



偉俊集團控股有限公司*
Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 1013

2024
ANNUAL REPORT

* for identification purpose only

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Corporate Information

EXECUTIVE DIRECTOR

Lam Ching Kui *(resigned on 27 October 2023)*

Lam Ka Chun *(appointed on 27 October 2023 as Chairman and Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Wai Dune *(resigned on 22 August 2023)*

Wang Wei

Wan Bo

Kwok Kim Hung Eddie *(appointed on 1 April 2024 and resigned on 21 May 2024)*

Kung Ying Tung *(appointed on 25 July 2024)*

AUTHORISED REPRESENTATIVES

Lam Ching Kui *(resigned on 27 October 2023)*

Lam Ka Chun *(appointed on 27 October 2023)*

Fenn David *(resigned on 14 July 2023 and re-appointed on 1 June 2024)*

He Xiaoping *(appointed on 14 July 2023 and resigned on 15 February 2024)*

Li Huifang *(appointed on 15 February 2024 and resigned on 28 March 2024)*

Lam Kai Kei *(appointed on 28 March 2024 and resigned on 21 May 2024)*

COMPANY SECRETARY

Fenn David *(resigned on 14 July 2023 and re-appointed on 1 June 2024)*

He Xiaoping *(appointed on 14 July 2023 and resigned on 15 February 2024)*

Li Huifang *(appointed on 15 February 2024 and resigned on 28 March 2024)*

Lam Kai Kei *(appointed on 28 March 2024 and resigned on 21 May 2024)*

AUDIT COMMITTEE

Kung Ying Tung

(appointed on 25 July 2024 as Chairlady)

Chan Wai Dune *(resigned on 22 August 2023)*

Wang Wei

Wan Bo

Kwok Kim Hung Eddie *(appointed on 1 April 2024 and resigned on 21 May 2024)*

REMUNERATION COMMITTEE

Lam Ka Chun *(appointed on 27 October 2023)*

Wang Wei *(Chairman)*

Chan Wai Dune *(resigned on 22 August 2023)*

Lam Ching Kui *(resigned on 27 October 2023)*

Wan Bo

Kwok Kim Hung Eddie *(appointed on 1 April 2024 and resigned on 21 May 2024)*

Kung Ying Tung *(appointed on 25 July 2024)*

NOMINATION COMMITTEE

Lam Ka Chun

(appointed on 27 October 2023 as Chairman)

Lam Ching Kui *(resigned on 27 October 2023)*

Chan Wai Dune *(resigned on 22 August 2023)*

Wang Wei

Wan Bo

Kwok Kim Hung Eddie *(appointed on 1 April 2024 and resigned on 21 May 2024)*

Kung Ying Tung *(appointed on 25 July 2024)*

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 4001-02, 40/F., China Resources Building
26 Harbour Road, Wanchai
Hong Kong

AUDITOR

Confucius International CPA Limited
Certified Public Accountants
Rooms 1501-08, 15/F, Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

SHARE REGISTRAR IN BERMUDA

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

REGISTRAR IN HONG KONG

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

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

1013

COMPANY WEBSITE

www.1013.hk

Chairman's Statement

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

For the year ended 31 March 2024, the Group recorded overall revenue of approximately HK\$273,889,000 (2023: approximately HK\$176,803,000) representing an increase of approximately HK\$97,086,000 or 54.91% when compared to 2023, which is attributable by the surge in chemical trading revenue by HK\$71,537,000 during the year (2023: increased by approximately HK\$8,686,000). The increase was mainly because of the rebound in demand for the chemical trading as a result of the resumption of normal operation in PRC. The Group has recorded revenue from the segment of sales and integration services of approximately HK\$31,933,000 for the year ended 31 March 2024.

The gross profit of the Group for the year ended 31 March 2024 amounting to approximately HK\$1,553,000 (2023: approximately HK\$567,000). The gross profit margin for the year ended 31 March 2024 was approximately 0.57% as compared to 0.32% for the year of 2023. The increase in gross profit margin was because the gross profit margin in the segment of sales and integration services is higher than the segment of general trading, and the revenue from sales and integration services increased in current year.

Administrative expenses during the year under review decreased by 16.28% to approximately HK\$15,785,000 (2023: approximately HK\$18,856,000). Such decrease was mainly because the Group continued to implement tight cost control measures in current year. During the year ended 31 March 2024, the finance costs increased by 0.96% to approximately HK\$26,408,000 (2023: approximately HK\$26,156,000). The increase in finance costs was mainly contributed by the increase in the imputed interest expenses for the amount due to ultimate controlling party incurred during the year.

The Group recorded a loss attributable to owners of the Company of approximately HK\$36,531,000 for the year (2023: approximately HK\$50,721,000).

FINANCIAL RESOURCES AND POSITION

Total debts of the Group amounting to approximately HK\$223,239,000 (2023: approximately HK\$229,128,000), comprising convertible bonds of approximately HK\$188,549,000 (2023: HK\$202,130,000), loans from ultimate holding company of approximately HK\$13,679,000 (2023: approximately HK\$12,900,000), amount due to ultimate controlling party of approximately HK\$18,863,000 (2023: approximately HK\$10,735,000), lease liabilities of approximately HK\$2,148,000 (2023: HK\$3,363,000). All the above mentioned borrowings are denominated in Hong Kong Dollars and Renminbi. All of these debts are interest bearing or carried in an interest rate implicit in the lease liabilities.

The net debts (net of cash and cash equivalents) to total assets ratio of the Group is approximately 695.7% (2023: approximately 270.1%), the increase of net debts to total assets ratio was mainly due to the decrease in trade receivables as at 31 March 2024 as compared to 31 March 2023. Cash and cash equivalents amounting to approximately HK\$127,000 (2023: approximately HK\$9,456,000) as at 31 March 2024 which are mostly denominated in Hong Kong Dollars and Renminbi.

FINANCIAL REVIEW (continued)

FINANCIAL RESOURCES AND POSITION (continued)

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity.

The Group had HK\$ Nil pledged bank deposits as at 31 March 2024 (2023: approximately HK\$300,000). As at 31 March 2024, the current ratio of the Group is approximately 0.37 times (2023: approximately 0.32 times). On the basis of the undrawn loan facilities of approximately HK\$186,321,000 granted by its ultimate holding company, Wai Chun IF and the financial support from the ultimate controlling party, Mr. Lam, the Directors believe that the Group has sufficient financial resources for its operations. The Directors will remain cautious in the Group's liquidity management.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

BUSINESS REVIEW AND FUTURE PROSPECT

The Group is principally engaged in (i) general trading of chemicals (ii) sales and integration services of computer and communication systems, design, consultation and production of information system software and management training service; and (iii) investment holdings.

