling interests shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(x) Borrowing costs

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

(y) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(z) Segment reporting

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

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

3. POSSIBLE IMPACT OF AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these consolidated financial statements. These developments include the following:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ("**2020 Amendments**")[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants ("**2022 Amendments**")[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025.

3. POSSIBLE IMPACT OF AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2024 (Continued)

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

Amendments to HKAS 1 "Presentation of financial statements" (2020 and 2022 Amendments)

The 2020 and 2022 Amendments impact the classification of a liability as current or non-current, and are to be applied retrospectively as a package.

The 2020 Amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 Amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Based on the assessment completed to date, the Group has identified the following liabilities which are expected to be impacted by the 2020 and 2022 Amendments:

Convertible bonds

As at 31 March 2024, the liabilities component of convertible bonds amounted to approximately HK$23,246,000 and with a maturity date in April 2029 (Note 36(a)) was classified as non-current liabilities. Under the 2020 Amendments, such liabilities would be classified as current as seen from 31 March 2024, as the conversion rights of the convertible bonds do not meet the definition of an equity instrument and are exercisable at any time at the convertible bond holders' option.

4. ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account estimated residual value. The useful lives and residual value are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experience of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation and amortisation, the rates of depreciation and amortisation are revised.

(ii) Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(a) Critical accounting judgements in applying the Group's accounting policies (Continued)

(iii) Principal versus agent consideration (principal)

The Group engages in trading of general goods and procurement of goods for EPC services. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. During the year ended 31 March 2024, the Group recognised revenue relating to trading of general goods and procurement of goods for EPC services amounted to approximately HK$565,796,000 (2023: HK$169,969,000) and HK$116,734,000 (2023: HK$37,601,000) respectively.

(b) Sources of estimation uncertainty

Notes 7, 19 and 29(ii) contain information about the assumptions and their risk factors relating to valuations of investment properties, share options and derivatives embedded in convertible bonds. Other significant sources of estimation uncertainty are as follows:

(i) Fair values of investment properties

The valuation of investment properties was based on valuation on these properties conducted by an independent professional valuer using property valuation techniques which involve certain assumptions of market conditions as disclosed in Note 7. Favourable or unfavourable changes to these assumptions would result in changes in the valuation of the Group's investment properties and corresponding adjustments to the fair value changes reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2024 is approximately HK$232,673,000 (2023: HK$267,130,000).

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(ii) Impairment assessment on non-financial assets

In considering the impairment losses that may be required for certain of the Group's non-financial assets which mainly include property, plant and equipment, right-of-use assets and intangible assets, the recoverable amount of the CGU need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Group uses all readily available information in determining expected cash flows generated by the CGU to which the asset belongs and they are discounted to their present value, which requires significant estimation. Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

(iii) Derivative of financial instruments

The directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative component of convertible bonds, assumptions are made based on quoted market rates adjusted for specific features of the instrument. As at 31 March 2024, the carrying amounts of derivative component of convertible bonds recognised as non-current assets and current liabilities of approximately HK$2,964,000 (2023: HK$9,904,000) and HK$6,038,000 (2023: HK$14,670,000) respectively.

(iv) Revenue recognition

As explained in Note 2(v), revenue from (i) licensing online procurement platform income; (ii) provision of maintenance services; (iii) provision of energy management contracting services; and (iv) provision of EPC services are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date.

Based on the Group's recent experience and the nature of the principal activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached, the related contract assets disclosed in Note 35(a) do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(v) Current tax and deferred tax

The Group is subject to income taxes in Hong Kong and PRC. The Group carefully evaluates tax implication of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations, of which the ultimate tax determination is uncertain, during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provision in the periods in which the determination is made. The carrying amounts of current tax payables, deferred tax assets and deferred tax liabilities recognised in the consolidated statement of financial position as at 31 March 2024 were approximately HK$17,395,000 (2023: HK$18,710,000), HK$376,000 (2023: Nil) and HK$20,849,000 (2023: HK$33,721,000) respectively.

Deferred tax assets are recognised for all unused tax losses to the extent that its is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies, details of which are set out in Note 33 to the consolidated financial statement.

(vi) Provision of ECL for trade receivables from contract with customers, contract assets and lease receivables

The Group uses provision matrix to calculate ECL for trade receivables from contract with customers, contract assets and lease receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs and effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables from contract with customers, contract assets and lease receivables with credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables from contract with customers, contract assets and lease receivables are disclosed in Notes 6, 23 and 35(a).

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(vii) Impairment allowances on other receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns probabilities of default to the individual grades;

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- The segmentation of financial assets based on risk characteristics of the customers and by product types when their ECL is assessed on a collective basis;

- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures;

- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on probabilities of default, exposures at default and losses given default; and

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group's overall strategy remains unchanged from prior year. The Group regards equity attributable to owners of the Company and net debts (included bank and other borrowings and amounts due to an ex-substantial shareholder and its subsidiaries, net of restricted bank deposits and cash and cash equivalents) as capital, for management purpose. The amount of capital as at 31 March 2024 amounted to approximately HK$341,832,000 (2023: HK$429,856,000), in which the Group considers as optimal having considered the projected capital expenditures and the projected investment opportunities.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the bank borrowing.

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules. As at 31 March 2024, over 25% (2023: over 25%) of the shares were in public hands.

During the years ended 31 March 2024 and 2023, there was no breach in the financial covenants of bank borrowings.

6. FINANCIAL RISK MANAGEMENT

Exposure to foreign currency, credits, liquidity and interest rate risks arises in the normal course of the Group's business.

(a) Foreign currency risk

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

At 31 March 2024, if the Hong Kong dollar had weakened 10 per cent against RMB with all other variables held constant, consolidated profit after tax for the year would have been HK$7,000 lower (2023: HK$7,000), arising mainly as a result of the foreign exchange loss (2023: loss) on restricted bank deposits and cash and cash equivalents denominated in currencies other than the functional currencies of the respective group entities of the Group. If the Hong Kong dollar had strengthened 10 per cent against RMB with all other variables held constant, there would be an equal and opposite impact.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, lease receivables, other receivables, contract assets, loan receivables, restricted bank deposits and bank balances. Management has a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

The Group performed impairment assessment for financial assets and other items under ECL model. Besides, the Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Restricted bank deposits and bank balances

The Group's exposure to credit risk arising from restricted bank deposits and bank balances is limited because the counterparties are banks and financial institutions with a minimum credit rating of B (2023: Baa3), which the Group considers to be low credit risks.

Trade receivables from contracts with customers, contract assets and lease receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In respect of trade receivables, the Group generally offer credit period of 30 days to customers. Normally, the Group does not hold any collateral from customers. At 31 March 2024, the ECLs for trade receivable from contracts with customers, contract assets and lease receivables were measured and loss allowance of approximately HK$2,240,000 (2023: HK$488,000), HK$481,000 (2023: HK$65,000) and HK$496,000 (2023: HK$528,000) was provided respectively.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group does not have any significant concentration of credit risk. Trade receivables consist of a large number of customers and spread across geographical areas.

The Group measures loss allowances for trade receivables from contracts with customers, contract assets and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables from contracts with customers, contract assets and lease receivables based on geographic regions, due to different loss patterns experienced in the different regions.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables from contracts with customers and lease receivables as at 31 March 2024 and 2023:

As at 31 March 2024

	Trade receivables from contract with customers		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**—**	**—**	**—**
Within 3 months past due	**0.9**	**17,016**	**152**
3 to 6 months past due	**—**	**—**	**—**
7 to 12 months past due	**17.3**	**11,946**	**2,071**
Over 12 months past due	**100.0**	**17**	**17**
Total		**28,979**	**2,240**

	Contract assets		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**2.3**	**20,888**	**481**
Within 3 months past due	**—**	**—**	**—**
3 to 6 months past due	**—**	**—**	**—**
7 to 12 months past due	**—**	**—**	**—**
Over 12 months past due	**—**	**—**	**—**
Total		**20,888**	**481**

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

As at 31 March 2024 (Continued)

	Lease receivables		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**—**	**—**	**—**
Within 3 months past due	**0.9**	**1,428**	**13**
3 to 6 months past due	**—**	**—**	**—**
7 to 12 months past due	**—**	**—**	**—**
Over 12 months past due	**100.0**	**483**	**483**
Total		**1,911**	**496**

	Total		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**2.3**	**20,888**	**481**
Within 3 months past due	**0.9**	**18,444**	**165**
3 to 6 months past due	**—**	**—**	**—**
7 to 12 months past due	**17.3**	**11,946**	**2,071**
Over 12 months past due	**100.0**	**500**	**500**
Total		**51,778**	**3,217**

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

As at 31 March 2023

	Trade receivables from contract with customers		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	—	—	—
Within 3 months past due	1.0	28,925	303
3 to 6 months past due	—	—	—
7 to 12 months past due	100.0	108	108
Over 12 months past due	100.0	77	77
Total		29,110	488

	Contract assets		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	1.0	6,449	65
Within 3 months past due	—	—	—
3 to 6 months past due	—	—	—
7 to 12 months past due	—	—	—
Over 12 months past due	—	—	—
Total		6,449	65

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

As at 31 March 2023 (Continued)

	Lease receivables		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	—	—	—
Within 3 months past due	1.2	1,639	18
3 to 6 months past due	—	—	—
7 to 12 months past due	—	—	—
Over 12 months past due	100.0	510	510
Total		2,149	528

	Total		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	1.0	6,449	65
Within 3 months past due	1.1	30,564	321
3 to 6 months past due	—	—	—
7 to 12 months past due	100.0	108	108
Over 12 months past due	100.0	587	587
Total		37,708	1,081

Expected loss rates are based on actual loss experience over the past 2 years. The calculation reflects the probability-weighted outcome of expected credit losses and is adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and also forward-looking information including the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

Movement in the loss allowance account in respect of trade receivables from contract with customers, contract assets and lease receivables during the years ended 31 March 2024 and 2023 is as follows:

	Trade receivables from contract with customers	Contract assets	Lease receivables	Total
PRC	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	1,173	—	32	1,205
Impairment losses recognised	389	65	503	957
Impairment losses reversed	(1,074)	—	(7)	(1,081)
	(685)	65	496	(124)
At 31 March 2023	488	65	528	1,081
At 1 April 2023	**488**	**65**	**528**	**1,081**
Impairment losses recognised	**2,113**	**465**	**3**	**2,581**
Impairment losses reversed	**(347)**	**(49)**	**(35)**	**(431)**
	1,766	**416**	**(32)**	**2,150**
Exchange difference	**(14)**	**—**	**—**	**(14)**
At 31 March 2024	**2,240**	**481**	**496**	**3,217**

The increase (2023: decrease) in the loss allowance during the year ended 31 March 2024 was caused by origination of new trade receivables from contract with customers net of those settlements, resulting an increase (2023: a decrease) in loss allowance of approximately HK$1,766,000 (2023: HK$685,000).

The increase (2023: decrease) in the loss allowance during the year ended 31 March 2024 was caused by origination of new contract assets net of reduction of contract assets when the right to the consideration became unconditional, resulting an increase in loss allowance of approximately HK$416,000 (2023: HK$65,000).

The decrease (2023: increase) in the loss allowance during the year ended 31 March 2024 was caused by origination of new lease receivables net of those settlements, resulting a decrease (2023: an increase) in loss allowance of approximately HK$32,000 (2023: HK$496,000).

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Deposits, other receivables and loan receivables

For deposits, other receivables and loan receivables, the directors of the Company make periodic individual assessment on the recoverability of deposits, other receivables and loan receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-months ECL. For the year ended 31 March 2024, net reversal of impairment loss of approximately HK$18,000 (2023: net impairment loss of approximately HK$18,000) on deposits, net reversal of impairment loss of approximately HK$78,000 (2023: net impairment loss of approximately HK$30,000) on other receivables and neither impairment loss nor reversal of impairment loss (2023: reversal of impairment loss of approximately HK$4,837,000) on loan receivables were recognised in the consolidated statement of profit or loss.

The following table provides information about the Group's exposure to credit risk and ECLs for deposits, other receivables and loan receivables as at 31 March 2024 and 2023:

	Gross carrying amount	
	2024	2023
	HK$'000	HK$'000
Other receivables	**22,903**	4,767
Amounts due from an ex-substantial shareholder and its subsidiaries	**80,716**	83,237
Compensation income receivable	**—**	8,473
	103,619	96,477
Deposits	**584**	578
Loan receivables	**10,668**	111,266

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Deposits, other receivables and loan receivables (Continued)

Movement in the loss allowance for deposits, other receivables and loan receivables at amortised cost during the years ended 31 March 2024 and 2023 is as follows:

	Other receivable	Amounts due from an ex-substantial shareholder and its subsidiaries	Compensation income receivable	Total of other receivables	Deposits	Loan receivables	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	998	87,205	8,473	96,676	156	117,450	214,282
Impairment losses recognised	157	–	–	157	26	–	183
Impairment losses reversed	(127)	–	–	(127)	(8)	(4,837)	(4,972)
	30	–	–	30	18	(4,837)	(4,789)
Exchange difference	–	(3,968)	–	(3,968)	–	(1,347)	(5,315)
At 31 March 2023	1,028	83,237	8,473	92,738	174	111,266	204,178
1 April 2023	**1,028**	**83,237**	**8,473**	**92,738**	**174**	**111,266**	**204,178**
Impairment losses recognised	**119**	**–**	**–**	**119**	**4**	**–**	**123**
Impairment losses reversed	**(197)**	**–**	**–**	**(197)**	**(22)**	**–**	**(219)**
	(78)	**–**	**–**	**(78)**	**(18)**	**–**	**(96)**
Written-off *(Note 24)*	**–**	**–**	**(8,473)**	**(8,473)**	**–**	**(100,000)**	**(108,473)**
Exchange difference	**–**	**(2,521)**	**–**	**(2,521)**	**–**	**(598)**	**(3,119)**
At 31 March 2024	**950**	**80,716**	**–**	**81,666**	**156**	**10,668**	**92,490**

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group is required to pay.

The maturity analysis for bank and other borrowings is prepared based on the scheduled repayment dates.

	Contractual undiscounted cash flow						
	Weighted average interest rate	**On demand or within 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Non-derivative financial liabilities	**%**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
As at 31 March 2024							
Financial liabilities included in trade and other payables	**—**	**216,404**	**—**	**—**	**—**	**216,404**	**216,404**
Bank and other borrowings	**5.0**	**49,488**	**2,667**	**55,858**	**—**	**108,013**	**100,211**
Lease liabilities	**4.8**	**657**	**—**	**—**	**—**	**657**	**652**
Convertible bonds	**9.5**	**1,375**	**1,375**	**4,125**	**28,875**	**35,750**	**23,246**
		267,924	**4,042**	**59,983**	**28,875**	**360,824**	**340,513**

	Contractual undiscounted cash flow						
	Weighted average interest rate	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
Non-derivative financial liabilities	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2023							
Financial liabilities included in trade and other payables	—	61,820	—	—	—	61,820	61,820
Bank and other borrowings	14.4	116,495	—	—	—	116,495	113,801
Lease liabilities	5.0	1,308	266	—	—	1,574	1,523
Convertible bonds	9.5	1,375	1,375	4,125	30,250	37,125	22,635
		180,998	1,641	4,125	30,250	217,014	199,779

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group's exposure to interest-rate risk mainly arises from its certain restricted bank deposits, bank balances, loan receivables, convertible bonds, bank and other borrowings and lease liabilities. Loan receivables, convertible bonds, certain bank borrowings, other borrowings and lease liabilities, bear interest at fixed interest rates and therefore are subject to fair value interest value risk. Other bank deposits, certain restricted bank deposits and certain bank borrowings bear interest at variable rates varied with the then prevailing market condition. The Group did not use derivative financial instruments to hedge its debt obligations.