During the year under review, the management continued to devote its effort to enhance the operational efficiency of the sale and integration services segment and the services income segment through stringent project selection and tighter cost control measures.

Looking forward, to turn the Group back to a profitable position, the Company (i) will continue to enhance operational efficiency by removing duplication and bottlenecks through standardisation of work procedures and simplification of operation process and; (ii) will further tighten its budgetary control by vigorously implementing measures for cost and expense control, optimising cost analysis and appraisal mechanism, and constantly strengthening cost management. In addition, the Group is monitoring closely the latest trends and the development of the global economy and to take advantage of all business opportunities.

The Company has been actively identifying projects with growth potential for acquisition or investment and has been in discussions with various parties for such acquisition or investment. Meanwhile, the Company intends to enrich and improve its financial resources by conducting fund raising exercises such as share placement or loan capitalisation, when necessary.

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Lam Ka Chun (“Mr. Lam”), aged 32, has been managing directors of the Company and Wai Chun Bio-Technology Limited (stock code: 660) (a company listed on the Main Board of the Stock Exchange) since 2017 and is responsible for the investment and operation of the listed companies. Mr. Lam served as chief executive officer in various companies from 2011 to 2017 and has accumulated extensive experience in projects investment and management. Mr. Lam studied chemistry at Imperial College London from 2009 to 2011. Mr. Lam has been appointed as chairman, chief executive officer and executive director of the Company on 27 October 2023. Mr. Lam is the son of Mr. Lam Ching Kui. Mr. Lam joined Wai Chun Bio-Technology Limited as an executive director since 13 March 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Kung Ying Tung (“Ms. Kung”), aged 35, holds a Bachelor’s degree from the University of Bedfordshire in the United Kingdom, majoring in Accountancy. Ms. Kung has been a Certified Public Accountant in Australia since 2013 and has over 15 years of experience in the field of accounting and financial management. Ms. Kung is familiar with accounting and taxation regulations in Hong Kong, Mainland China and overseas, and has extensive experience in supervising and managing financial operations. Ms. Kung has been the accounting officer of Prince Jewellery and Watch Company Limited since 2008 and resigned in 2018, in Ms. Kung’s tenure, her duties and responsibilities were to establish and maintain an effective operational analysis and reporting system, formulate revenue budgets and cash flow forecasts and planning, month-end and year-end closings and monitor day-to-day operations, prepare monthly planning and financial analyses, ensure the implementation of internal control procedures are in place and in compliance with the company’s standards and handle audit queries and communicate with auditors to ensure all annual audit reports and tax procedures are followed up. Ms. Kung is currently the founder of Supreme Accounting and Corporate Service Limited since 2019 and duties include the provision of financing and government subsidy consultancy services, company formation services, accounting audit and tax advisory services, registered address services for company secretarial services, trademark registration services and certified copy services.

The experience Ms. Kung has gained throughout her career has developed her diverse, in-depth and up-to-date knowledge in the current business world. Ms. Kung did not hold any other directorship in any Listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Dr. Wang Wei (“Dr. Wang”), aged 62, has been appointed as the Independent Non-executive Director of the Company since 3 November 2020. Dr. Wang has worked in Bank of China International, Hong Kong since 2008 and is currently the Managing Director of the Debt Capital Market Origination Department of Bank of China International, Hong Kong. He also currently serves as the Executive Vice President of the Hong Kong Institution for International Finance. Dr. Wang also served as the executive director of the Credit Research Strategy Department of Citigroup (Hong Kong) and the Vice President of the Corporate Bond Strategy Research Department of Salomon Smith Barney (New York). Dr. Wang also served as a postdoctoral research scientist of at the Lamont-Doherty Earth Research Center of Columbia University, USA from 1995 to 1997.

Dr. Wang holds a doctorate in physical oceanography from the University of North Carolina at Chapel Hill, USA; a master degree of physical oceanography from the Second National Institute of Oceanography of China, and a bachelor degree of Mechanical Engineering (high-speed aerodynamics) from the University of Science and Technology of China.

In addition, Dr. Wang is an adjunct professor/lecturer at the Chinese University of Hong Kong (Shenzhen), and an adjunct senior researcher and lecturer at Renmin University of China (Beijing). Other than disclosed above, Dr. Wang did not hold any other directorships in any listed public companies in the past three years.

Mr. Wan Bo (“Mr. Wan”), aged 55, has been appointed as an independent non-executive director of the Company since 21 November 2022. Mr. Wan has been the general manager of Guizhou Haiming Real Estate Investment Co., Ltd. since 2001. Mr. Wan also served as the general manager of Guizhou Qianyi Real Estate Development Co., Ltd. from 1991 to 2000. Mr. Wan is an engineer and graduated from East China Jiaotong University with major in Civil Engineering. Mr. Wan is also currently an independent non-executive director of Wan Chun Bio-Technology Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. Wan did not hold any other directorship in any Listed public companies in the past three years.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding Company and the principal activities of its subsidiaries are set out in note 34 to the consolidated financial statements. There were no significant changes in the nature of the Company's and of the Group's principal activities during the year.

Discussions and reviews of the Group's business and possible risks and uncertainties that the Group may be facing are contained in the Chairman's Statement as set out on pages 4 to 5 of this annual report. The financial risk management objectives and policies of the Group are shown in note 6 to the consolidated financial statements of this annual report. These discussions form part of this Report of the Directors.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2024 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 68 to 147.

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

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity set out on page 72 and in note 30 to the consolidated financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the five financial years ended 31 March 2024 is set out on page 148.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company did not have any reserves available for distribution to its shareholders (2023: Nil).

DIRECTORS

EXECUTIVE DIRECTOR

Mr. Lam Ching Kui (*resigned on 27 October 2023*)
Mr. Lam Ka Chun (*appointed on 27 October 2023*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Dune (*resigned on 22 August 2023*)
Dr. Wang Wei
Mr. Kwok Kim Hung Eddie (*appointed on 1 April 2024 and resigned on 21 May 2024*)
Mr. Wan Bo
Ms. Kung Ying Tung (*appointed on 25 July 2024*)

The biographical details of the Directors of the Company are set out on pages 6 and 7 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service agreement with the Company for a term of not more than three years commencing from their date of appointment, which continues thereafter until terminated by either party giving not less than one month notice in writing to the other party.

Each independent non-executive Directors, has entered into a letter of appointment with the Company for a term of two years from their date of appointment, which can be terminated by either party giving not less than one month notice in writing to the other party. Each of the independent non-executive Directors is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Bye-laws.

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

DIRECTORS' REMUNERATION

Details of emoluments of the Directors are set out in note 14 to the consolidated financial statements.

The Directors' fees are subject to shareholders' approval at the AGM. Other emoluments are determined by the Board with reference to the recommendations from the remuneration committee of the Company ("Remuneration Committee") taking in to account the Directors' duties, responsibilities and performance and the results of the Group.

Report of the Directors

PERMITTED INDEMNITY

Pursuant to the Bye-laws of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed below in the section headed "Connected Transactions and Continuing Connected Transactions" and in note 33 to the consolidated financial statements, there are no transactions, arrangements or contracts of significance to which the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING BUSINESS

None of the Directors had any interests in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, during the year and up to the date of this report.

INTERESTS OF CONTROLLING SHAREHOLDER IN CONTRACTS

Save as disclosed below in the section headed "Connected Transactions and Continuing Connected Transactions" and in notes 25, 27, 28 and 33 to the consolidated financial statements, there was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in paragraph 16 of Appendix D2 to the Listing Rules) or any of its subsidiaries, at any time during the year.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2024, none of the Directors or chief executive of the Company or their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2024, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following shareholders (other than the Directors or chief executives of the Company as disclosed above) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name of Shareholder	Capacity	Number of ordinary shares/ underlying shares	Approximate percentage of shareholding (Note 2)
Lam Ching Kui	Beneficial owner	495,460,166 (Note 1)	288.93%
	Interests of controlled corporations	305,490,241 (Note 1)	178.15%
Wai Chun Investment Fund	Interests of controlled corporations	305,490,241 (Note 1)	178.15%
Ka Chun Holdings Limited	Beneficial owner	305,490,241 (Note 1)	178.15%

Notes:

- Mr. Lam Ching Kui, directly holds 38,481,000 shares of the Company and is the beneficial owner of the entire issued share capital of Wai Chun Investment Fund. Ka Chun Holdings Limited, which is wholly owned by Wai Chun Investment Fund, holds 194,292,325 shares of the Company and is the holder of 1% coupon convertible bonds in the principal amount of HK\$42,700,000, under which 116,197,916 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 1% coupon convertible bonds. Therefore, Wai Chun Investment Fund is deemed to be interested in all the interests held by Ka Chun Holdings Limited under the SFO. Mr. Lam Ching Kui is also the holder of (i) 1% coupon convertible bonds in the principal amount of HK\$152,000,000 under which 395,833,333 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 1% coupon convertible bonds; and (ii) 1% coupon convertible bonds in the principal amount of HK\$23,480,000 under which 61,145,833 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned 1% coupon convertible bonds. Mr Lam Ching Kui is the director of Ka Chun Holdings Limited and Wai Chun Investment Fund.
- This percentage is based on 267,389,531 ordinary shares of the Company issued as at 31 March 2024.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS (continued)

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 31 March 2024, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

As at 31 March 2024, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying Shares.

OTHER PERSONS

As at 31 March 2024, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executives and the substantial shareholders as disclosed above) in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 25 September 2015, a share option scheme of the Company was adopted by the Company. No option was granted, exercised, cancelled or lapsed during the year ended 31 March 2024. The Company had no share options outstanding at the beginning and end of the year.

MANAGEMENT CONTRACTS

During the year under review, no management and administrative contracts regarding the entire or any major businesses of the Company have been entered into or have existed.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2024.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2024, the Group has not entered into any transaction which constituted non-exempt continuing connected transactions under the Listing Rules.

There is no other material connected transaction and material continuing connected transaction during and for the year ended 31 March 2024.

COMPLIANCE WITH DISCLOSURE REQUIREMENTS

Saved as disclosed in the above section headed “Connected Transactions and Continuing Connected Transactions”, all other transactions as shown in note 33 are connected transactions exempted from announcement, reporting, annual review and independent shareholders’ approval requirements under Rule 14A.76/14A.95/14A.90 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of connected transactions.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 70% of total turnover and sales to the largest customer accounted for approximately 39%. The five largest suppliers of the Group in aggregate accounted for about 70% of its total purchase costs for the year. Purchases from the largest supplier accounted for about 65% of its total purchase costs. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in the Group’s five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2024.

Report of the Directors

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

EMOLUMENT POLICY

As at 31 March 2024, the Group had a total of 10 employees, the majority of whom are situated in Hong Kong. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced lifestyle and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing in his own remuneration.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it engages from time to time. The Group achieves this through rational resources utilisation and compliance with applicable environmental laws and practices of environmental protection, health and safety, workplace conditions and employment. The Group continues to improve the environmental performance as an integral and fundamental part of the business strategy and operating methods.

Details of the environmental, social and governance report are set out in the section headed "Environment, Social and Government Report" in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board considers compliance with laws and regulations are important element in the business operation of the Group. The Group's major operations and over half of its sales are located in China and compliance with domestic laws and regulations in China is particularly important. The Group has specific personnel to handle and update compliance works in China and they also have the assistance from external legal advisors. The Board considers that the Group's compliance with laws and regulations in China is well monitored.

RELATIONSHIPS WITH STAKEHOLDERS

The Group provides a harmonious and professional working environment to employees and ensures they all are reasonable remunerated. The Company regular reviews and updates its policies on remuneration and benefits, training, occupational health and safety.

The Group also recognises that it is important to maintain good relationship with business partners to achieve its long-term goals. During the year, there was no material and significant dispute between the Group and its business partners.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed “Corporate Governance Report” in this annual report.

INDEPENDENT AUDITOR

CCTH CPA Limited (“CCTH”) has resigned as the auditor of the Company with effect from 20 March 2024. The Board considered the recommendation of the Audit Committee, it has resolved to appoint Confucius International CPA Limited (“Confucius”) as the new auditor of the Company to fill the casual vacancy following the resignation of CCTH with effect from 20 March 2024. Confucius shall hold office until the conclusion of the next annual general meeting of the Company. A resolution for the re-appointment of Confucius as the auditor of the Group will be proposed at the forthcoming AGM.