The effect of changes in interest rates is not significant to these consolidated financial statements. Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments

	2024	2023
	HK$'000	HK$'000
Financial assets:		
Derivative financial instrument	**2,964**	9,904
Financial assets at amortised cost	**118,437**	42,864
Financial liabilities:		
Derivative financial instrument	**6,038**	14,670
Financial liabilities at amortised cost	**340,513**	199,779

(f) Fair values

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

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

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.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Certain assets and liabilities of the Group are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets and liabilities, the causes of the fluctuations will be reported to the directors of the Company.

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements categorised into			Total
	Level 1	**Level 2**	**Level 3**	**2024**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurements:				
Financial assets				
Call option embedded in convertible bonds	**—**	**—**	**2,964**	**2,964**
Financial liabilities				
Conversion option embedded in convertible bonds	**—**	**—**	**(6,038)**	**(6,038)**
Non-financial assets				
Investment properties — Commercial units situated in the PRC	**—**	**—**	**232,673**	**232,673**
Total	**—**	**—**	**229,599**	**229,599**

Description	Fair value measurements categorised into			Total
	Level 1	Level 2	Level 3	2023
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Financial assets				
Call option embedded in convertible bonds	—	—	9,904	9,904
Financial liabilities				
Conversion option embedded in convertible bonds	—	—	(14,670)	(14,670)
Non-financial assets				
Investment properties — Commercial units situated in the PRC	—	—	267,130	267,130
Total	—	—	262,364	262,364

During the years ended 31 March 2024 and 2023, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

7. FAIR VALUE MEASUREMENTS (Continued)

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

(i) Investment properties

Description	2024	2023
	HK$'000	HK$'000
At beginning of the year	**267,130**	294,488
Total losses recognised in profit or loss	**(20,461)**	(4,627)
Exchange differences	**(13,996)**	(22,731)
At end of the year	**232,673**	267,130
Total losses recognised in profit or loss for assets held at end of the reporting period	**(20,461)**	(4,627)

During the year ended 31 March 2024, the total losses recognised in profit or loss including those for assets held at end of the reporting period of approximately HK$20,461,000 (2023: HK$4,627,000) are presented in other income and gains/(losses) in the consolidated statement of profit or loss.

(ii) Call option and conversion option embedded in convertible bonds

Reconciliations are disclosed in Note 36(b) to the consolidated financial statements.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purpose, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussion of valuation processes and results are held between the financial controller and the Board of Directors once a year.

For level 3 fair value measurements, the Group will normally engage independent professional qualified valuers with the recognised professional qualifications and recent experience to perform the valuations.

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Investment properties were revalued at 31 March 2024 by Masterpiece Valuation Advisory Limited (2023: Valplus Consulting Limited), an independent qualified professional valuer, using income approach with reference to comparable sale transactions for similar properties in the same location and condition or using income capitalisation approach by reference to net rental income allowing for reversionary income potential.

Call option and conversion option embedded in convertible bonds were revalued at 31 March 2024 by Masterpiece Valuation Advisory Limited (2023: Valplus Consulting Limited), an independent qualified professional valuer, using Binomial Option Pricing Model with reference to expected volatility of the Company's shares.

Level 3 fair value measurements

Description	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value **2024**	Fair value 2023
					HK$'000	HK$'000
Investment properties — Commercial units located in the PRC	Income capitalisation	Terminal yield	5.5%–7.5% (2023: 5%–7%)	Decrease	**232,673**	267,130
		Reversionary yield	6%–8% (2023: 6%–8%)	Decrease		
		Monthly rental (RMB/ square metre)	30.6–312.5 (2023: 45.3–336.1)	Increase		
Call option embedded in convertible bonds	Binomial Option Pricing Model	Expected volatility	97.40% (2023: 100.62%)	Increase	**2,964**	9,904
Conversion option embedded in convertible bonds	Binomial Option Pricing Model	Expected volatility	97.40% (2023: 100.62%)	Increase	**(6,038)**	(14,670)

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Level 3 fair value measurements (Continued)

Call option and conversion option embedded in convertible bonds

The fair value of call option embedded in convertible bonds is determined using the Binomial Option Pricing Model. The fair value measurement is positively correlated to the expected volatility of the share price of the Company. As at 31 March 2024, it is estimated that: (i) with all other variables held constant, a decrease/increase in expected volatility of the share price of the Company by 5% would have decreased/increased the Group's profit for the year by approximately HK$117,000/HK$217,000 (2023: HK$357,000/HK$353,000).

The fair value of conversion option embedded in convertible bonds is also determined using the Binomial Option Pricing Model. The fair value measurement is positively correlated to the expected volatility of the share price of the Company. As at 31 March 2024, it is estimated that: (i) with all other variables held constant, a decrease/increase in expected volatility of the share price of the Company by 5% would have increased/decreased the Group's profit for the year by approximately HK$180,000/HK$284,000 (2023: HK$373,000/HK$350,000).

8. REVENUE

An analysis of the Group's revenue for the years ended 31 March 2024 and 2023 is as follows:

	2024	2023
	HK$'000	HK$'000
Provision of procurement services	**13,631**	16,705
Provision of EPC services	**29,403**	2,067
Procurement of goods for EPC services	**116,734**	37,601
Trading of general goods	**565,796**	169,969
Provision of other IT services	**30,708**	21,702
Rental income	**15,340**	17,032
Provision of energy management contracting services	**10,568**	6,643
	782,180	271,719

8. REVENUE (Continued)

Disaggregation of revenue from contracts with customers by major products or services lines and the timing of revenue recognition for the years ended 31 March 2024 and 2023 are as follows:

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Recognised at point in time:		
— Trading of general goods[1]	565,796	169,969
— Procurement of goods for EPC services[2]	116,734	37,601
— Provision of procurement services[2]	13,631	16,705
— Sales of online procurement software[2]	2,916	2,557
Recognised over time:		
— Licensing online procurement platform income[2]	12,509	5,030
— Provision of maintenance services[2]	15,283	14,115
— Provision of energy management contracting services[3]	10,568	6,643
— Provision of EPC services[2]	29,403	2,067
	766,840	254,687
Revenue from other sources		
— Rental income[4]	15,340	17,032
	782,180	271,719

1 Classified under "Trading business" segment.
2 Classified under "Provision of procurement services and other IT services" segment.
3 Classified under "Energy management contracting business" segment.
4 Classified under "Rental income" segment.

All of the above revenue arose in the PRC.

Contracts with customers with unsatisfied performance obligations on the abovementioned revenue, have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

9. OTHER INCOME AND GAINS/(LOSSES)

	2024	2023
	HK$'000	HK$'000
Amortisation of deferred day-1 gain of the convertible bonds *(Note 36(a))*	**98**	98
Bank interest income	**14**	46
Net foreign exchange gain/(loss)	**65**	(2,562)
Net fair value losses on investment properties *(Note 19)*	**(20,461)**	(4,627)
Gains on disposals of financial assets at fair value through profit or loss	**—**	1
Loss on disposal of property, plant and equipment	**(166)**	(14)
Loss on disposal of a subsidiary *(Note 43)*	**(10)**	—
Gain on lease modification	**3**	—
Government grants — amortisation of deferred income *(Note 31)*	**272**	285
Government grants *(note)*	**6,569**	228
Sundry income	**405**	908
	(13,211)	(5,637)

Note: Pursuant to the regulations of relevant government authority in the PRC, a company shall entitle a government subsidy for relocating its head office to Yuhang District, Hangzhou, Zhejiang Province, the PRC. The head office of the Group is located in Yuhang District, Hangzhou, Zhejiang Province, the PRC. During the year ended 31 March 2024, the Group applied for the abovementioned government subsidy. The relevant government authority approved the Group's application and granted a subsidiary of RMB6,000,000 (or approximately HK$6,528,000) (2023: Nil).

The remaining government grant of approximately HK$41,000 (2023: HK$228,000) represented financial subsidies for compensating expenses already incurred or giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of relevant government authorities.

10. SEGMENT INFORMATION

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

During the year ended 31 March 2023, in a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resource allocation and performance assessment, the reporting operating segments of the provision of procurement services and the provision of corporation IT solution are combined as a single reporting operating segment. At 31 March 2024 and 2023, the Group has four identified reportable operating segments. The operations in each of the Group's identified reportable operating segments as at 31 March 2024 and 2023 are described below:

Provision of procurement services and other IT services	—	Provisions of procurement services to governmental authorities and private enterprises, development of software and provision of maintenance services to customers, procurement of goods for EPC services and provision of EPC services
Trading business	—	Trading of general goods
Rental income	—	Leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC
Energy management contracting business	—	Provision of energy management contracting services in the PRC

The accounting policies of the operating segments are the same as those described in Note 2 to the consolidated financial statements.

Segment profits or losses do not include administrative expenses, other income and gains/(losses), finance costs, net (reversal of impairment loss)/impairment loss for certain other receivables, reversal of impairment loss for loan receivables, share of result of an associate and change in fair value of derivatives embedded in convertible bonds.

For the purpose of assessment by the CODM, the net fair value losses on investment properties and depreciation of property, plant and equipment were not included in segment results while the investment properties and certain property, plant and equipment have been included in the segment assets.

Segment assets do not include certain restricted bank deposits, cash and cash equivalents, certain intangible assets, certain property, plant and equipment, right-of-use assets, interest in an associate, deferred tax assets, certain other receivables, loan receivables, derivative components of convertible bonds and deferred tax assets.

Segment liabilities do not include lease liabilities, certain other payables, current tax liabilities, deferred income, derivative components of convertible bonds, convertible bonds and deferred tax liabilities.

10. SEGMENT INFORMATION (Continued)

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segment results, assets and liabilities:

	Provision of procurement services and other IT services	Trading business	Rental income	Energy management contracting business	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2024					
Revenue from external customers	190,476	565,796	15,340	10,568	782,180
Segment profit	48,289	1,067	8,240	5,815	63,411
Amounts included in the measure of segment profit or loss:					
Reversal of impairment loss for intangible assets	(3,711)	–	–	–	(3,711)
Impairment loss/(reversal of impairment loss) for trade and other receivables and contract assets, net	103	1,827	(26)	249	2,153
Reversal of impairment loss for prepayment	–	(2,339)	–	–	(2,339)
Amounts not included in the measure of segment profit or loss but regularly reported to CODM:					
Depreciation and amortisation	115	–	–	249	364
Finance costs	2,149	–	–	–	2,149
As at 31 March 2024					
Segment assets	425,963	8,952	234,346	6,416	675,677
Segment liabilities	206,527	9,630	4,539	1,121	221,817
Amounts included in the measure of segment assets:					
Additions of segment non-current assets	116	–	–	–	116

10. SEGMENT INFORMATION (Continued)

Information about reportable segment results, assets and liabilities: (Continued)

	Provision of procurement services and other IT services	Trading business	Rental income	Energy management contracting business	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2023					
Revenue from external customers	78,075	169,969	17,032	6,643	271,719
Segment profit	38,426	12,030	9,111	3,354	62,921
Amounts included in the measure of segment profit or loss:					
Reversal of impairment loss for intangible assets	(13,746)	—	—	—	(13,746)
(Reversal of impairment loss)/impairment loss for trade and other receivables and contract assets, net	(541)	(139)	495	50	(135)
Reversal of impairment loss for prepayment	—	(11,405)	—	—	(11,405)
Amounts not included in the measure of segment profit or loss but regularly reported to CODM:					
Depreciation and amortisation	87	—	—	16	103
Finance costs	551	—	—	—	551
As at 31 March 2023					
Segment assets	274,744	2,006	268,757	7,824	553,331
Segment liabilities	145,911	3,151	5,150	347	154,559
Amounts included in the measure of segment assets:					
Additions of segment non-current assets	524	—	—	4,365	4,889

10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment results:

	2024	2023
	HK$'000	HK$'000
Total profit of reportable segments	**63,411**	62,921
Administrative expenses	**(55,747)**	(61,422)
Other income and gains/(losses)	**(13,211)**	(5,637)
Finance costs	**(6,725)**	(3,671)
Unallocated reversal of impairment loss/(impairment loss) for other receivables, net	**99**	(59)
Reversal of impairment loss for loan receivables	**—**	4,837
Share of result of an associate	**(5)**	—
Change in fair value of derivatives embedded in convertible bonds	**1,692**	(370)
Consolidated loss before tax	**(10,486)**	(3,401)

There was no inter-segment sale and transfer during the years ended 31 March 2024 and 2023.

No reconciliation of reportable and operating segment revenue is provided as the total revenue for reportable and operating segments is the same as the Group's consolidated revenue.

10. SEGMENT INFORMATION (Continued)

Reconciliations of segment assets and liabilities:

	2024	2023
	HK$'000	HK$'000
Assets		
Total assets of reportable segments	675,677	553,331
Unallocated corporate assets		
— Restricted bank deposits	1,105	—
— Cash and cash equivalents	6,309	8,478
— Loan receivables	—	—
— Derivative component of convertible bonds	2,964	9,904
— Deferred tax assets	376	—
— Others	41,496	21,711
	52,250	40,093
Consolidated total assets	727,927	593,424
Liabilities		
Total liabilities of reportable segments	221,817	154,559
Unallocated corporate liabilities		
— Bank and other borrowings	100,211	—
— Lease liabilities	652	1,523
— Deferred tax liabilities	20,849	33,721
— Current tax liabilities	17,395	18,710
— Derivative component of convertible bonds	6,038	14,670
— Convertible bonds	23,246	22,635
— Others	42,409	37,239
	210,800	128,498
Consolidated total liabilities	432,617	283,057

10. SEGMENT INFORMATION (Continued)

Reconciliations of other segment information:

	2024	2023
	HK$'000	HK$'000
Other items — impairment loss/(reversal of impairment loss) for trade and other receivables and contract assets, net		
Total impairment loss/(reversal of impairment loss) of reportable segments, net	**2,153**	(135)
Unallocated amounts	**(99)**	59
Consolidated impairment loss/(reversal of impairment loss), net	**2,054**	(76)
Other items — depreciation and amortisation of non-current assets		
Total depreciation and amortisation of reportable segments	**364**	103
Unallocated amounts	**2,016**	2,742
Consolidated depreciation and amortisation	**2,380**	2,845
Other items — additions to non-current assets		
Total addition to non-current assets of reportable segments	**116**	4,889
Unallocated additions	**664**	2,886
Consolidated additions to non-current assets	**780**	7,775

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

10. SEGMENT INFORMATION (Continued)

Geographical information:

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment properties, right-of-use assets, intangible assets and interest in an associate ("**Specified Non-Current Assets**").

The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of Specified Non-Current Assets are based on the physical location of the assets in the case of property, plant and equipment and investment properties, and the location of the operation in the case of right-of-use assets, intangible assets and interest in an associate.