On behalf of the Board

Lam Ka Chun

Chairman and Chief Executive Officer

Hong Kong, 29 July 2024

Corporate Governance Report

The Directors and other members of the management team of the Company are dedicated to maintain high standards of corporate governance. They will continue to exercise leadership, enterprise, integrity and judgement so as to achieve continuing prosperity and to act in the best interests of the Company and its shareholders in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the cores of the Company's corporate governance practices.

The Company continues to devote efforts on promoting good corporate governance so as to ensure its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholders' value.

CORPORATE GOVERNANCE

During the year ended 31 March 2024, the Company complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Listing Rules except code provisions C.2.1.

Under code provision C.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr. Lam Ka Chun is the chairman and chief executive officer of the Company. He has extensive experience in project management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The balance of power and authorities is ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

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

EXECUTIVE DIRECTOR

Mr. Lam Ka Chun (*Chairman and Chief Executive Officer*)

Mr. Lam Ching Kui (*resigned on 27 October 2023*)

BOARD OF DIRECTORS (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Dune (*resigned on 22 August 2023*)

Dr. Wang Wei

Mr. Wan Bo

Mr. Kwok Kim Hung Eddie (*appointed on 1 April 2024 and resigned on 21 May 2024*)

Ms. Kung Ying Tung (*appointed on 25 July 2024*)

RESPONSIBILITIES

The Board has a balance of skill and experience and a balanced composition of executive and non-executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the executive Director(s) and senior management of the Company.

The Board, headed by the Chairman and the Chief Executive Officer, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The Chairman and Chief Executive Officer seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a timely basis.

The Chairman and Chief Executive Officer is responsible for day-to-day management of the Company's operations, financial management and the effective implementation of the overall strategies and initiatives adopted by the Board.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

RESPONSIBILITIES (continued)

During the year ended 31 March 2024, reference is made to the announcement of the Company dated 26 July 2023, the Company announced that Mr. Chan Wai Dune (“Mr. Chan”) has resigned as an Independent Non-executive Director (“INED”), and ceased to be the member of Audit Committee, Nomination Committee and Remuneration Committee of the Company since 22 August 2023. Following the resignation of Mr. Chan, there is a vacancy in the position of the member of the Audit Committee of the Company and the Company only has two INEDs, thus the number of INEDs and number of the Audit Committee of the Company falls below the minimum number requirement under Rules 3.10(1) and 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). As required under Rules 3.11 and 3.23 of the Listing Rules, the Company should appoint sufficient number of INEDs and make appropriate appointment to the Audit Committee within three months which is by 22 August 2024.

On 25 July 2024, reference is made to the announcement of the Company dated 21 May 2024, the Company announced that Mr. Kwok Kim Hung Eddie (“Mr. Kwok”) has resigned as an INED, and ceased to be the member of Audit Committee, Nomination Committee and Remuneration Committee of the Company since 21 May 2024. Following the resignation of Mr. Kwok, there is a vacancy in the position of the member of the Audit Committee of the Company and the Company only has two INEDs, thus the number of INEDs and number of the Audit Committee member of the Company falls below the minimum number requirement under Rules 3.10(1) and 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Ms. Kung Ying Tung is appointed as the INED on 25 July 2024 and acted as the chairlady of the Audit Committee, as well as the member of Nomination Committee and Remuneration Committee since then. Therefore, the Company complies with the minimum number requirement under Rules 3.10(1) and 3.21 of the Listing Rules and the requirement under Rules 3.11 and 3.23 of the Listing Rules afterwards.

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of the Board, senior management and shareholders;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

BOARD OF DIRECTORS (continued)

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The appointment of all the Directors is for a specific term of not more than three years from date of appointment. The Company's Bye-laws provide for the retirement of Directors by rotation and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting following the appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's Bye-laws. The Board is responsible for the reviewing its composition, monitoring the appointment of Directors and assessing the independence of the independent non-executive Directors.

BOARD MEETINGS

During the year ended 31 March 2024, the Board held five regular board meetings. In addition, board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are usually attended by executive Directors only. The Directors attended the meetings in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui (<i>resigned on 27 October 2023</i>)	5/5
Mr. Chan Wai Dune (<i>resigned on 22 August 2023</i>)	2/5
Dr. Wang Wei	5/5
Mr. Wan Bo	5/5
Mr. Lam Ka Chun (<i>appointed on 27 October 2023 as Chairman</i>)	5/5
Mr. Kwok Kim Hung Eddie (<i>appointed on 1 April 2024 and resigned on 21 May 2024</i>)	N/A
Ms. Kung Ying Tung (<i>appointed on 25 July 2024</i>)	N/A

Corporate Governance Report

BOARD OF DIRECTORS (continued)

GENERAL MEETINGS

During the year ended 31 March 2024, an annual general meeting of the Company was held on 22 August 2023. The attendance of each Director is set out as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui (<i>resigned on 27 October 2023</i>)	1/1
Mr. Chan Wai Dune (<i>resigned on 22 August 2023</i>)	N/A
Dr. Wang Wei	1/1
Mr. Wan Bo	1/1
Mr. Lam Ka Chun (<i>appointed on 27 October 2023 as Chairman</i>)	1/1
Mr. Kwok Kim Hung Eddie (<i>appointed on 1 April 2024 and resigned on 21 May 2024</i>)	N/A
Ms. Kung Ying Tung (<i>appointed on 25 July 2024</i>)	N/A

BOARD PROCESS

Directors are provided with relevant information to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management for information and making enquires if necessary. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are opened for inspections by any Director during normal office hours by giving reasonable advance notice.

If a substantial shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

BOARD OF DIRECTORS (continued)

BOARD DIVERSITY POLICY

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. In this connection, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board (the “Diversity Policy”).

Pursuant to the Diversity Policy, the Company considers Board diversity from a number of perspectives, including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service. The ultimate decision would be based on the merits and contributions the selected candidates can bring to the Board.

The Nomination Committee opined that the Company has a diverse Board. The Nomination Committee and the Board would review the Diversity Policy at least annually.

DIRECTORS’ TRAINING

According to the code provision C1.4 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.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training relating to the Listing Rules and corporate governance matters or attending seminars relating to their role as a Director of listed issuer. Each of the Directors has provided a record of training they received for the year ended 31 March 2024 to the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lam Ka Chun, the Chairman of the Company, was also appointed as the Chief Executive Officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, laws or economics. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

All independent non-executive Directors have been appointed for a term of two years from their date of appointment. Each of the independent non-executive Directors is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Bye-laws.

BOARD COMMITTEES

The Company has set up three committees of the Board, including the Remuneration Committee, Audit Committee ("Audit Committee") and Nomination Committee ("Nomination Committee") of the Company, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

REMUNERATION COMMITTEE

The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for non-executive Directors, mainly comprising directors' fees, is subject to annual assessment with reference to the market standard. Individual Director and senior management would not be involved in deciding their own remuneration.

The model of remuneration committee described in code provision E.1.2(c)(ii) of the CG Code has been adopted by the Remuneration Committee.

BOARD OF DIRECTORS (continued)

REMUNERATION COMMITTEE (continued)

During the year ended 31 March 2024, the Remuneration Committee held one meeting with attendance record as follows:

Name of Director	Number of meetings attended/held
Dr. Wang Wei (<i>Chairman</i>)	1/1
Mr. Lam Ching Kui (<i>resigned on 27 October 2023</i>)	N/A
Mr. Lam Ka Chun (<i>appointed on 27 October 2023 as Chairman</i>)	1/1
Mr. Chan Wai Dune (<i>resigned on 22 August 2023</i>)	N/A
Mr. Wan Bo	1/1
Mr. Kwok Kim Hung Eddie (<i>appointed on 1 April 2024 and resigned on 21 May 2024</i>)	N/A
Ms. Kung Ying Tung (<i>appointed on 25 July 2024</i>)	N/A

During the year under review, the Remuneration Committee reviewed matters relating to remuneration packages of Directors and senior management.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. A meeting of the Audit Committee was held to review the Group's audited consolidated financial statements for the year ended 31 March 2024, in conjunction with the Group's external auditor, Confucius International CPA Limited.

The Audit Committee also reports directly to the Board and reviews financial statements and the effectiveness of internal control, to protect the interests of the Company's shareholders.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

AUDIT COMMITTEE (continued)

During the year ended 31 March 2024, the Audit Committee held two meetings with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Chan Wai Dune (<i>resigned on 22 August 2023</i>)	1/2
Dr. Wang Wei	2/2
Mr. Wan Bo	2/2
Mr. Kwok Kim Hung Eddie (<i>appointed on 1 April 2024 and resigned on 21 May 2024</i>)	N/A
Ms. Kung Ying Tung (<i>appointed on 25 July 2024</i>)	N/A

At the meetings, the Audit Committee reviewed the audited financial statements for the year ended 31 March 2024 and the interim results for the six months ended 30 September 2023 respectively. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance and financial reporting matters. The Audit Committee is satisfied with their review of the independence of the auditor and their audit process for the year ended 31 March 2024.

The Group's results and consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

The primary function of the Nomination Committee is to make recommendations to the Board on new appointment and re-appointment of Directors and senior management. New Directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a Director, the Board will review the independence, experience and skills of the appointee as well as personal ethics, integrity and possible time commitment of the appointee with reference to the Diversity Policy adopted by the Board during the year and the requirements under the Listing Rules.

BOARD OF DIRECTORS (continued)

NOMINATION COMMITTEE (continued)

During the year ended 31 March 2024, the Nomination Committee held one meeting, with attendance record as follows:

Name of Director	Number of meetings attended/held
Mr. Lam Ching Kui (<i>resigned on 27 October 2023</i>)	1/1
Mr. Chan Wai Dune (<i>resigned on 22 August 2023</i>)	N/A
Dr. Wang Wei	1/1
Mr. Wan Bo	1/1
Mr. Lam Ka Chun (<i>appointed on 27 October 2023 as Chairman</i>)	1/1
Mr. Kwok Kim Hung Eddie (<i>appointed on 1 April 2024 and resigned on 21 May 2024</i>)	N/A
Ms. Kung Ying Tung (<i>appointed on 25 July 2024</i>)	N/A

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board in compliance with the CG Code.

The corporate governance functions currently performed by the Board are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 31 March 2024, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

COMPANY SECRETARY

The Company Secretary functions to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors' obligations under the Listing Rules and applicable laws and regulations and to assist the Board in implementing the corporate governance practices.

The Company Secretary of the Company, Mr. Fenn David had obtained not less than 15 hours of professional training as required under Rule 3.29 of the Listing Rules during the year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"). The Company has made specific enquiries to all Directors and all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year.

EXTERNAL AUDITOR AND ITS REMUNERATION

CCTH CPA Limited ("CCTH") was re-appointed as the Auditor in the Company's annual general meetings held on 22 August 2023. On 20 March 2024, CCTH has resigned as the Auditor of the Company while Confucius International CPA Limited has been appointed to fill the casual vacancy following the resignation of CCTH in the Company's special general meeting held on 15 April 2024 and to hold office until the conclusion of the forthcoming AGM.

During the year ended 31 March 2024, the remuneration paid to Confucius International CPA Limited, the external auditor of the Group is set out below:

Nature of work	Fee <i>HK'000</i>
Audit services	600

DIRECTORS' RESPONSIBILITY IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge that their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company regarding their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 63 to 67 of this Annual Report.

GOING CONCERN

Save as disclosed in note 2 to the consolidated financial statements, the Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The objective is to cover all important controls, including financial, operational, compliance, and risk management functions to endure they are in place and functioning effectively for the Group.

The Group's risk management policy includes the following elements:

- Identification significant risks in the Group's operation environment and evaluate the impacts of those;
- Develop necessary measure to manage those risks;
- Risk and mitigate measures with risk ownership will be documented in a risk register; and
- Risk register will be monitored and reviewed the effectiveness of such measures regularly.

Corporate Governance Report

INTERNAL CONTROL (continued)

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Board has delegated the Audit Committee to perform its responsibilities of risk management and internal control systems by performing the following:

- Oversees the Group's risk management and internal control systems on an ongoing basis;
- Reviews the effectiveness of the Group's risk management and internal control systems annually, and such review should cover all material controls including financial, operational and compliance control;
- Considers major findings on risk management and internal control matters, implementation of the mitigation activities by the management team, and reports and makes recommendations to the Board.

The Group's internal control review is performed by an outsourced internal control consultant, which reports directly to the Audit Committee of the Group.

The Board has received a report from the outsourced internal control consultant summarizing internal control review results for the financial year. The report states the findings on internal control review and actions to be taken by management as a result. These findings and recommendations for improvement will be communicated to the respective management for their responses and corrective actions. The Group's management team monitors the implementation of its recommendations and reports the outcome to the Audit Committee.