	Revenue from external customers		***Specified Non-Current Assets***	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**—**	—	**280**	1,019
PRC except Hong Kong	**782,180**	271,719	**275,689**	310,380
Consolidated total	**782,180**	271,719	**275,969**	311,399

Revenue from major customers:

	2024	2023
	HK$'000	HK$'000
Trading business segment:		
Customer A	**317,805**	—
Customer B	**—**	42,600

11. FINANCE COSTS

	2024	2023
	HK$'000	HK$'000
Interest on bank and other borrowings	**4,595**	1,690
Interest on lease liabilities	**46**	63
Effective interest on convertible bonds *(Note 36(a))*	**2,084**	1,918
Interest on financial liabilities not at fair value through profit or loss	**6,725**	3,671

12. INCOME TAX CREDIT

	2024	2023
	HK$'000	HK$'000
Current tax — the PRC		
Provision for the year	**278**	319
Over-provision in prior years	**—**	(12,941)
	278	(12,622)
Deferred tax *(Note 33)*	**(11,568)**	(4,373)
	(11,290)	(16,995)

12. INCOME TAX CREDIT (Continued)

(i) Hong Kong

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 March 2024 (2023: Nil).

(ii) PRC

PRC Enterprise Income Tax has been provided at a rate of 25% for the year ended 31 March 2024 (2023: 25%).

In prior years, the Group recognised provisions of PRC Enterprise Income Tax of approximately RMB11,372,000 (or equivalent to approximately HK$12,941,000) in respect of certain income received by the Group from rendering procurement services. Given that the local tax authority carried out tax investigation on the relevant PRC group entity whereas the amount of the relevant income were fully reported to the local tax authority in 2017, the directors of the Company considered that the probability of charging additional PRC Enterprise Income Tax against the relevant PRC group entity on the above-mentioned income by the local tax authority was remote. Prior to the year ended 31 March 2023, no reversal of provision for PRC Enterprise Income Tax was recognised as the retrospective period of charging the PRC Enterprise Income Tax against the relevant PRC group entity on the above-mentioned income by the local tax authority (the "**Retrospective Period**") was still effective.

During the year ended 31 March 2023, the Group engaged an independent internationally renowned professional tax consulting firm as an adviser (the "**Tax Adviser**") to form an opinion on the validity of the Retrospective Period. As advised by the Tax Adviser, the Retrospective Period was ended during the year ended 31 March 2023, and the local tax authority will not impose tax liability against the relevant PRC group entity on the above-mentioned income. Accordingly, the Group recognised a reversal of provision for PRC Enterprise Income Tax of approximately RMB11,372,000 (or equivalent to approximately HK$12,941,000) in the consolidated statement of profit or loss.

12. INCOME TAX CREDIT (Continued)

(iii) Overseas

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in Bermuda and BVI.

The reconciliation between the income tax credit and accounting loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2024	2023
	HK$'000	HK$'000
Loss before tax	**(10,486)**	(3,401)
Tax at the PRC Enterprise Income Tax rate of 25% (2023: 25%)	**(2,622)**	(850)
Tax effect of income that is not taxable	**(6,361)**	(4,427)
Tax effect of expenses that are not deductible	**4,585**	365
Tax effect of utilisation of tax losses previously not recognised	**(6,158)**	(4,918)
Tax effect of tax losses not recognised	**4,127**	8,673
Tax effect of temporary differences not recognised	**2,449**	(105)
Effect of different tax rates of subsidiaries	**1,082**	488
Temporary difference arising from revaluation of investment properties	**(11,189)**	(4,373)
Tax effect of temporary difference arising from revaluation of investment properties	**2,797**	1,093
Over-provision in prior years	**—**	(12,941)
Income tax credit	**(11,290)**	(16,995)

13. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2024	2023
	HK$'000	HK$'000
Amortisation of intangible assets (included in administrative expenses) *(Note 21)*	**84**	230
Auditor's remuneration		
— audit services	**990**	990
— non-audit services	**500**	610
Cost of inventories sold	**672,705**	205,997
Depreciation of property, plant and equipment *(Note 18)*	**858**	841
Depreciation of right-of-use assets *(Note 20)*	**1,438**	1,774
Direct operating expenses of investment properties that generate rental income	**6,845**	7,066

14. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2024	2023
	HK$'000	HK$'000
Employee benefits expense:		
Salaries, bonuses and allowances	**43,863**	47,162
Retirement benefits scheme contributions*	**4,186**	4,002
Share-based payment expenses		
— Share options *(Note 29(ii))*	**705**	2,236
— Awarded shares *(Note 29(iii))*	**588**	1,715
	1,293	3,951
	49,342	55,115

* The Group had no forfeited contributions under the Mandatory Provident Fund Scheme (the "**MPF Scheme**") and its retirement benefits schemes in the PRC which may be used to reduce the existing level of contributions during the year ended 31 March 2024 (2023: Nil). There were also no forfeited contributions available to reduce future contributions at the end of the reporting period (2023: Nil).

The Group operates a 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 retirement benefits scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 per month.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The subsidiary established in the PRC is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

As at 31 March 2024 and 2023, the Group had no significant obligation apart from the contribution as stated above.

14. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

Five highest paid individuals

The five highest paid employees of the Group during the year ended 31 March 2024 included five (2023: four) directors, details of whose emoluments are set out in Note 15. Details of the remuneration for the year ended 31 March 2023 of the remaining one highest paid employees who was neither a director nor chief executive of the Company are as follows:

	2024	2023
	HK$'000	HK$'000
Basic salaries, allowances and other benefits in kind	**N/A**	451
Discretionary bonus	**N/A**	331
Retirement benefits scheme contributions	**N/A**	145
Share-based payment expenses		
— Share options	**N/A**	406
— Awarded shares	**N/A**	216
	N/A	622
	N/A	1,549

The number of the highest paid employee who was not the director of the Company whose remuneration fell within the following band is as follows:

	Number of employee	
	2024	2023
HK$1,500,001 to HK$2,000,000	**—**	1*

* This employee was appointed as an executive director of the Company on 7 March 2023. Subsequent to the appointment, his remuneration was included as director's emolument in Note 15.

During the years ended 31 March 2024 and 2023, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in connection with the management of affairs of any member of the Group.

15. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

Director's remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	Fees	Salaries	Discretionary bonus	Employer's contribution to a retirement benefit scheme	Share-based payment expenses	Other benefits in kind	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of director							
Executive directors:							
Ms. Wu Siyuan (Chairman)	600	442	–	150	208	–	1,400
Mr. Shi Qiang (Chief executive)	240	448	146	158	221	–	1,213
Ms. He Qian	240	–	–	–	–	–	240
Non-executive directors:							
Ms. Liu Qian *(note (i))*	240	427	–	–	271	–	938
Mr. Li Shun	240	980	–	18	125	334	1,697
Mr. Li Guanghua *(note (i))*	240	558	–	92	93	–	983
Independent non-executive directors:							
Mr. Zhong Dengyu	240	–	–	–	–	–	240
Ms. Deng Hua	240	–	–	–	–	–	240
Ms. Yang Xiaoyan *(note (ii))*	145	–	–	–	–	–	145
Mr. Jiang Jun *(note (iii))*	144	–	–	–	–	–	144
Total for the year ended 31 March 2024	**2,569**	**2,855**	**146**	**418**	**918**	**334**	**7,240**

15. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Fees	Salaries	Discretionary bonus	Employer's contribution to a retirement benefit scheme	Share-based payment expenses	Other benefits in kind	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of director							
Executive directors:							
Ms. Wu Siyuan (Chairman) *(note (iv))*	600	322	154	155	659	—	1,890
Mr. Shi Qiang (Chief executive) *(note (v))*	55	—	—	12	81	—	148
Mr. Zheng Jinwei *(note (vi))*	50	—	—	—	—	675	725
Ms. He Qian	240	—	—	—	—	—	240
Non-executive directors:							
Ms. Liu Qian	240	—	—	—	827	—	1,067
Mr. Li Shun	240	976	143	18	383	223	1,983
Mr. Li Guanghua	240	412	162	104	302	—	1,220
Independent non-executive directors:							
Mr. Zhong Dengyu	240	—	—	—	—	—	240
Mr. Jiang Jun	360	—	—	—	—	—	360
Ms. Deng Hua *(note (vii))*	145	—	—	—	—	—	145
Mr. Wang Shuai *(note (viii))*	120	—	—	—	—	—	120
Total for the year ended 31 March 2023	2,530	1,710	459	289	2,252	898	8,138

Notes:

(i) Cease as non-executive director on 9 May 2024

(ii) Appointed as independent non-executive director on 25 August 2023

(iii) Ceased as independent non-executive director on 25 August 2023

(iv) Ceased as chief executive on 7 March 2023

(v) Appointed as executive director and chief executive on 7 March 2023

(vi) Ceased as executive director on 29 April 2022

15. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes: (Continued)

(vii) Appointed as independent non-executive director on 25 August 2022

(viii) Ceased as independent non-executive director on 25 August 2022

During the year ended 31 March 2024, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2023: Nil).

Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2024 (2023: Nil).

16. DIVIDENDS

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

17. EARNINGS PER ORDINARY SHARE

	2024	2023
	HK$'000	HK$'000
Earnings:		
Earnings for the year attributable to owners of the Company for the purpose of basic and diluted earnings per ordinary share *(note (i))*	**656**	13,282
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share *(note (ii))*	**482,836**	330,759
Effect of dilutive potential ordinary shares —Share award granted under the Company's share award plan	**939**	1,312
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share *(notes (i) & (iii))*	**483,775**	332,071

Notes:

(i) The calculation of diluted earnings per ordinary share for the years ended 31 March 2024 and 2023 did not assume the conversion of convertible bonds, since the conversion would result in an anti-dilutive effect on earnings per ordinary share.

(ii) For the years ended 31 March 2024 and 2023, the number of ordinary shares adopted in the calculation of the basic earnings per ordinary share has been arrived at after eliminating the ordinary shares of the Company held under the Company's share award plan (see Note 29(iii)).

(iii) For the years ended 31 March 2024 and 2023, the computation of diluted earnings per ordinary share did not assume the exercise of share options because their exercise price is higher than the average share price.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1 April 2022	2,590	—	20,816	2,157	5,245	—	30,808
Additions	—	3,855	515	—	142	505	5,017
Write-off/disposal	—	—	(5,438)	(758)	—	—	(6,196)
Exchange differences	(200)	—	(1,801)	(187)	(255)	—	(2,443)
At 31 March 2023	2,390	3,855	14,092	1,212	5,132	505	27,186
At 1 April 2023	**2,390**	**3,855**	**14,092**	**1,212**	**5,132**	**505**	**27,186**
Additions	**–**	**–**	**200**	**–**	**436**	**–**	**636**
Write-off/disposal	**–**	**–**	**(1,787)**	**–**	**–**	**–**	**(1,787)**
Eliminated on disposal of a subsidiary *(Note 43)*	**–**	**–**	**–**	**–**	**–**	**(483)**	**(483)**
Exchange differences	**(127)**	**(268)**	**(912)**	**(79)**	**(174)**	**(22)**	**(1,582)**
At 31 March 2024	**2,263**	**3,587**	**11,593**	**1,133**	**5,394**	**–**	**23,970**
Accumulated depreciation							
At 1 April 2022	482	—	20,672	2,022	3,872	—	27,048
Charge for the year *(Note 13)*	159	15	208	—	459	—	841
Eliminated on write-off/disposal	—	—	(5,412)	(758)	—	—	(6,170)
Exchange differences	(37)	—	(1,754)	(177)	(186)	—	(2,154)
At 31 March 2023	604	15	13,714	1,087	4,145	—	19,565
At 1 April 2023	**604**	**15**	**13,714**	**1,087**	**4,145**	**–**	**19,565**
Charge for the year *(Note 13)*	**152**	**234**	**150**	**–**	**322**	**–**	**858**
Eliminated on write-off/disposal	**–**	**–**	**(1,621)**	**–**	**–**	**–**	**(1,621)**
Exchange differences	**(34)**	**(3)**	**(861)**	**(72)**	**(146)**	**–**	**(1,116)**
At 31 March 2024	**722**	**246**	**11,382**	**1,015**	**4,321**	**–**	**17,686**
Carrying amount							
At 31 March 2024	**1,541**	**3,341**	**211**	**118**	**1,073**	**–**	**6,284**
At 31 March 2023	1,786	3,840	378	125	987	505	7,621

At 31 March 2024, the carrying amount of property, plant and equipment of approximately HK$1,541,000 (2023: HK$1,786,000) was pledged as security for the Group's bank and other borrowings (Note 30).

19. INVESTMENT PROPERTIES

	2024	2023
	HK$'000	HK$'000
Fair value		
At beginning of the year	**267,130**	294,488
Net fair value losses *(Note 9)*	**(20,461)**	(4,627)
Exchange differences	**(13,996)**	(22,731)
At end of the year	**232,673**	267,130

At 31 March 2024, the carrying amount of investment properties pledged as security for the Group's bank and other borrowings amounted to approximately HK$232,673,000 (2023: HK$267,130,000).

The Group leases out office premises under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 to 10 years (2023: 1 to 6 years).

The details of fair value measurement of investment properties are set out in Note 7 to the consolidated financial statements.

The Group is exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB, which is the functional currency of the relevant group entity. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

20. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Total
	HK$'000	HK$'000	HK$'000
Carrying amount			
At 1 April 2022	9,292	938	10,230
Addition	—	2,421	2,421
Depreciation charge for the period *(Note 13)*	(230)	(1,544)	(1,774)
Exchange differences	(718)	(70)	(788)
At 31 March 2023	8,344	1,745	10,089
At 1 April 2023	**8,344**	**1,745**	**10,089**
Depreciation charge for the year *(Note 13)*	**(220)**	**(1,218)**	**(1,438)**
Lease modification	**—**	**(28)**	**(28)**
Exchange differences	**(441)**	**(34)**	**(475)**
At 31 March 2024	**7,683**	**465**	**8,148**

Lease liabilities of approximately HK$652,000 (2023: HK$1,523,000) are recognised with related right-of-use assets of approximately HK$465,000 as at 31 March 2024 (2023: HK$1,745,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leasehold properties may not be used as security for borrowing purposes.

	2024	2023
	HK$'000	HK$'000
Depreciation expenses on right-of-use assets	**1,438**	1,774
Interest expense on lease liabilities (included in finance costs)	**46**	63
Expenses relating to short-term lease (included in administrative expenses)	**220**	223

Details of total cash outflow for leases are set out in Note 37(b) to the consolidated financial statements.

For the year ended 31 March 2024, the Group leases various offices and staff quarters for its operations. Lease contracts are entered into for fixed term of 2 to 3 years (2023: 2 to 3 years), but have termination option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 March 2024, the carrying amount of right-of-use assets pledged as security for the Group's bank and other borrowings amounted to approximately HK$7,683,000 (2023: HK$8,344,000) (Note 30).