The Board considers the Group internal control system and risk management is adequate and effective for the financial year.

Internal Audit Function

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-laws and the Companies Act of Bermuda. The procedures that shareholders can use to convene a special general meeting are set out in Bye-law 58 of the Company's Bye-laws.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

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

CONSTITUTIONAL DOCUMENTS

During the year, there was no significant change in the Company's Memorandum and Articles of Association.

Environmental, Social and Governance Report

For the year ended 31 March 2024

ABOUT THIS REPORT

INTRODUCTION

In accordance to Appendix C2- Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Wai Chun Group Holdings Limited and its subsidiaries (collectively known as the “Group” or “We”) are pleased to present this Environmental, Social and Governance Report (the “Report”). The purpose of the ESG Report is to provide our stakeholders with a comprehensive view of our environmental, social and governance (“ESG”) performance, initiatives and achievements in four areas: environmental protection, employment and labour policies, operational practices and community involvement.

REPORTING PRINCIPLES

The ESG Report is prepared according to the “Comply or Explain” provisions and the four Reporting Principles as required by the ESG Reporting Guide:

1. **Materiality:** Disclosure is required in this Report if ESG issues have a material impact on our investors and other stakeholders.
2. **Quantitative:** The identified ESG data are measurable, so that the key performance indicators (“KPIs”) in this report can be compared with peers, industry standards and our previous years’ performance.
3. **Balance:** The performance information in the Report is presented in an unbiased manner, avoiding selections, omissions or presentation that might inappropriately influence the decisions or judgments of stakeholder.
4. **Consistency:** To ensure comparability, all key performance indicators calculations and assumptions are consistent with previous years. Any changes in relevant assumptions or calculation methods are clearly disclosed to inform stakeholders.

Environmental, Social and Governance Report

For the year ended 31 March 2024

REPORTING BOUNDARY

The scope of the ESG Report mainly focuses on the Group's principal subsidiaries, Beijing HollyBridge System Integration Co., Limited (the "Beijing HollyBridge"), Beijing Plus Trading Co., Ltd. (the "Plus Trading") and Wai Chun Strategic Investment Limited (the "Wai Chun Strategy"). Beijing HollyBridge principally engaged in the sale and provision of integrated services of computer and communication systems, as well as design, consultancy and manufacture of information system software in the People's Republic of China ("PRC"). Plus Trading is engaged in chemical trade in the PRC. Wai Chun Strategy is located in Hong Kong and engages in investment holding. The information stated in this report covers the period from 1 April 2023 to 31 March 2024 (the "Reporting Period" or "2024"). This report focuses on four environmental aspects and eight social aspects of policy and related performance disclosure.

In addition to achieving business objectives, the Group is aware of its responsibility to operate in a more responsible and sustainable manner by incorporating ESG considerations into its daily operations. For this reason, the Group has prepared ESG KPIs and compared the results of the reporting period in fiscal year 2023. The Group will improve the shortcomings and make appropriate revisions and implement corresponding measures when necessary.

ESG GOVERNANCE

OUR SUSTAINABILITY MISSION

The Group strives to be a leading network system integrator and software developer and supplier. In order to realize the concept of sustainable development and to create long-term value for shareholders and other stakeholders, the Group has incorporated ESG themes into its daily operations and as an important part of its corporate strategic objectives.

OUR APPROACH TO SUSTAINABILITY

The Group considers sustainable development as an important aspect of the Group's future development and that sustainable development should start with the internal management within the Group. The Board of Directors is fully responsible for setting the Group's sustainable development direction and strategy, conducting an enterprise risk assessment at least once a year to identify current and potential risks in our complex business environment, including but not limited to ESG aspects. The Board of Directors will assess or engage an independent third party to review the Group's existing strategies, objectives and internal controls, and will make the necessary improvements to mitigate risks. The Board of Directors is also responsible for overseeing and ensuring that management and the environmental, social, and governance work team have all appropriate tools and resources at their disposal to oversee ESG matters.

The Group reviews the performance and progress of implementation of ESG-related objectives and targets annually. If significant non-compliance is identified, the Group should analyse the variances, identify the causes in a timely manner, and communicate with stakeholders to revise the ESG strategy as appropriate to make it more relevant to business reality. The Group will also actively engage with various stakeholders to ensure that the ESG performance of the Group meets their expectations. The Board of Directors has set strategic objectives for the future to enable the Group to develop a practical way forward and focus on the direction of development to achieve its vision. The environmental, social, and governance work team will weigh up the Group's philosophy and objectives, and carefully examine whether they can be achieved.

Environmental, Social and Governance Report

For the year ended 31 March 2024

STAKEHOLDER ENGAGEMENT

The Group identifies stakeholders based on their relationship with the Group, and the extent to which they are affected by our business operations and the extent to which they influence the achievement of our business objectives. Stakeholders for the Reporting Period include employees, customers, shareholders, suppliers, regulatory bodies and the community. In order to strengthen relationships with internal and external stakeholders and to create social value more actively, the Group is committed to understanding the issues of concern to stakeholders through a wide range of communication channels. The following table provides an overview of the Group's key stakeholders, expectations, and the Group's communication and feedback:

Major Stakeholders		Expectations	Communication and Feedback
Internal	Employees	<ul style="list-style-type: none">• Career development platform• Salary and benefits and employee communication	<ul style="list-style-type: none">• Annual performance appraisal system and staff communication• Training, seminars and briefing sessions
	Shareholders	<ul style="list-style-type: none">• Communication with shareholders• Corporate transparency• Financial performance	<ul style="list-style-type: none">• Annual general meeting and other general meetings• Investor and press conferences, briefings and company website• Corporate communications including announcements, press release, circulars, interim and annual reports
External	Customers	<ul style="list-style-type: none">• Communication with customers	<ul style="list-style-type: none">• Company website and customer service hotline
	Suppliers	<ul style="list-style-type: none">• Integrity cooperation	<ul style="list-style-type: none">• Regular supplier communications and reviews
	Regulators	<ul style="list-style-type: none">• Response to inquiries from regulators• Corporate governance and compliance• Compliance training	<ul style="list-style-type: none">• Regular meeting and communications• Corporate governance report• Training, focus groups and other events
	Community	<ul style="list-style-type: none">• Community care	<ul style="list-style-type: none">• Sponsorships and donations

MATERIALITY ASSESSMENT

The Group conducted an annual materiality assessment to enhance stakeholders' understanding of the Group's ESG performance and sustainable development strategy during the Reporting Period. The detailed methodology of the materiality assessment approach is shown below:

1. **Methodology design:** Materiality analysis is designed around the implementation of the ESG initiative and complies with the materiality principles outlined in the Reporting Principles section and Listing Rules mentioned above.
2. **Identify material ESG issues:** The Group relies on significant ESG issues from the previous year and feedback from stakeholders, as well as policies and procedures, industry and international trend reports, regulatory updates, and external standards to identify ESG issues.
3. **Stakeholder validation and participation:** ESG issues are rated with internal and external stakeholders based on a range of ratings from 0 (no significance) to 6 (high significance). Additional ESG issues not covered in the above assessment can also be raised and stakeholders are encouraged to provide feedback on how we engage.
4. **Prioritize significant ESG issues:** Through statistical analysis of data, ESG issues are prioritized based on their importance and presented in a chart format.