21. INTANGIBLE ASSETS

	Computer software	Online platform promotion right	Online platform development and technical support right	Software technology knowhow	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 April 2022	1,393	9,864	8,633	80,203	100,093
Additions	—	—	109	—	109
Exchange differences	(108)	(762)	(666)	(6,191)	(7,727)
At 31 March 2023	1,285	9,102	8,076	74,012	92,475
At 1 April 2023	**1,285**	**9,102**	**8,076**	**74,012**	**92,475**
Additions	**144**	**—**	**—**	**—**	**144**
Exchange differences	**(70)**	**(484)**	**(429)**	**(3,932)**	**(4,915)**
At 31 March 2024	**1,359**	**8,618**	**7,647**	**70,080**	**87,704**
Accumulated amortisation and impairment					
At 1 April 2022	1,010	9,864	8,633	66,817	86,324
Amortisation for the year	222	—	8	—	230
Reversal of impairment loss recognised in prior years	—	—	—	(13,746)	(13,746)
Exchange differences	(78)	(762)	(666)	(5,158)	(6,664)
At 31 March 2023	1,154	9,102	7,975	47,913	66,144
At 1 April 2023	**1,154**	**9,102**	**7,975**	**47,913**	**66,144**
Amortisation for the year	**74**	**—**	**10**	**—**	**84**
Reversal of impairment loss recognised in prior years	**—**	**—**	**—**	**(3,711)**	**(3,711)**
Exchange differences	**(62)**	**(484)**	**(424)**	**(2,510)**	**(3,480)**
At 31 March 2024	**1,166**	**8,618**	**7,561**	**41,692**	**59,037**
Carrying amount					
At 31 March 2024	**193**	**—**	**86**	**28,388**	**28,667**
At 31 March 2023	131	—	101	26,099	26,331

21. INTANGIBLE ASSETS (Continued)

At 31 March 2024, the average remaining amortisation period of the computer software and the online platform development and technical support right are 1.53 years (2023: 1.48 years) and 8.25 years (2023: 9.25 years) respectively.

At 31 March 2024, the carrying amount of intangible assets that assessed as indefinite useful life amounted to approximately HK$28,388,000 (2023: HK$26,099,000). These assets are attributable to the provision of procurement services and other IT services segment.

On 31 March 2024, the management of the Group conducted impairment review on the CGU under provision of procurement services and other IT services segment which the software technical knowhow forms part of this CGU. The recoverable amount of the CGU have been determined based on value in use calculation, which is based on the financial budgets approved by the management covering a five year period and a pre-tax discount rate of approximately 22% (2023: 26%). Pre-tax discount rate applied reflects the current market assessment of the time value of money and the risk specific to the CGU. The cash flows beyond the five-year period are extrapolated using a 2% (2023: 2%) growth rate. The value in use calculation, the pre-tax discount rate and the growth rate were determined by an independent qualified professional valuer. The key assumptions of the value in use calculations are discount rate and growth rate. The growth rate does not exceed the long-term growth rate of the relevant industry. Based on the assessments, reversal of impairment loss on intangible assets of approximately HK$3,711,000 (2023: HK$13,746,000) was recognised due to the improvement of financial results of the relevant CGU resulting from the successful expansion of customers' base in the PRC during the year ended 31 March 2024.

22. INTEREST IN AN ASSOCIATE

The following list contains only the particulars of associates, all of which are unlisted corporate entity whose quoted market price is not available, and are not material to the Group:

			Proportion of ownership interest			
Name of associate	**Place of establishment and business**	**Particular of registered/ contributed capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
杭州中採萬博招標有限公司[1]	The PRC	RMB1,000,000/ RMB360,000	35%	—	35%	Provision of procurement services
Guocai South China Metal Exchange Service Limited[2,3] ("**Guocai South China**") 國採華南金屬市場服務有限公司	The PRC	RMB100,000,000/ RMB20,000,000	21.5%	—	21.5%	Inactive

1 The associate is accounted for using the equity method in the consolidated financial statements.

2 For identification purposes only.

3 During the year ended 31 December 2017, the Group cannot exercise significant influence on financial and operating policy of Guocai South China. Having regard to the fact that Guocai South China has been inactive with no revenue generated since 2015, investment in Guocai South China was fully written off in 2017.

22. INTEREST IN AN ASSOCIATE (Continued)

As at 31 March 2024, there is a capital commitment in further capital injection to associates of approximately HK$18,534,000 (2023: HK$19,574,000).

Information of associate that is not individually material:

	2024	2023
	HK$'000	HK$'000
Carrying amount of individually immaterial associate in the consolidated financial statements	**197**	228
Aggregate amounts of the Group's share of that associate's		
— Loss for the year	**(5)**	—
— Other comprehensive expense	**(26)**	—
— Total comprehensive expense	**(31)**	—

23. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Trade and other receivables comprise:		
Trade receivables from contracts with customers	**28,979**	29,110
Less: allowance for credit loss *(Note 6(b))*	**(2,240)**	(488)
	26,739	28,622
Lease receivables	**1,911**	2,149
Less: allowance for credit loss *(Note 6(b))*	**(496)**	(528)
	1,415	1,621
Total trade and lease receivables	**28,154**	30,243
Other receivables	**21,953**	3,739
Value-added tax ("**VAT**") recoverable	**7,286**	319
Prepayment for goods and services *(notes (ii) & (iii))*	**300,867**	217,987
Other prepayment	**1,391**	4,466
Deposits	**428**	404
	360,079	257,158

23. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(i) As at 1 April 2022, trade receivables from contracts with customers net of allowance for credit losses amounted to approximately HK$13,256,000.

(ii) Prepayments for goods and services represent the prepayments made by the Group to several independent suppliers for provision of goods for EPC services and provision of EPC services.

Movements of prepayment for goods and services during the years ended 31 March 2024 and 2023 are as follows:

	2024	2023
	HK$'000	HK$'000
At beginning of the year	**217,987**	—
Additions	**446,424**	262,916
Transferred to other receivables *(note)*	**(215,934)**	(29,542)
Utilised and charged to profit or loss	**(137,144)**	(15,389)
Exchange differences	**(10,466)**	2
At end of the year	**300,867**	217,987

Note: During the year ended 31 March 2024, certain suppliers entered into agreements with the Group and agreed to refund prepayment for goods and services in an aggregate amount of approximately HK$215,934,000 (2023: HK$29,542,000) to the Group as a result of cancellation of supplying goods to the Group. The abovementioned amount was transferred to "Other receivables".

As at 31 March 2024, approximately HK$199,025,000 (2023: HK$29,542,000) of the abovementioned "Other receivables" were settled by the relevant suppliers.

As at 31 March 2024, prepayment for goods and services of approximately HK$300,867,000 (2023: HK$217,987,000) were aged within 1 year which were based on the invoice date at the end of the reporting period.

(iii) During the year ended 31 March 2024, the Group successfully recovered approximately HK$2,339,000 (2023: HK$11,405,000) of prepayments through refund by a supplier.

23. TRADE AND OTHER RECEIVABLES (Continued)

For trading business, the Group generally grants a credit period of 30 days (2023: 30 days) to its customers. Rental income is paid in accordance with the terms of respective agreements. For provision of procurement services and other IT services, the Group mainly requires customers to pay certain of the contract sum in advance and settle the remaining balances within 30 days (2023: 30 days) from the date of acceptance. For energy management contracting business, the customers paid certain of contract sum in advance in accordance with the terms of respective agreements. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management. All of the trade and other receivables are expected to be recovered or recognised as expense within one year or within the Group's normal operating cycle.

Included in trade and other receivables are trade and lease receivables, net of allowance for impairment, of HK$28,154,000 (2023: HK$30,243,000) and an aging analysis based on the invoice date at the end of the reporting period, is as follows:

	2024	2023
	HK$'000	HK$'000
0 to 90 days	**18,279**	30,243
91 to 180 days	**—**	—
181 to 365 days	**9,875**	—
	28,154	30,243

The carrying amounts of the Group's trade and lease receivables are denominated in RMB.

Included in trade and lease receivables were trade receivables from companies which are associates of Ms. Liu of approximately HK$7,946,000 (2023: Nil) with impairment of approximately HK$83,000 (2023: Nil).

At at 31 March 2024, there were amounts due from an ex-substantial shareholder and its subsidiaries of approximately HK$80,716,000 (2023: HK$83,237,000) with full impairment recognised in 2017.

At 31 March 2024, no trade receivables (2023: HK$24,781,000) were pledged as security for the Group's bank and other borrowings (Note 30).

Details of impairment assessment of trade and other receivables for the years ended 31 March 2024 and 2023 are set out in Note 6(b) to the consolidated financial statements.

24. LOAN RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Fixed-rate loan receivables — Unsecured	**10,668**	111,266
Less: allowance for credit loss	**(10,668)**	(111,266)
	—	—

Loan receivables represented advances to independent third parties.

24. LOAN RECEIVABLES (Continued)

At 31 March 2023, loan receivable at principal amount of HK$100,000,000 was unsecured, interest-free and repayable in June 2015 and correlated to a cooperation arrangement with an independent third party (the "**Debtor**"). Further details of such arrangement were set out in the Company's announcement dated 5 June 2014. Despite the Group's diligent and active recovery efforts which included successful legal actions against the Debtor, no monetary compensation for the overdue receivables has been received so far. During the year ended 31 March 2024, the Group's legal advisor advised that there was no realistic prospect of recovering the full value of the outstanding loan together with the corresponding compensation receivable of approximately HK$8,473,000 from the Debtor which has been fully provided for allowance of credit loss in previous years. Given these circumstances and based on the Group's accounting policy, the management of the Group decided to write-off the aforementioned loan and the compensation receivable during the year ended 31 March 2024. However, the Group will still do its best to safeguard its interest and continue pursuing its claim whenever it can.

The remaining loan receivables at principal amount of approximately HK$10,668,000 (2023: HK$11,266,000) were unsecured, interest bearing at a range of 0.3% to 0.5% (2023: 0.3% to 0.5%) per month and repayable on respective maturity dates.

At 31 March 2024, included in the Group's loan receivables balance were debtors with aggregate carrying amounts of approximately HK$10,668,000 (2023: HK$111,266,000) which were past due 90 days or more as at the reporting date, of which approximately HK$10,668,000 (2023: HK$111,266,000) had been provided for allowance of credit loss.

During the year ended 31 March 2023, the Group recovered an aggregate amount of RMB4,250,000 (or equivalent to approximately HK$4,837,000) from debtors, and therefore the Group recognised a reversal of impairment loss for loan receivables of approximately HK$4,837,000. The Group will consider to take all possible ways, including but not limited to, legal proceedings, to recover the respective loans and interest receivables.

Details of impairment assessment of loan receivables for the years ended 31 March 2024 and 2023 are set out in Note 6(b) to the consolidated financial statements.

25. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

(a) Restricted bank deposits

Restricted bank deposits comprised of:

	2024	2023
	HK$'000	HK$'000
Bank balances temporarily frozen *(Note 38)*	**1,105**	—
Other restricted deposits *(note)*	**60,488**	—
	61,593	—

Note: As at 31 March 2024, bank deposits of approximately HK$32,000 (2023: Nil) were used as deposits for securing EPC contract as requested by the customer.

As at 31 March 2024, bank deposits of approximately HK$60,456,000 (2023: Nil) were restricted by the relevant bank in the PRC in relation to the bills payables of the Group (Note 34).

25. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS (Continued)

(a) Restricted bank deposits (Continued)

As at 31 March 2024, restricted bank deposits carried at interest rate ranging from 0% to 1.8% per annum (2023: N/A).

(b) Cash and cash equivalents

Cash and cash equivalents comprised of:

	2024	2023
	HK$'000	HK$'000
Cash at banks	**6,306**	8,472
Cash on hand	**3**	6
	6,309	8,478

Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 March 2024, the restricted bank deposits and cash and cash equivalents of the Group denominated in RMB and kept in the PRC aggregately amounted to approximately HK$66,981,000 (2023: HK$6,812,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

As at 31 March 2024 and 2023, the Group performed impairment assessment on restricted bank deposits and bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

26. SHARE CAPITAL

		Ordinary shares of HK$0.1 each		Preference shares of HK$0.1 each		Total	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	Notes	'000	HK$'000	'000	HK$'000	'000	HK$'000
Authorised share capital							
At 1 April 2022		400,000	40,000	100,000	10,000	500,000	50,000
Increase in authorised share capital	(i)	4,500,000	450,000	—	—	4,500,000	450,000
At 31 March 2023, 1 April 2023 and 31 March 2024		4,900,000	490,000	100,000	10,000	5,000,000	500,000
Issued and fully paid							
At 1 April 2022		293,084	29,309	—	—	293,084	29,309
Issue of shares to trustee of a share award plan	(ii)	10,769	—	—	—	10,769	—
Issue of shares by rights issue	(iii)	189,908	18,991	—	—	189,908	18,991
At 31 March 2023 and 1 April 2023		493,761	48,300	—	—	493,761	48,300
Vesting of awarded shares	(iv)	—	222	—	—	—	222
At 31 March 2024		493,761	48,522	—	—	493,761	48,522

Notes:

(i) On 20 December 2022, the authorised share capital of the Company was increased from HK$50,000,000 divided into 400,000,000 ordinary shares and 100,000,000 preference shares of HK$0.10 each to HK$500,000,000 divided into 4,900,000,000 ordinary shares and 100,000,000 preference shares of HK$0.10 each by creating an additional 4,500,000,000 unissued ordinary shares in the share capital of the Company.

(ii) On 27 October 2022, the Company issued 10,769,000 ordinary shares to a trustee under 2022 Share Award Plan (as defined in Note 29 to the consolidated financial statements) which held the shares on behalf of the share award grantees. The ordinary shares held by the trustee are not considered issued and outstanding until the share award grantee's entitlement of the award shares is vested.

(iii) On 8 February 2023, 189,907,953 shares (the "**Rights Shares**") of HK$0.10 each were issued by way of rights issue on the basis of five rights shares for every eight shares held by the qualifying shareholders at a subscription price of HK$0.63 per share. The Rights Shares rank pari passu with the existing shares in all respects.

Among the 189,907,953 Rights Shares issued, as disclosed in the Company's announcement dated 7 February 2023, Eastmount Global Limited, being a substantial shareholder of the Company and an underwriter in relation to the rights issue of the Company, subscribed in aggregate 167,133,303 Rights Shares under both its capacity as a substantial shareholder and the underwriter at the subscription price of HK$0.63 per Rights Share, being a total consideration of approximately HK$105,294,000.

(iv) On 2 September 2023, 2,216,500 of awarded shares were vested in accordance with the terms and conditions set out in Note 29(iii) to the consolidated financial statements.

27. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**2**	2
Plant and equipment		**4**	5
Right-of-use assets		**262**	750
Derivative component of convertible bonds	36(b)	**2,964**	9,904
Total non-current assets		**3,232**	10,661
Current assets			
Other receivables		**17,162**	23,393
Loan receivable		**—**	—
Amounts due from subsidiaries		**224**	92,934
Bank balances and cash		**815**	1,281
Total current assets		**18,201**	117,608
TOTAL ASSETS		**21,433**	128,269
EQUITY			
Share capital	26	**48,522**	48,300
Reserves	27(b)	**(81,108)**	16,663
Total (deficit)/equity		**(32,586)**	64,963
LIABILITIES			
Non-current liabilities			
Lease liabilities		**—**	261
Convertible bonds	36(a)	**23,246**	22,635
		23,246	22,896
Current liabilities			
Amounts due to subsidiaries		**7,565**	12,322
Lease liabilities		**261**	480
Other payables and accruals		**14,788**	12,938
Financial guarantee liabilities		**2,121**	—
Derivative component of convertible bonds	36(b)	**6,038**	14,670
Total current liabilities		**30,773**	40,410
TOTAL (DEFICIT)/EQUITY AND LIABILITIES		**21,433**	128,269

27. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

(b) Reserves movement of the Company

	Share premium	Shares held for share award scheme	Share-based payments reserve	Contributed surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	26,954	—	—	218,077	(310,705)	(65,674)
Loss and total comprehensive expense for the year	—	—	—	—	(17,816)	(17,816)
Issue of shares by right issue, net of transaction costs *(Note 26(ii))*	98,015	—	—	—	—	98,015
Shares held for share award scheme *(Note 28(b)(viii))*	—	(1,813)	—	—	—	(1,813)
Share-based payment expenses *(Note 14)*	—	—	3,951	—	—	3,951
At 31 March 2023	124,969	(1,813)	3,951	218,077	(328,521)	16,663
At 1 April 2023	**124,969**	**(1,813)**	**3,951**	**218,077**	**(328,521)**	**16,663**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(99,862)**	**(99,862)**
Vesting of awarded shares *(Note 26(iv))*	**2,217**	**–**	**(1,419)**	**–**	**–**	**798**
Forfeiture of share options *(Note 29(ii))*	**–**	**–**	**(1,307)**	**–**	**1,307**	**–**
Forfeiture of awarded shares *(Note 29(iii))*	**–**	**–**	**(884)**	**–**	**884**	**–**
Share-based payment expenses *(Note 14)*	**–**	**–**	**1,293**	**–**	**–**	**1,293**
At 31 March 2024	**127,186**	**(1,813)**	**1,634**	**218,077**	**(426,192)**	**(81,108)**

28. RESERVES

(a) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be utilised in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

28. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Other reserves

Other reserves comprise of;

— A credit balance of approximately HK$8,390,000 (2023: HK$8,390,000) represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued in exchange therefor pursuant to a group reorganisation completed in prior years; and

— A credit balance of approximately HK$624,000 (2023: Nil) represents the equity transaction for increasing the Group's effective interest of Guocai (Qinghai) Tendering Limited ("**Guocai (Qinghai)**") (see Note 44) from 93% to 100% during the year ended 31 March 2024.

(iii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 2(s)(ii) to the consolidated financial statements.

(iv) Statutory reserve

In accordance with the PRC Company Law and the articles of association of PRC subsidiaries, subsidiaries registered in the PRC are required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entities' capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(v) Foreign currency translation reserve

The foreign currency translation 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 policy set out in Note 2(w) to the consolidated financial statements.

(vi) Revaluation reserve

The revaluation reserve has been set up and is dealt with the fair value changes arising from the reclassification of Group's property, plant and equipment and prepaid land lease payments to investment properties.

28. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(vii) Contribution surplus

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 March 2024 and 2023, no reserve of the Company was available for distribution as the aggregate of the contribution surplus and the accumulated losses is in debit balance.

(viii) Shares held for share award scheme

The Company adopted a share award scheme as described in Note 29(iii) to the consolidated financial statements. During the year ended 31 March 2023, a trustee of the Company repurchased the ordinary shares of the Company in the open market as follows:

Month/Year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	HK$	HK$'000
February 2023	224,000	1.2950	1.0900	283
March 2023	1,216,000	1.3233	1.1433	1,530
	1,440,000			1,813

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN

(i) 2013 Share Option Scheme

The Company operates a share option scheme (the "**2013 Share Option Scheme**") for the purpose of attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group. The 2013 Share Option Scheme was adopted on 13 June 2013 and shall, unless terminated remain in force for a period of ten years from the date of adoption.

The 2013 Share Option Scheme had been terminated by the Company on 3 August 2022, being the date when the Company adopted a new share option scheme at the annual general meeting held on the same date by way of an ordinary resolution passed by the shareholders of the Company. Details of the new share option scheme are set out below.

As at 1 April 2022, there was no outstanding share options granted by the Company under the 2013 Share Option Scheme. During the year ended 31 March 2023, no share option is granted by the Company under the 2013 Share Option Scheme.

(ii) 2022 Share Option Scheme

The Company adopted a share option scheme at the annual general meeting held on 3 August 2022 by way of an ordinary resolution (the "**2022 Share Option Scheme**") in order to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group; (ii) give incentives to such eligible participants for encouraging and retaining them in the continual involvement in the operation and development of the Group; and (iii) attract suitable personnel for the future development of the Group.

The total number of shares which may be issued upon exercise of share options to be granted under the 2022 Share Option Scheme or any other share option schemes or shares which may be subject to an award under any other share award plan adopted by the Company (i.e. 2022 Share Award Plan in Note 29(iii) to the consolidated financial statements), shall not exceed 10% of the total number of the shares in issue on the adoption date of the 2022 Share Option Scheme (i.e. 29,308,372 shares), representing approximately 5.94% of the total issued shares of the Company as at each of 1 April 2023, 31 March 2024 and the date of approval for issuance of these consolidated financial statements. Options or awarded shares which have lapsed in accordance with the respective terms of their scheme shall not be counted in calculating the 10% limit.

The Company may refresh the 10% limit with shareholders' approval provided that each such limit (as refreshed) may not exceed the 10% of the total number of the shares in issue as at the date of the shareholders' approval. Share options previously granted under the 2022 Share Option Scheme and any other share option schemes adopted by the Company (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised share options) will not be counted for the purpose of calculating the limit to be refreshed.

The Company may seek separate approval by shareholders in general meeting of the Company for granting share options beyond the 10% limit provided that the share options in excess of the limit are granted only to eligible participants (in accordance with Rule 17.03A of the Listing Rules) specifically identified by the Company before such approval is sought.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

The total number of shares which may be issued upon exercise of all share options granted and yet to be exercised under the 2022 Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the total number of the Shares in issue from time to time. No share options may be granted under the 2022 Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

The total number of the shares issued and to be issued upon exercise of the share options granted (including those granted (whether or not cancelled) under the 2022 Share Option Scheme or any other share option schemes adopted by the Company) and to be granted to any eligible participants (including exercised and outstanding share options) in any 12-month period up to and including the date of grant to such eligible participants shall not exceed 1% of the issued shares from time to time. Any further grant of share options in excess of this 1% limit must be subject to separate shareholders' approval with those eligible participants and their close associates (or their associates if the eligible participants are connected persons) abstaining from voting.

The offer of a grant of share options may be accepted within 10 business days from the date of the offer, upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer. The grantee is required to hold a share option for a minimum period and/or achieve certain conditions and/or performance targets before the vesting and/or the exercise of a share option granted unless otherwise determined by the directors of the Company.

The exercise price of the share options is determinable by the directors of the Company, but 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 the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings. Each share option gives the holder the right to subscribe for one ordinary share in the Company.

Unless otherwise determined by the directors of the Company or its delegate(s) at their absolute discretion, any outstanding share options not yet vested shall be immediately forfeited when the grantee fails to fulfil all required vesting conditions and/or performance targets, or when the grantee ceases to be an eligible participant. Save for the case of retirement, death or other events which the directors of the Company or its delegate(s) at their absolute discretion deem appropriate, vested but unexercised share options would remain exercisable for a six-month period, while any share options vested but not yet exercised shall no longer be exercisable from the date the option holder ceased to be an eligible participant.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

The following table sets out the movements of the Company's share options granted under the 2022 Share Option Scheme during the years ended 31 March 2024 and 2023:

						Number of share options							
Eligible person	Date of grant	Exercisable period	Vesting date	Fair value per share option	Adjusted exercise price	Outstanding at 1 April 2022	Granted during the year	Adjusted for right issue	Reclassification	Forfeited during the year	Outstanding at 31 March 2023 and 1 April 2023	Lapsed/ forfeited during the year	Outstanding at 31 March 2024
				HK$	HK$								
			(note (iv))		*(note (i))*			*(note (i))*	*(note (ii))*	*(note (iii))*		*(note (iii))*	
Ms. Wu Siyuan (Executive director)	2 September 2022 *(note (v))*	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	–	504,500	18,006	–	–	522,506	–	522,506
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	504,500	18,006	–	–	522,506	(522,506)	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	–	504,500	18,006	–	–	522,506	–	522,506
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	–	504,500	18,006	–	–	522,506	–	522,506
Mr. Shi Qiang (Executive director) *(note (ii))*	2 September 2022 *(note (v))*	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	–	–	–	578,433	–	578,433	–	578,433
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	–	–	578,433	–	578,433	(578,433)	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	–	–	–	578,433	–	578,433	–	578,433
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	–	–	–	578,433	–	578,433	–	578,433
Ms. Liu Qian (Non-executive director)	2 September 2022 *(note (v))*	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	–	363,250	12,964	–	–	376,214	–	376,214
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	363,250	12,964	–	–	376,214	(376,214)	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	–	363,250	12,964	–	–	376,214	–	376,214
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	–	363,250	12,964	–	–	376,214	–	376,214
Mr. Li Guanghua (Non-executive director)	2 September 2022 *(note (v))*	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	–	295,500	10,546	–	–	306,046	–	306,046
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	295,500	10,546	–	–	306,046	(306,046)	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	–	295,500	10,546	–	–	306,046	–	306,046
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	–	295,500	10,546	–	–	306,046	–	306,046

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

						Number of share options							
Eligible person	Date of grant	Exercisable period	Vesting date	Fair value per share option	Adjusted exercise price	Outstanding at 1 April 2022	Granted during the year	Adjusted for right issue	Reclassification	Forfeited during the year	Outstanding at 31 March 2023 and 1 April 2023	Lapsed/ forfeited during the year	Outstanding at 31 March 2024
				HK$	HK$								
			(note (iv))		*(note (i))*			*(note (i))*	*(note (ii))*	*(note (iii))*		*(note (iii))*	
Mr. Li Shun (Non-executive director)	2 September 2022 *(note (v))*	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	–	168,250	6,005	–	–	174,255	–	174,255
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	168,250	6,005	–	–	174,255	(174,255)	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	–	168,250	6,005	–	–	174,255	–	174,255
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	–	168,250	6,005	–	–	174,255	–	174,255
						–	5,326,000	190,084	2,313,732	–	7,829,816	(1,957,454)	5,872,362
Employees	2 September 2022 *(note (v))*	2 September 2023 – 30 August 2024	2 September 2023	0.5752	1.1644153	–	1,998,750	71,334	(578,433)	(320,805)	1,170,846	(139,301)	1,031,545
		2 September 2024 – 1 September 2025	2 September 2024	0.6950	1.1644153	–	1,998,750	71,334	(578,433)	(320,805)	1,170,846	(1,170,846)	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7544	1.1644153	–	1,998,750	71,334	(578,433)	(320,805)	1,170,846	(139,301)	1,031,545
		2 September 2026 – 1 September 2027	2 September 2026	0.8264	1.1644153	–	1,998,750	71,335	(578,433)	(320,805)	1,170,847	(139,301)	1,031,546
						–	7,995,000	285,337	(2,313,732)	(1,283,220)	4,683,385	(1,588,749)	3,094,636
						–	13,321,000	475,421	–	(1,283,220)	12,513,201	(3,546,203)	8,966,998
Exercisable at the end of the year						–					–		2,988,999
Weighted average exercise price (HK$)						–	1.206			1.1644153	1.1644153	1.1644153	1.1644153

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

Notes:

(i) Upon the allotment and issuance of 189,907,953 new shares of the Company on 8 February 2023 as a result of the rights issue of the Company, the number of share options was adjusted from 13,321,000 to 13,796,421 and the corresponding exercise price was adjusted from HK$1.206 to HK$1.1644153 per share option.

(ii) Mr. Shi Qiang was an employee of the Group on the grant date (i.e. 2 September 2022), and was subsequently appointed as an executive director of the Company on 7 March 2023.

(iii) 3,531,443 share options (2023: 1,283,220 share options) were forfeited due to the resignation of employees before vesting date or failure of fulfilling all required vesting conditions before the stipulated vesting date; and 14,760 share options (2023: Nil) lapsed due to the resignation of employees subsequent to the vesting of share options.

(iv) The vesting of the share options is subject to the fulfilment of certain performance targets and vesting conditions as specified by the directors of the Company in the letters of grant issued to each of the grantees, which is set out as follows: (a) all option holders have to remain to be a director or an employee of the Group; (b) option holders have not materially breached any law or internal regulation of the Group on the date of vesting; (c) the Group should have achieved by the respective dates of vesting for the four tranches, respective revenue growth of not less than 60%, 400%, 600% and 1,000% as compare to the audited consolidated revenue of the Group for the fifteen months ended 31 March 2022; and (d) the respective option holders will have to pass the annual corporate culture and value assessment and achieve a minimum individual appraisal score on their personal performance in carrying out their job duties and responsibilities.

(v) The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2022, being the date immediately before the date on which the share options were granted, was HK$1.08.

No share options were exercised or cancelled during the years ended 31 March 2024 and 2023.

The weighted average remaining contractual life is 8.43 years (2023: 9.43 years).

The fair value was calculated using the Black-Scholes pricing model with Binomial Tree method. The inputs into the model were as follows:

	2 September 2022 (Grant date)
Weighted average share price	HK$1.1
Exercise price (i.e. before completion of rights issue)	HK$1.206
Expected volatility	104.11%–111.16%
Expected life of share options	2 to 5 years
Risk-free rate	3.15%–3.28%
Expected dividend yield	0%

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

During the year ended 31 March 2024, the Group recognised share-based payment expenses of approximately HK$705,000 (2023: HK$2,236,000) for the 2022 Share Option Scheme in the consolidated statement of profit or loss.

The number of share options available for grant under the 2022 Share Option Scheme as at 3 August 2022, being the date of adoption of the 2022 Share Option Scheme, 31 March 2023 and 31 March 2024 was 29,308,372, 16,795,171 and 20,341,374 respectively, representing approximately 5.94%, 3.40% and 4.12% of the total issued shares of the Company as at the date of this report.

The total number of shares that may be issued in respect of share options granted under the 2022 Share Option Scheme of the Company during the year ended 31 March 2024 divided by the weighted average number of ordinary shares in issue for the year was 1.86% (2023: 3.78%).

(iii) 2022 Share Award Plan

The Company adopted a share award plan pursuant to a directors' resolution on 29 April 2022 (the "**2022 Share Award Plan**") in order to (i) recognise the contributions made to the Group by the selected participants; (ii) retain and attract the current and future employees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) encourage and motivate the selected participants to achieve individual performance goals as well as the corporate objectives. The 2022 Share Award Plan will remain in force for a period of 10 years commencing on the date of its adoption (i.e. 29 April 2022).

The aggregated maximum number of shares underlying all awards made pursuant to the 2022 Share Award Plan (excluding awarded shares which have lapsed in accordance with the 2022 Share Award Plan) must not exceed 5% of the total issued shares of the Company as at the adoption date of the 2022 Share Award Plan (i.e. 14,654,186 shares).

The Company may refresh the 5% limit with shareholders' approval provided that the total number of shares which may be subject to an award or awards under the 2022 Share Award Plan and any other share option scheme or share award plan of the Group may not exceed the 10% of the total number of the shares in issue as at the date of the shareholders' approval of the refreshed limit.

The Company may seek separate approval by shareholders in general meeting of the Company for granting awards under the 2022 Share Award Plan beyond the 5% limit or, if applicable, the refreshed limit provided that the awards in excess of the limit are granted only to eligible participants specifically identified by the Company before such approval is sought.

The maximum number of shares which may be subject to an award or awards to a selected participant in any 12-month period shall not in aggregate exceed 1% of the issued share capital of the Company for the time being.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

The consideration payable by the selected participants for each awarded share upon acceptance of an award shall be a percentage of the closing price on the date of the grant of the award and such percentage shall be determined by the directors of the Company or its delegate(s) in its sole discretion.

For any awarded shares that have not yet been vested, neither the selected participant nor the trustee may exercise any voting rights in respect of such awarded shares. For other shares held by the trustee which have not been granted to any selected participants, the directors of the Company or its delegate(s) will not give any instruction to the trustee so that no votes will be cast for those ungranted shares and the trustee shall also abstain from voting with respect to such shares.

The award shares will be allotted and issued to a trustee who will hold the award shares in trust in accordance with the trust deed for the selected participants.

On 2 September 2022, the directors of the Company resolved to grant, subject to acceptance of the grantees, approval by the shareholders (and the independent shareholders, where applicable) and other conditions, a total of not more than 10,769,000 awarded shares to 44 grantees (among which 39 grantees were third parties independent of the Group and connected person of the Group, and 5 grantees were connected person of the Company, being directors of the Company or the director and chief executive of several subsidiaries of the Company) pursuant to the 2022 Share Award Plan. The approvals by the shareholders and the independent shareholders were obtained in the special general meeting held on 25 October 2022. The Company issued 10,769,000 ordinary shares of the Company to the trustee pursuant to the 2022 Share Award Plan. The grantees upon acceptance of the grant of awarded shares are required to pay the grant price of HK$0.46 per awarded share to the Company, representing, (i) a discount of approximately 58.18% to the closing price of the shares on the date of grant of HK$1.100; and (ii) a discount of approximately 61.86% to the average closing price of the shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of grant of HK$1.206. The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2022, being the date immediately before the date on which the awarded shares were granted, was HK$1.08. Further details are set out in the circular of the Company dated 6 October 2022.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

During the year ended 31 March 2023, 9,431,000 awarded shares were granted to 29 grantees and accepted by the relevant grantees, among which 351,000 awarded shares were forfeited upon resignation of employees in accordance with the terms and conditions set out above. In addition, a trustee of the Company purchased 1,440,000 shares of the Company in the open market pursuant to the 2022 Share Award Plan during the year ended 31 March 2023.

The awarded shares being granted with respect to a selected participant on 2 September 2022 will vest in four tranches as follows: (i) 25% shall be vested immediately following the first anniversary of the date of grant; (ii) 25% shall be vested immediately following the second anniversary of the date of grant; (iii) 25% shall be vested immediately following the third anniversary of the date of grant; and (iv) the remaining 25% shall be vested immediately following the fourth anniversary of the date of grant.

The vesting of the awarded shares is subject to the fulfilment of certain performance targets and/or vesting conditions as specified by the directors of the Company in the letters of grant issued to each of the share award grantees. Unless otherwise determined by the directors of the Company or its delegate(s) at their absolute discretion, if the performance targets and/or vesting conditions are not fulfilled before vesting, the awarded shares granted will lapse and be returned to the trust administering the 2022 Share Award Plan in accordance with the rules of the 2022 Share Award Plan. The grant price paid will be refunded to the relevant share award grantees.

As at 31 March 2024, the remaining life of the 2022 Share Award Plan is approximately 8.08 years (2023: 9.08 years).

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

The following table sets out the movements of the Company's awarded shares granted under the 2022 Share Award Plan during the years ended 31 March 2024 and 2023:

			Number of awarded shares							
Eligible person	Date of grant	Vesting date	Unvested at 1 April 2022	Granted during the year	Reclassification	Forfeited during the year	Unvested at 31 March 2023 and 1 April 2023	Vested during the year	Forfeited during the year	Unvested at 31 March 2024
		(note (iii))				*(note (ii))*		*(note (iv))*	*(note (ii))*	
Ms. Wu Siyuan *(Executive director)*	2 September 2022	2 September 2023	–	314,500	–	–	314,500	(314,500)	–	–
		2 September 2024	–	314,500	–	–	314,500	–	(314,500)	–
		2 September 2025	–	314,500	–	–	314,500	–	–	314,500
		2 September 2026	–	314,500	–	–	314,500	–	–	314,500
Mr. Shi Qiang *(Executive director)* *(note (i))*	2 September 2022	2 September 2023	–	–	314,500	–	314,500	(314,500)	–	–
		2 September 2024	–	–	314,500	–	314,500	–	(314,500)	–
		2 September 2025	–	–	314,500	–	314,500	–	–	314,500
		2 September 2026	–	–	314,500	–	314,500	–	–	314,500
Ms. Liu Qian *(Non-Executive director)*	2 September 2022	2 September 2023	–	679,250	–	–	679,250	(679,250)	–	–
		2 September 2024	–	679,250	–	–	679,250	–	(679,250)	–
		2 September 2025	–	679,250	–	–	679,250	–	–	679,250
		2 September 2026	–	679,250	–	–	679,250	–	–	679,250
Mr. Li Guanghua *(Non-Executive director)*	2 September 2022	2 September 2023	–	76,500	–	–	76,500	(76,500)	–	–
		2 September 2024	–	76,500	–	–	76,500	–	(76,500)	–
		2 September 2025	–	76,500	–	–	76,500	–	–	76,500
		2 September 2026	–	76,500	–	–	76,500	–	–	76,500

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

			Number of awarded shares							
Eligible person	Date of grant	Vesting date	Unvested at 1 April 2022	Granted during the year	Reclassification	Forfeited during the year	Unvested at 31 March 2023 and 1 April 2023	Vested during the year	Forfeited during the year	Unvested at 31 March 2024
		(note (iii))				*(note (ii))*		*(note (iv))*	*(note (ii))*	
Mr. Li Shun *(Non-Executive director)*	2 September 2022	2 September 2023	–	314,500	–	–	314,500	(314,500)	–	–
		2 September 2024	–	314,500	–	–	314,500	–	(314,500)	–
		2 September 2025	–	314,500	–	–	314,500	–	–	314,500
		2 September 2026	–	314,500	–	–	314,500	–	–	314,500
			–	5,539,000	1,258,000	–	6,797,000	(1,699,250)	(1,699,250)	3,398,500
Employees	2 September 2022	2 September 2023	–	973,000	(314,500)	(87,750)	570,750	(517,250)	(53,500)	–
		2 September 2024	–	973,000	(314,500)	(87,750)	570,750	–	(570,750)	–
		2 September 2025	–	973,000	(314,500)	(87,750)	570,750	–	(64,750)	506,000
		2 September 2026	–	973,000	(314,500)	(87,750)	570,750	–	(64,750)	506,000
			–	3,892,000	(1,258,000)	(351,000)	2,283,000	(517,250)	(753,750)	1,012,000
			–	9,431,000	–	(351,000)	9,080,000	(2,216,500)	(2,453,000)	4,410,500

Notes:

(i) Mr. Shi Qiang was an employee of the Group on the grant date (i.e. 2 September 2022), and was subsequently appointed as an executive director of the Company on 7 March 2023.

(ii) 2,453,000 awarded shares (2023: 351,000 awarded shares) were forfeited due to the resignation of employees before vesting date or failure of fulfilling all required vesting conditions before the stipulated vesting date.

(iii) The vesting of the awarded shares is subject to the fulfilment of certain performance targets and vesting conditions as specified by the directors of the Company in the letters of grant issued to each of the grantees, which is set out as follows: (a) all holders of awarded share have to remain to be a director or an employee of the Group; (b) holders of awarded share have not materially breached any law or internal regulation of the Group on the date of vesting; (c) the Group should have achieved by the respective dates of vesting for the four tranches, respective revenue growth of not less than 60%, 400%, 600% and 1,000% as compare to the audited consolidated revenue of the Group for the fifteen months ended 31 March 2022; and (d) the respective holders of awarded share will have to pass the annual corporate culture and value assessment and achieve a minimum individual appraisal score on their personal performance in carrying out their job duties and responsibilities.

(iv) The performance targets and vesting conditions for the first tranche of the awarded shares (i.e. awarded shares with their vesting date falling on 2 September 2023) had been fulfilled, the relevant awarded shares were therefore vested to the relevant directors and employees accordingly on 2 September 2023. The weighted average closing price of the shares of the Company immediately before the vesting date was HK$0.88 per share of the Company.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

Movements in the number of awarded shares outstanding and held by a trustee are as follows:

	Held by a trustee of the Company		
	Number of awarded shares granted	Number of awarded shares not yet granted	Total
	'000	'000	'000
Balance at 1 April 2022	—	—	—
Shares issued to a trustee under the 2022 Share Award Plan	—	10,769	10,769
Purchased during the year *(Note 28(b)(viii))*	—	1,440	1,440
Granted to eligible grantees	9,431	(9,431)	—
Forfeited during the year	(351)	351	—
Balance at 31 March 2023	9,080	3,129	12,209
Balance at 1 April 2023	**9,080**	**3,129**	**12,209**
Vested during the year	**(2,217)**	**—**	**(2,217)**
Forfeited during the year	**(2,453)**	**2,453**	**—**
Balance at 31 March 2024	**4,410**	**5,582**	**9,992**

Details of the Company's shares purchased by a trustee of the Company under the 2022 Share Award Plan are disclosed in Note 28(b)(viii) to the consolidated financial statements.

The fair value of each awarded share granted by the Company was calculated based on the market price of the Company's share at the grant date.

During the year ended 31 March 2024, the Group recognised share-based payment expenses of approximately HK$588,000 (2023: HK$1,715,000) for the 2022 Share Award Plan in the consolidated statement of profit or loss.

The total number of award shares available for issue under the 2022 Share Award Plan as at 29 April 2022, being the date of adoption of the 2022 Share Award Plan, and 31 March 2023 was 14,654,186 and each of 31 March 2024 and the date of approval for issuance of these consolidated financial statements was 12,437,686, respectively, representing approximately 2.97% and 2.52% of the total issued shares of the Company as at 31 March 2024 and the date of this report.

The number of awarded shares available for grant under the 2022 Share Award Plan as at 29 April 2022, being the date of adoption of the 2022 Share Award Plan, 31 March 2023 and 31 March 2024 was 14,654,186, 5,574,186 and 8,027,186 respectively, representing approximately 2.97%, 1.13% and 1.63% of the total issued shares of the Company as at the date of this report.

The total number of shares that may be issued in respect of award shares granted under the 2022 Share Award Plan of the Company during the year ended 31 March 2024 divided by the weighted average number of ordinary shares in issue for the year was 0.91% (2023: 2.75%).

30. BANK AND OTHER BORROWINGS

	2024	2023
	HK$'000	HK$'000
Secured floating rate bank borrowings	**100,211**	—
Secured fixed rate other borrowings	**—**	113,801
	100,211	113,801

The bank and other borrowings are repayable as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	**46,334**	113,801
More than one year, but not exceeding two years	**—**	—
More than two years, but not exceeding five years	**53,877**	—
	100,211	113,801
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(46,334)**	(113,801)
Amount due for settlement after 12 months	**53,877**	—

The carrying amounts of the Group's bank and other borrowings are denominated in RMB.

All of the bank and other borrowings are carried at amortised cost.

The effective interest rates of bank and other borrowings were as follows:

	2024	2023
Bank borrowing	**4.95%**	5.39%
Other borrowings	**14.40%**	14.40%

As at 31 March 2024, bank borrowings of approximately HK$46,334,000 carried interest at fixed rates ranging at 1-Year Loan Prime Rate ("**LPR**") quoted by National Interbank Funding Centre plus 1.3% per annum to 1-Year LPR plus 1.4% per annum, which the 1-Year LPR was the quoted market rate 1 day before the respective loan drawdown dates and adopt the same 1-Year LPR throughout the loan period, which exposed the Group to fair value interest rate risk.

As at 31 March 2024, bank borrowing of approximately HK$53,877,000 carried interest at 1-Year LPR plus 1.5% per annum, which the 1-Year LPR shall be adjusted at the anniversary of the respective loan drawdown dates, and exposed the Group to cash flow interest rate risk.

As at 31 March 2023, other borrowings carried interest at a fixed rate of 14.40% per annum and exposed the Group to fair value interest rate risk.

30. BANK AND OTHER BORROWINGS (Continued)

The following assets and their respective carrying values as at the end of the reporting period are pledged to secure the Group's bank and other borrowings:

	2024	2023
	HK$'000	HK$'000
Investment properties *(Note 19)*	**232,673**	267,130
Property, plant and equipment *(Note 18)*	**1,541**	1,786
Right-of-use assets *(Note 20)*	**7,683**	8,344
Trade receivables *(Note 23)*	**—**	24,781
	241,897	302,041

Apart from the above pledged assets, the bank borrowings as at 31 March 2024 were (i) secured by the entire equity interest of Gongcai Network Technology Limited ("**Gongcai Network**"), which is a wholly-owned subsidiary of the Company; and (ii) were guaranteed by Ms. Liu Luoxiu ("**Ms. Liu**") and Mr. Zou Yuwen free of charge. Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 46.44% of the Company's issued ordinary shares of the Company as at 31 March 2024, while Mr. Zou Yuwen is the spouse of Ms. Liu.

31. DEFERRED INCOME

Deferred income represented government subsidies received for the capital investments of the Group. There is no unfulfilled condition relating to those grants and such grants are deferred and released to profit or loss in accordance with the useful lives of the related assets.

	2024	2023
	HK$'000	HK$'000
At beginning of the year	**3,229**	3,808
Credited to profit or loss for the year *(Note 9)*	**(272)**	(285)
Exchange differences	**(169)**	(294)
At end of the year	**2,788**	3,229

32. LEASE LIABILITIES

	2024	2023
	HK$'000	HK$'000
Within one year	652	1,262
After one year but within two years	—	261
	652	1,523
Less: Amount due for settlement within 12 months (shown under current liabilities)	(652)	(1,262)
Amount due for settlement after 12 months	—	261

All lease liabilities are denominated in either Hong Kong dollars or RMB.

The weighted average incremental borrowing rate applied to lease liabilities is 4.8% (2023: 5.0%) per annum.

As at 31 March 2024, the Group leased an office premise from a related company with the lease liabilities amounting to approximately HK$276,000 (2023: HK$292,000) (see Note 41(a)).

33. DEFERRED TAXATION

	2024	2023
	HK$'000	HK$'000
Deferred tax assets	376	—
Deferred tax liabilities	(20,849)	(33,721)
	(20,473)	(33,721)

33. DEFERRED TAXATION (Continued)

The followings are the deferred tax assets/(liabilities) recognised by the Group and the movements thereon during the years ended 31 March 2024 and 2023.