Environmental, Social and Governance Report

For the year ended 31 March 2024

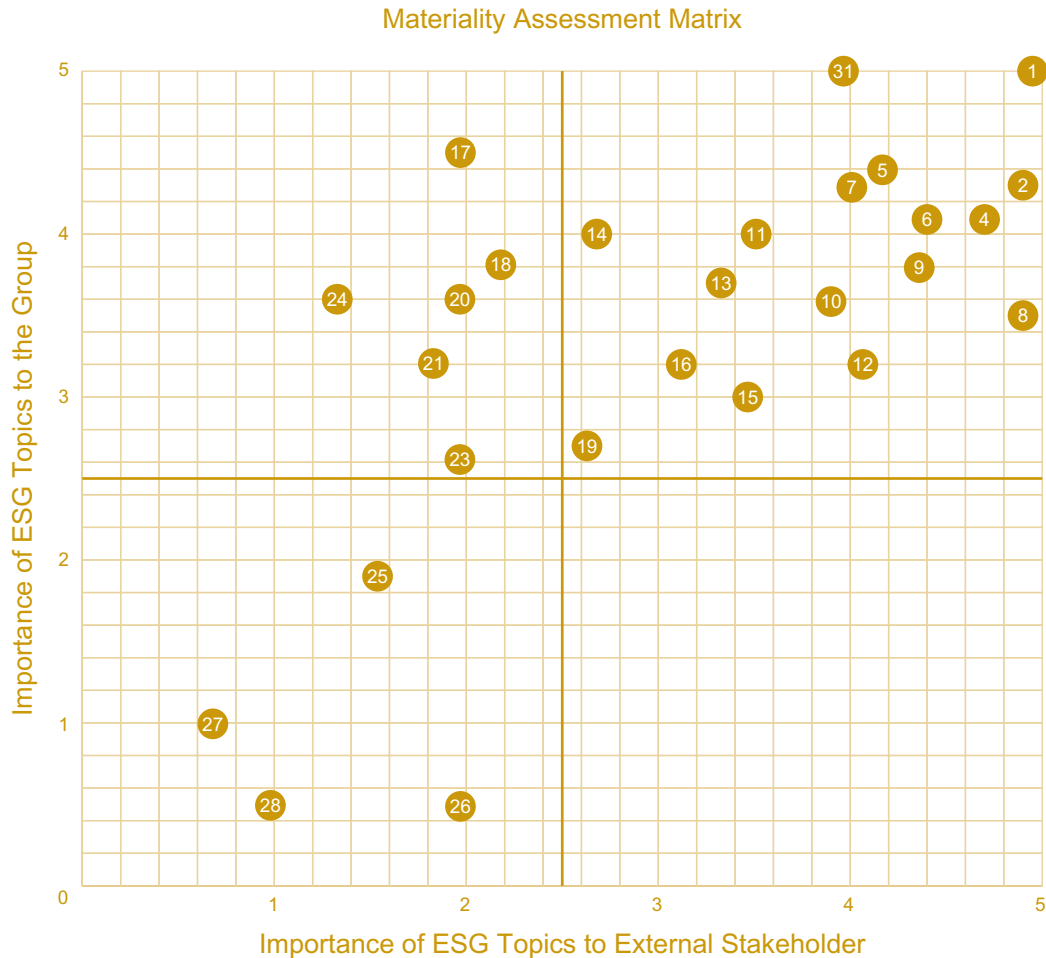
MATERIALITY ASSESSMENT (continued)

The significant ESG issues of the Group are shown in the table below:

Item	ESG Topic	Item	ESG Topic
1	Preventing child and forced labour	15	Product and service labelling
2	Observing and protecting intellectual property rights	16	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
3	Customer information and privacy	17	Use of materials (e.g. paper, packaging, raw materials)
4	Anti-corruption training provided to directors and staff	18	Community support (e.g. donation, volunteering)
5	Customer satisfaction	19	Selection and monitoring of suppliers
6	Occupational health and safety	20	Mitigation measures to protect environment and natural resources
7	Anti-corruption policies and whistle-blowing procedure	21	Climate change
8	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	22	Marketing communications (e.g. advertisement)
9	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	23	Energy use (e.g. electricity, gas, fuel)
10	Product health and safety	24	Greenhouse gas emissions
11	Diversity and equal opportunity of employees	25	Air emissions
12	Employee development and training	26	Water use
13	Environmentally preferable products and services	27	Non-hazardous waste production
14	Cultivation of local employment	28	Hazardous waste production

MATERIALITY ASSESSMENT (continued)

The following table briefly shows the results of the assessment:



Based on the above analysis, the Group has identified “preventing child and forced labour”, “customer information and privacy”, and “observing and protecting intellectual property rights” as the top three areas of focus during the Reporting Period. The Board of Directors has set targets for each major KPI, and the ESG targets related to major KPIs will be reviewed annually to ensure that they still meet the needs of the Group.

INFORMATION AND FEEDBACK

The Group welcomes all feedback from investors and stakeholders in particular the important areas identified in the materiality assessment. Your opinion is highly valued, should you have any suggestions or comments, please contact us through the channels below:

Address: Rooms 4001-02, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
 Telephone: 852-31029989
 E-mail: contactus@1013.hk
 Website: www.1013.hk

Environmental, Social and Governance Report

For the year ended 31 March 2024

A. ENVIRONMENT

A1 EMISSIONS

The Group understands its responsibility for environmental protection and sustainable development, and is committed to environmental protection and sustainable development as an important part of our business strategy. The Group's main business is to provide network system integration and software development services. Due to the nature of the business, except for the small amount of hazardous air emission generated from the use of fuel in private cars, the Group's business operations do not generate any hazardous emissions, waste or pollutants, nor do they generate any noise, light pollution or emissions that may have a significant impact on the environment. Although the direct impact of the business on the environment is minimal, the Group still makes every effort to comply with all laws, regulations, and rules related to air and greenhouse gas emissions in its operations, including but not limited to the *Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong)*, and the *Ozone Layer Protection Ordinance (Cap. 403 of the Laws of Hong Kong)*. During the Reporting Period, the Group did not find any non-compliance with emission and environmental laws and regulations.