	Revaluation of investment properties	Unused tax losses	Total
	HK$'000	HK$'000	HK$'000
Balance at 1 April 2022	(41,281)	—	(41,281)
Credited to profit or loss for the year *(Note 12)*	4,373	—	4,373
Exchange differences	3,187	—	3,187
Balance at 31 March 2023	(33,721)	—	(33,721)
Balance at 1 April 2023	**(33,721)**	**—**	**(33,721)**
Credited to profit or loss for the year *(Note 12)*	**11,189**	**379**	**11,568**
Exchange differences	**1,683**	**(3)**	**1,680**
Balance at 31 March 2024	**(20,849)**	**376**	**(20,473)**

At the end of the reporting period, the Group has unused tax losses of approximately HK$183,219,000 (2023: HK$202,755,000) available for offset against future profits. No deferred tax asset in respect of cumulative tax losses of approximately HK$181,715,000 (2023: HK$202,755,000) has been recognised due to the unpredictability of future profit streams in accordance with the accounting policy set out in Note 2(t) to the consolidated financial statements. As at 31 March 2024, the Group had unused tax losses of approximately HK$124,099,000 (2023: HK$143,635,000) that will expire by 2028 (2023: 2027). The remaining tax losses of approximately HK$59,120,000 (2023: HK$59,120,000) may be carried forward indefinitely. The unused tax losses of the Group have not yet been agreed by respective tax authorities.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK$8,444,000 (2023: HK$9,598,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

34. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	HK$'000
Trade payables	**33,898**	29,299
Bill payables *(note (i))*	**146,645**	—
Other payables:		
— Accruals	**14,502**	14,621
— Security deposits under provision of procurement services business	**14**	485
— Receipt in advance	**1,640**	4,177
— VAT payables	**5,532**	5,541
— Other payables *(note (ii))*	**18,790**	12,821
— Amounts due to an ex-substantial shareholder and its subsidiaries *(note (iii))*	**2,518**	2,659
— Payables for acquisition of intangible assets	**37**	1,935
	223,576	71,538

Notes:

(i) Certain bills payables of approximately HK$32,326,000 (2023: Nil) were guaranteed by the Company, secured by certain properties in the PRC and restricted bank deposits of approximately HK$32,326,000 (2023: Nil), and certain bills payables of approximately HK$32,326,000 (2023: Nil) were guaranteed by the Company and secured by certain properties in the PRC. The abovementioned properties were owned by a company which was independent to the Group. In addition, certain bank deposits of approximately HK$28,130,000 (2023: Nil) were restricted by relevant banks in the PRC in relation to bills payables of approximately HK$28,126,000 (2023: Nil). The remaining bills payables of approximately HK$53,867,000 (2023: Nil) were guaranteed by the Company.

(ii) Included unsecured interest-free advances of approximately HK$1,024,000 (2023: HK$1,081,000) from an independent third party.

(iii) The amounts are unsecured, interest-free and repayable on demand.

Included in trade and other payables are trade creditors and bill payables of approximately HK$180,543,000 (2023: HK$29,299,000) and an aging analysis based on the invoice date at the end of the reporting period, is as follows:

	2024	2023
	HK$'000	HK$'000
0 to 90 days	**160,837**	27,006
91 to 180 days	**1,617**	1,687
181 to 365 days	**17,498**	423
Over 365 days	**591**	183
	180,543	29,299

Included in bill payables were payables to companies which are associates of Ms. Liu of approximately HK$1,078,000 (2023: Nil).

34. TRADE AND OTHER PAYABLES (Continued)

Included in other payables were payables to companies which are controlled by close family members of Ms. Liu of approximately HK$1,740,000 (2023: Nil).

The carrying amounts of the Group's trade and other payables are denominated in RMB. All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

35. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	Notes	**2024**	2023
		HK$'000	HK$'000
Arising from performance under:			
— Energy management contracting business	(i)	**2,803**	3,474
— Procurement of goods for EPC services	(i)	**—**	139
— Other IT services	(i)	**7,900**	2,771
— Provision of EPC services	(ii)	**9,704**	—
		20,407	6,384

Notes:

(i) It represented the Group's rights to consideration for services provided but unbilled to customers resulting from provision of energy management contracting business, procurement of goods for EPC services and other IT services. The contract assets are transferred to trade receivables when the rights become unconditional. The change in contract assets during the year ended 31 March 2024 was the result of the commencement of new projects/services and the completion of existing projects/services.

(ii) The contracts of provision of EPC services include payment schedules which require stage payments over the service period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group normally agreed to a 1-year defect liability period for certain percentages of the contract value. This amount is included in contract assets until the end of the defect liability period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

All the contract assets are expected to be recovered within one year or within the Group's normal operating cycle.

Included in contract assets were contract assets from companies which are (i) controlled by close family members of Ms. Liu of approximately HK$1,718,000 (2023: HK$525,000) with impairment of approximately HK$104,000 (2023: HK$9,000); and (ii) associates of Ms. Liu of approximately HK$1,984,000 (2023: HK$284,000) with impairment of approximately HK$21,000 (2023: HK$2,000).

35. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

	2024	2023
	HK$'000	HK$'000
Billings in advance of performance obligation:		
— Provision of corporate IT solution services	**1,973**	3,230
— Energy management contracting business	**464**	—
— Procurement of goods for EPC services	**35,425**	—
	37,862	3,230

Contract liabilities are expected to be settled within the Group's normal operating cycle and are classified as current liabilities.

Contract liabilities relating to service contracts are balances due to customers under service contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method, and such amount will be recognised as revenue when the relevant revenue recognition criteria are met.

There was no revenue recognised during the year that related to performance obligations that were satisfied in prior years.

35. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities (Continued)

Movements in contract liabilities are as follows:

	Provision of other IT services	Energy management contracting business	Provision of goods for EPC services	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	3,654	2,185	—	5,839
Increase in contract liabilities as a result of advance received from customers during the year	2,579	1,076	—	3,655
Decrease in contract liabilities as a result of recognising revenue that was included in the contract liabilities at the beginning of the year	(2,721)	(3,093)	—	(5,814)
Exchange differences	(282)	(168)	—	(450)
At 31 March 2023	3,230	—	—	3,230
At 1 April 2023	**3,230**	**—**	**—**	**3,230**
Increase in contract liabilities as a result of advance received from customers during the year	**1,598**	**468**	**35,773**	**37,839**
Decrease in contract liabilities as a result of recognising revenue that was included in the contract liabilities at the beginning of the year	**(2,612)**	**—**	**—**	**(2,612)**
Exchange differences	**(243)**	**(4)**	**(348)**	**(595)**
At 31 March 2024	**1,973**	**464**	**35,425**	**37,862**

Included in contract liabilities were contract liabilities to companies which are associates of Ms. Liu of approximately HK$129,000 (2023: Nil).

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds

CB 2029

On 19 April 2022, the Company had successfully placed convertible bonds to Sea Best Group Limited and Mr. WU Feng (collectively the "**Bondholders**") in an aggregate principal amount of HK$27,500,000 with a term of 7 years (together referred to as "**CB 2029**"). The Bondholders are independent to the Group. CB 2029 carry coupon interest at a rate of 5% per annum which is payable on the last business day before each of the anniversary of the issue date and thereafter and on the maturity date (the "**Maturity Date**") (i.e. the date falling on the expiry of seven years from the date of issue of the CB 2029, provided that if such date is not a business day, the business day immediately after such date). Backgrounds of the Bondholders are further set out in the announcement of the Company dated 19 April 2022.

CB 2029 are denominated in Hong Kong dollars which entitle the Bondholders to convert them into ordinary shares of the Company at any time commencing on the issue date of convertible bonds and up to 4:00 p.m. on the five business days immediately before the Maturity Date, at a conversion price of HK$1.50 per conversion share (subject to anti-dilutive adjustments).

The Bondholders have the right to convert the whole or any part (in the minimum amount of or in multiple of HK$1,000,000) of the outstanding principal amount of convertible bonds into such number of ordinary shares of the Company as will be determined by dividing the principal amount of convertible bonds to be converted by the conversion price in effect on the date of conversion. In addition, the Company has the right to redeem the whole outstanding principal amount of CB 2029 by giving not less than 30 nor more than 60 days' notice (the "**Early Redemption Notice**") to the Bondholders, on the date specified in the Early Redemption Notice at 100% of the outstanding principal amount held by the Bondholders together with interest accrued but unpaid to such date (if any).

The fair value of CB 2029 upon issuance is determined using valuation model which involved unobservable inputs. The day-one gain of approximately HK$685,000, which represented the difference between the nominal value and the fair value of CB 2029 at the issue date, is not recognised in the consolidated statement of profit or loss immediately but is deferred.

Upon issuance of CB 2029, amounts of approximately HK$22,419,000, HK$16,267,000 and HK$11,871,000 were recognised as liability component, derivative component embedded in CB 2029 (liability) and derivative component embedded in CB 2029 (asset), respectively. The day-1 gain of approximately HK$685,000 is included in the liability component of convertible bonds and will be amortised over the term of CB 2029.

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) Convertible bonds (Continued)

CB 2029 (Continued)

During the year ended 31 March 2024 and the period from 19 April 2022 (issue date) to 31 March 2023, the Bondholders did not convert any part of CB 2029, and the Company did not redeem any part of CB 2029.

As at 31 March 2024 and 2023, the outstanding principal of CB 2029 were HK$27,500,000.

The inputs used in the Binomial Option Pricing Model adopted by the independent professional valuer in determining the derivative components of CB 2029 as follows:

	CB 2029		
	At 31 March 2024	At 31 March 2023	At 19 April 2022 (Issue date)
Share price	**HK$0.51**	HK$1.16	HK$1.29
Dividend yield	**0%**	0%	0%
Expected volatility	**97.40%**	100.62%	101.01%
Risk-free rate	**3.43%**	3.06%	2.72%

The movements of the liability components of convertible bonds are set out below:

	Liability component	**Deferred day-1 gain**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2022	—	—	—
Fair value of liability component as at the issue date	22,419	685	23,104
Transaction costs	(983)	—	(983)
Effective interest on convertible bonds *(Note 11)*	1,918	—	1,918
Amortisation of deferred day-1 gain *(Note 9)*	—	(98)	(98)
Coupon interest accrued and included in other payables at 31 March 2023	(1,306)	—	(1,306)
At 31 March 2023	22,048	587	22,635
At 1 April 2023	**22,048**	**587**	**22,635**
Interest paid	**(1,375)**	**—**	**(1,375)**
Effective interest on convertible bonds *(Note 11)*	**2,084**	**—**	**2,084**
Amortisation of deferred day-1 gain *(Note 9)*	**—**	**(98)**	**(98)**
Coupon interest accrued and included in other payables at 31 March 2023	**1,306**	**—**	**1,306**
Coupon interest accrued and included in other payables at 31 March 2024	**(1,306)**	**—**	**(1,306)**
At 31 March 2024	**22,757**	**489**	**23,246**

The effective interest rate of the liability components of CB 2029 is 9.5%.

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(b) Derivative components of convertible bonds

The movements of the derivative components of convertible bonds are set out below:

	Assets – CB 2029	Liabilities – CB 2029	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2022	—	—	—
Fair value of derivative components as at the issue date	(11,871)	16,267	4,396
Change in fair value	1,967	(1,597)	370
At 31 March 2023	(9,904)	14,670	4,766
At 1 April 2023	**(9,904)**	**14,670**	**4,766**
Change in fair value	**6,940**	**(8,632)**	**(1,692)**
At 31 March 2024	**(2,964)**	**6,038**	**3,074**

The gain on change in fair value of derivative embedded in of the convertible bonds for the year ended 31 March 2024 of approximately HK$1,692,000 (2023: loss of HK$370,000) and amortisation of day one gain of approximately HK$98,000 (2023: HK$98,000) were recognised in the consolidated statement of profit or loss, of which fair value gain of approximately HK$1,692,000 (2023: loss of HK$370,000) was related to derivative components of convertible bonds at 31 March 2024. The related interest expense of the liability component of the convertible bonds for the year ended 31 March 2024 amounted to approximately HK$2,084,000 (2023: HK$1,918,000), which was calculated using the effective interest method.

Subsequent to 31 March 2024, the Group missed the payment of coupon interests to the Bondholders in an aggregate amount of HK$1,375,000. Pursuant to the terms and conditions of CB 2029, the Bondholders have the right at any time to require the Company to redeem the whole of the outstanding convertible bonds due to the delayed interest payment. The Group took remedial action and repaid the outstanding coupon interests in an aggregate amount of HK$1,375,000 afterwards to the Bondholders. The Company has been in continuous contact with the Bondholders, and as at the date of approval for issuance of these consolidated financial statements, the Bondholders have not exercised their early redemption right. Although the Bondholders have their discretion to exercise their right, in view of (i) the sufficient internal funds shall be generated from the Group's operation; and (ii) the external financing available to the Group, the directors of the Company are in the opinion that the Group shall have sufficient fund to repay the principal of convertible bonds of HK$27,500,000 to the Bondholders on their demand.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

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

	Bank and other borrowings	Lease liabilities	Convertible bonds	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	25,897	1,044	—	26,941
Financing cash flows:				
— Principal elements of lease payments	—	(1,564)	—	(1,564)
— Interests paid	(1,690)	—	—	(1,690)
— New bank and other borrowings raised	113,801	—	—	113,801
— Transaction costs in relation to the issuance of convertible bonds	—	—	(983)	(983)
— Repayment of bank and other borrowings	(23,898)	—	—	(23,898)
Total changes from financing cash flows	88,213	(1,564)	(983)	85,666
Change in fair value of derivatives embedded in convertible bonds	—	—	370	370
Amortisation of deferred day-1 gain	—	—	(98)	(98)
Interest elements of lease payments	—	(63)	—	(63)
Interest expenses	1,690	63	1,918	3,671
Additional of lease liabilities	—	2,121	—	2,121
Transfer from receipt in advance from a placee of convertible bond	—	—	22,500	22,500
Transfer from security deposit received from a placee of convertible bond	—	—	5,000	5,000
Coupon interest accrued and included in other payables	—	—	(1,306)	(1,306)
Exchange differences	(1,999)	(78)	—	(2,077)
At 31 March 2023	113,801	1,523	27,401	142,725

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Reconciliation of liabilities arising from financing activities (Continued)

	Bank and other borrowings	Lease liabilities	Convertible bonds	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2023	113,801	1,523	27,401	142,725
Financing cash flows:				
— Principal elements of lease payments	—	(815)	—	(815)
— Interests paid	(4,595)	—	(1,375)	(5,970)
— New bank and other borrowings raised	103,370	—	—	103,370
— Repayment of bank and other borrowings	(110,986)	—	—	(110,986)
Total changes from financing cash flows	(12,211)	(815)	(1,375)	(14,401)
Change in fair value of derivatives embedded in convertible bonds	—	—	(1,692)	(1,692)
Amortisation of deferred day-1 gain	—	—	(98)	(98)
Interest elements of lease payments	—	(46)	—	(46)
Interest expenses	4,595	46	2,084	6,725
Coupon interest accrued and included in other payables at 31 March 2024	—	—	(1,306)	(1,306)
Coupon interest accrued and included in other payables at 31 March 2023	—	—	1,306	1,306
Lease modification	—	(33)	—	(33)
Exchange differences	(5,974)	(23)	—	(5,997)
At 31 March 2024	100,211	652	26,320	127,183

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprises the followings:

	2024	2023
	HK$'000	HK$'000
Within operating cash flows	266	286
Within financing cash flows	815	1,564
	1,081	1,850

These amounts relate to the following:

	2024	2023
	HK$'000	HK$'000
Lease rental paid	1,081	1,850

38. LITIGATIONS

(i) On 8 January 2024, the People's Court of Wuhan Donghu New Technology Development Zone ("**People's Court of Wuhan Donghu**") sent a summons and related filing materials (the "**Materials**") to Gongcai Network. According to the Materials, Nanchang Nanfei Fire Protection Equipment Manufacturing Co., Ltd. ("**Plaintiff 1**") requested Gongcai Network and China Energy Construction Group Anhui Electric Power Construction Second Engineering Co., Ltd., the main project developer of an EPC project, to repay approximately RMB9,144,000 together with a penalty for late payment in respect of a purchase order for fixing stands. The fixing stands were materials used in a 100 megawatt photovoltaic power station project in Daishan County, Zhejiang Province, the PRC and procured by Gongcai Network. Gongcai Network had instructed its business departments to negotiate with Plaintiff 1. Due to disputes on quality of the goods and the quantity shipped, Plaintiff 1 and Gongcai Network have yet to reach an agreement for settlement as at the date of approval for issuance of these consolidated financial statements. The hearing for this case is scheduled to be conducted in August 2024. As at 31 March 2024, the Group had recognised a payable of approximately RMB7,839,000 in the consolidated financial statements in view of the above.

(ii) On 22 February 2024, a civil lawsuit was brought by Ningbo Zhongchun Hi-Tech Co., Ltd. (the "**Plaintiff 2**") against Hangzhou Chenghui Engineering Technology Co., Ltd. ("**Hangzhou Chenghui**"), a wholly-owned subsidiary of the Company, in regard of a procurement order of pile foundation for a construction contract. Plaintiff 2 claimed that it had completed the shipments to Hangzhou Chenghui and claimed against Hangzhou Chenghui for the outstanding amount of approximately RMB3,433,000 and interest for the overdue payment. The People's Court of Yinzhou District of Ningbo City, Zhejiang Province, the PRC accepted this case for hearing with schedule to be fixed. As at the date of approval for issuance of these consolidated financial statements, hearing for this case is yet to be scheduled. As at 31 March 2024, the Group had recognised a payable to Plaintiff 2 of approximately RMB3,433,000 in the consolidated financial statement in view of the above.

(iii) On 8 March 2024, Gongcai Network filed a civil lawsuit at People's Court of Wuhan Donghu against Yancheng Zhuozhouyong Trading Co., Ltd., Cai Kaozhang, Chen Xuerong, Cai Kaozhong (collectively the "**Defendants Group 1**") in regard of a contract dispute with contract sum of approximately RMB23,870,000. Gongcai Network claimed that it had completed all shipments of fixing stands to the Defendants Group 1 and requested Defendants Group 1 to honor the contract and repay the remaining contract sum of approximately RMB8,880,000 and interest for the overdue payment. People's Court of Wuhan Donghu accepted this case for hearing with schedule to be fixed. As at the date of approval for issuance of these consolidated financial statements, hearing for this case is yet to be scheduled.

38. LITIGATIONS (Continued)

(iv) On 27 March 2024, Hangzhou Chenghui filed a civil lawsuit at Hangzhou Yuhang District People's Court, Zhejiang Province ("**Yuhang District Court**") against Jiangsu Rongmo Technology Development Co., Ltd. ("**Jiangsu Rongmo**"), Shen Jing, Chen Xuerong, Cai Kouzhong (collectively the "**Defendants Group 2**") in regard of a dispute of purchase contract for pile foundation supply. Confirmation for the order shipments was signed and agreed by Hangzhou Chenghui and Jiangsu Rongmo in December 2023. Hangzhou Chenghui did not receive the remaining contract sum of approximately RMB5,003,000 at the agreed time. Hence, the Group took legal action against Defendants Group 2. Yuhang District Court accepted this case for hearing with schedule to be fixed. As at the date of approval for issuance of these consolidated financial statements, hearing for this case is yet to be scheduled.

Based on the advice of the Group's PRC legal adviser, the management of the Group considered that the legal proceedings are unlikely to result in any other material net outflow of economic benefits from the Group. In addition, the Group has probably performed impairment assessment on the relevant trade receivables under the ECL model, and substantially recorded the relevant trade payables against the Plaintiff 1 and the Plaintiff 2. Hence the Group did not recognise any provision for the cases abovementioned as at 31 March 2024.

As a result of the abovementioned cases (i) and (ii), certain bank deposits of the Group of approximately RMB1,025,000 (or equivalent to approximately HK$1,105,000) as at 31 March 2024 were temporarily frozen as disclosed in Note 25(a) to the consolidated financial statements.

39. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2024	2023
	HK$'000	HK$'000
Acquisition of intangible assets	**7,203**	7,686

40. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from ten months to three years and rentals are fixed over the lease terms and do not include contingent rentals.

The Group regularly entered into short-term leases for the staff quarters and office premises. As at 31 March 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 20.

As at 31 March 2024, the outstanding lease commitments relating to these staff quarters and office premises are HK$36,000 (2023: HK$75,000).

The Group as lessor

Property rental income earned during the year ended 31 March 2024 was approximately HK$15,340,000 (2023: HK$17,032,000). All of the Group's investment properties are held for rental purposes. Generally, leases are negotiated for terms ranging from 1 to 10 years (2023: 1 to 6 years). The lessees do not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	**10,961**	11,667
After one year but within two years	**10,365**	10,303
After two years but within three years	**6,652**	5,166
After three years but within four years	**4,065**	2,434
After four years but within five years	**3,166**	2,308
After five years	**6,013**	1,434
Total	**41,222**	33,312

41. RELATED PARTY DISCLOSURES

(a) Related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions during the years ended 31 March 2024 and 2023:

Relationship	Nature of transaction	2024	2023
		HK$'000	HK$'000
Companies which are controlled by close family members of Ms. Liu[1]	Payment of principal element of lease liabilities	16	236
	Payment of interest element of lease liabilities	7	17
	Provision of energy management contracting services	94	82
	Provision of other IT services	988	2,013
	Provision of administrative services	235	—
Companies which are associates of Ms. Liu[1]	Provision of energy management contracting services	1,373	—
	Provision of other IT services	1,027	—
	Provision of procurement services[2]	8,252	—
	Cost of provision of procurement services	629	—

1 Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 46.44% (2023: 45.63%) of the Company's issued ordinary shares as at 31 March 2024.

2 During the year ended 31 March 2024, the Group entered into continuing connected transactions with Ms. Liu's Associates pursuant to the procurement services framework agreement dated 14 August 2023 and recognised revenue of approximately HK$5,292,000 (2023: Nil). Further details of the procurement services framework agreement were set out in the Company's announcement dated 14 August 2023.

In addition, a related company which is an associate of Mr. Zou Yuwen (i.e. the spouse of Ms. Liu) granted the use of an office premise to the Group free of charge for the period from 20 April 2023 to 19 April 2024.

(b) Related party balances

Save as disclosed elsewhere in the consolidated financial statements, the Group does not have other outstanding balances with related parties at 31 March 2024 and 2023.

(c) Compensation of key management personnel

Directors of the Company are key management personnel of the Group whose remuneration is disclosed in Note 15 to the consolidated financial statements.

42. PRINCIPAL SUBSIDIARIES

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

Name	Place of incorporation/ establishment and operation	Particulars of issued share capital/registered capital	The Group's effective interest	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by the Company's subsidiaries	Principal activities
Directly held:						
Guocai Financial Information Consultancy Limited*,# 國採金融信息諮詢有限公司	The PRC	Registered/contributed capital RMB100,000,000/ RMB19,998,992	100%	100%	—	Inactive
Indirectly held:						
Gongcai Network*,# 公採網絡科技有限公司	The PRC	Registered/contributed capital US$55,000,000/ US$50,153,407	100%	—	100%	Provision of rental income, corporate IT solution services, trading goods and investment holding
Guocai Jinggang Investment Limited*,# 國採京港投資有限公司	The PRC	Registered/contributed capital RMB50,000,000/RMB Nil	90%	—	100%	Inactive
Guocai (Beijing) Technology Limited*,# ("**Guocai (Beijing)**") 國採(北京)技術有限公司	The PRC	Registered and contributed capital RMB60,000,000	90%	—	90%	Provision of procurement and corporate IT solution services and investment holding
Guocai (Hubei) Technology Limited*,# 國採(湖北)技術有限公司	The PRC	Registered and contributed capital RMB10,000,000	100%	—	100%	Provision of procurement and corporate IT solution services and investment holding
Guocai (Qinghai) *,^ 國採(青海)招標有限公司	The PRC	Registered and contributed capital RMB2,000,000	100% (2023: 93%)	—	100%	Provision of procurement services
Guocai (Shenzhen) Information Technology Limited*,# 國採(深圳)信息技術有限公司	The PRC	Registered and contributed capital RMB4,000,000	60%	—	60%	Provision of corporate IT solution services
Public Procurement Limited	Hong Kong	Ordinary share capital HK$34,000,000	100%	—	100%	Investment holding
Shanghai Chenghua Ruian Energy Group Co., Ltd.*,# 上海承華睿安能源集團有限公司	The PRC	Registered/contributed capital RMB50,000,000/ RMB1,009,079	100%	—	100%	Provision of procurement services and investment holding

42. PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2024 are as follows: (Continued)

Name	Place of incorporation/ establishment and operation	Particulars of issued share capital/registered capital	Proportion of ownership interest: The Group's effective interest	Held by the Company	Held by the Company's subsidiaries	Principal activities
Indirectly held: (Continued)						
Jiangsu Chengguang New Energy Limited*, ^ 江蘇承光新能源有限公司	The PRC	Registered/contributed capital RMB10,000,000/RMB Nil	100%	—	100%	Provision of energy management contracting services
Zhejiang Chenghui Industrial Holdings Group Limited*, ^ 浙江承輝實業控股集團有限公司	The PRC	Registered/contributed capital US$50,000,000/ RMB82,248,542	100%	—	100%	Provision of energy management contracting services
Hangzhou Zhongcai Shuzhihua Technology Limited*, ^ 杭州中採數智化科技有限公司	The PRC	Registered/contributed capital RMB10,000,000/ RMB10,000,000 (2023: RMB5,270,000)	100%	—	100%	Provision of corporate IT solution services
Hangzhou Chenghui Electrical Technology Limited*, ^ 杭州承輝電力科技有限公司	The PRC	Registered/contributed capital RMB10,000,000/ RMB10,000,000 (2023: RMB2,050,000)	100%	—	100%	Provision of EPC services
Hangzhou Chenghui*, ^ 杭州承輝工程技術有限公司	The PRC	Registered/contributed capital RMB500,000,000/ RMB219,947,000 (2023: RMB99,116,800)	100%	—	100%	Provision of EPC services
Mingshui Zhanjing Photovoltaic Technology Limited*, ^ 明水縣展晶光伏科技有限責任公司	The PRC	Registered/contributed capital RMB100,000/RMB500	100%	—	100%	Provision of energy management contracting services
Shanghai Chengguang Zhongcai Electrical Development Limited*,^ 上海承光中採電力發展有限公司	The PRC	Registered/contributed capital RMB10,000,000/ RMB9,000,000	100%	—	100%	Provision of energy management contracting services

* For identification purposes only.

\# Foreign investment enterprise.

^ Domestic invested enterprise.

42. PRINCIPAL SUBSIDIARIES (Continued)

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. None of the subsidiaries has issued any debt securities.

The following table shows information of a subsidiary that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company elimination.

	Guocai (Beijing)	
	2024	2023
Principal place of business/country of establishment	PRC/PRC	PRC/PRC
% of ownership interests/voting rights held by NCI	10%	10%
	HK$'000	HK$'000
Non-current assets	**18,242**	19,762
Current assets	**14,069**	12,681
Current liabilities	**(88,233)**	(87,775)
Net liabilities	**(55,922)**	(55,332)
Accumulated NCI	**(12,251)**	(12,078)

	2024	2023
	HK$'000	HK$'000
Revenue	**5,425**	5,638
Loss	**(2,529)**	(3,514)
Other comprehensive income	**1,939**	4,335
Total comprehensive (expense)/income	**(590)**	821
Loss allocated to NCI	**(253)**	(351)
Total comprehensive (expense)/income allocated to NCI	**(59)**	82
Net cash generated from/(used in) operating activities	**343**	(1,336)
Net cash used in investing activities	**(56)**	(895)
Net cash used in financing activities	**(446)**	(428)

43. DISPOSAL OF A SUBSIDIARY

During the year ended 31 March 2024, the Group disposed of its entire equity interest in 連雲港科新新能源有限公司 (Lianyungang Kexin New Energy Co., Ltd.*) ("**Lianyungang Kexin**") to a company which was independent to the Group. Lianyungang Kexin was inactive during the year ended 31 March 2024. The aggregate amounts of assets and liabilities attributable to approximately HK$631,000 on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	**483**
Other receivables	**137**
Bank balance	**11**
	631
Loss on disposal of a subsidiary:	
Consideration received	**631**
Net assets disposed of	**(631)**
Reclassification of cumulative foreign currency translation reserve upon disposal	**(10)**
	(10)
Net cash inflows arising on disposal:	
Cash consideration received	**631**
Less: Bank and cash balances disposed of	**(11)**
	620

* *For identification purpose only*

Lianyungang Kexin did not contribute significantly to the results and cash flows of the Group during the period prior to the disposal.

44. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY

During the year ended 31 March 2024, the Group underwent a group restructuring to streamline the Group structure. As part of the reorganisation, the entire equity interest of Guocai (Qinghai) was transferred from a non-wholly owned subsidiary of the Group to a wholly-owned subsidiary of the Group. Consequently, the Group's effective interest over Guocai (Qinghai) increased from 93% to 100%.

An amount of approximately HK$624,000 (being the proportionate share of the carrying amount of the net assets of Guocai (Qinghai)) has been credited to "Other reserves".

Five-Year Financial Summary

	Year ended 31 March		Fifteen months ended 31 March	Year ended 31 December	
	2024	2023	2022	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**782,180**	271,719	140,256	93,555	73,324
(Loss)/profit before tax	**(10,486)**	(3,401)	(41,363)	172	(11,109)
Income tax credit/(expense)	**11,290**	16,995	7,445	49	(2,586)
Profit/(loss) for the year/period	**804**	13,594	(33,918)	221	(13,695)
Attributable to:					
Owners of the Company	**656**	13,282	(31,923)	1,643	(14,174)
Non-controlling interests	**148**	312	(1,995)	(1,422)	479
	804	13,594	(33,918)	221	(13,695)

	At 31 March		At 31 December		
	2024	2023	2022	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**727,927**	593,424	369,218	360,002	332,299
Total liabilities	**(432,617)**	(283,057)	(174,559)	(155,526)	(147,406)
Total equity	**295,310**	310,367	194,659	204,476	184,893
Attributable to:					
Owners of the Company	**307,005**	321,874	206,913	214,380	192,262
Non-controlling interests	**(11,695)**	(11,507)	(12,254)	(9,904)	(7,369)
	295,310	310,367	194,659	204,476	184,893

Particulars of Investment Properties

Location	Existing use	Type of lease
G/F – 6/F, 7/F (Partial), 8/F – 11/F, Wuhan CPP building, Jinronggang Road Central, No 77 Guanggu Avenue, Donghu New Technology Development Zone, Wuhan, Hubei Province, the PRC	Commercial	Medium term