Air Emissions

In view of the daily business activities of the Group, direct emissions are mainly from the combustion of fuel in the operational vehicles. For 2024, the approximate amounts of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and Particulate Matter (PM) generated during the Group's operations are shown in the table below:

Emissions from Vehicles	Unit	2024	2023	Percentage Comparison
Nitrogen Oxides (NO _x)	Grams	1,937.35	1,000.98	94%
Sulphur Oxides (SO _x)	Grams	37.31	15.20	145%
Particulate Matter (PM)	Grams	142.64	73.70	94%

Note 1: The emission factors used to calculate the NO_x, SO_x and PM are sourced from: the Hong Kong Environmental Protection Department's EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modeling Software – MOBILE 6.1; and the assumptions of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30km/h, and include running exhaust emissions only.

A. ENVIRONMENT (continued)

A1 EMISSIONS (continued)

Air Emissions (continued)

During the Reporting Period, the total emission of NO_x, SO_x and PM are 1,937.35 grams, 37.31 grams and 142.64 grams, respectively. Compared with the emissions data in 2023, the air emissions of NO_x, SO_x and PM have increased by 94%, 145% and 94% respectively. The Group endeavours to reduce the air emissions by implementing various energy saving measures. These measures include but not limited to encouraging employees to use video conferencing to reduce unnecessary travel, encouraging the use of public transportation for long distances and bicycles or walking for short distances; and exploring other alternatives such as the use of electric or energy efficient vehicles to reduce emissions.

The Group has set the following KPI targets for air emissions, and will keep monitoring on the emissions data and adjust emission reduction measures in a timely manner to ensure the targets are met.

Air Emissions	Reduction Target	Baseline Year	Status
Nitrogen Oxides (NO _x) emission intensity	Reduce 2% by FY2027	2022	In progress
Sulphur Oxides (SO _x) emission intensity	Reduce 2% by FY2027	2022	In progress
Particulate Matter (PM) emission intensity	Reduce 2% by FY2027	2022	In progress

Greenhouse Gas (GHG) Emissions

Global warming is a key area of concern for climate change. Due to human activities such as burning fossil fuels and deforestation, global warming accelerates and disrupts the balance of the natural world, ultimately affecting the livelihoods of employees, customers, and communities. The Group has been closely monitoring greenhouse gas emissions levels and exploring different methods to reduce pollution.

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For the year ended 31 March 2024

A. ENVIRONMENT (continued)

A1 EMISSIONS (continued)

Greenhouse Gas (GHG) Emissions (continued)

The Group's greenhouse gas emissions can be broadly categorized into direct emissions (Scope 1), indirect emissions from energy (Scope 2) and other indirect emissions (Scope 3). During the Reporting Period, the greenhouse gas emissions are as follows:

Aspects ¹	Unit ²	Emission		Percentage
		2024	2023	Comparison
Scope 1 – Direct GHG Emissions ³	tCO ₂ e	6.41	2.75	133%
Scope 2 – Indirect GHG Emissions ⁴	tCO ₂ e	18.63	16.36	14%
Scope 3 – Other Indirect GHG Emissions ⁵	tCO ₂ e	0.13	0.78	(83%)
Total GHG Emissions	tCO₂e	25.17	19.89	27%
GHG emission intensity⁶	tCO₂e/no. of employees	1.36	0.74	85%

Notes:

1. The above GHG emission data have been compiled with reference to “How to prepare an ESG Report–Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.
2. tCO₂e refers to tonnes of carbon dioxide equivalent.
3. Direct emissions of the Group were from fuel combustion in vehicle.
4. Energy indirect emissions of the Group were from purchased electricity.
5. Other indirect emissions of the Group mainly included paper used and recycled and electricity used for fresh water and sewage processing by government department.
6. The intensity is calculated by dividing the GHG emissions by the Group's average number of employees during the Reporting Period.

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For the year ended 31 March 2024

A. ENVIRONMENT (continued)

A1 EMISSIONS (continued)

Greenhouse Gas (GHG) Emissions (continued)

The Group emitted a total of 25.17 tonnes of carbon dioxide equivalent (“tCO₂e”) (carbon intensity: 1.36 tCO₂e/number of employee) in 2024, representing an increase of 5.28 tonnes, or 27%, compared with the figure in 2023. Scope 1 emissions accounted for approximately 25%, Scope 2 emissions accounted for 74%, and other indirect emissions (Scope 3) accounted for 1%. It can be seen that indirect emissions are the main source of greenhouse gas generation in the Group, and indirect emissions mainly come from the use of electricity. The Group endeavours to reduce the GHG emissions by reducing the energy consumption level and will continue to assess and record its greenhouse gas emissions and other environmental data annually to assist the Group in achieving the emission reduction targets in the future.

Environmental Indicators	Reduction Target	Baseline Year	Status
GHG emissions intensity (Scope 1)	Reduce 2% by FY2027	2022	In progress
GHG emissions intensity (Scope 2)	Reduce 2% by FY2027	2022	In progress
GHG emissions intensity (Scope 3)	Reduce 2% by FY2027	2022	In progress

Waste Management

As the Group is mainly a software and information system designer, developer, integrator, and supplier, its activities are mostly similar to those of general offices and do not generate hazardous waste from our operations during the Reporting Period. The waste mainly comes from used papers, unpacked boxes and other general living wastes, which are non-hazardous. As part of the environmental protection strategy, non-hazardous wastes are transferred to the cleaning staff of the building management office for regular collection and treatment.

Non-hazardous waste	Units	2024	2023	Percentage Comparison
Total non-hazardous waste	Tonnes	109.63	155.06	(29%)
Intensity of non-hazardous waste	Tonnes/ no. of employees	5.93	5.74	3%

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For the year ended 31 March 2024

A. ENVIRONMENT (continued)

A1 EMISSIONS (continued)

Waste Management (continued)

During the Reporting Period, the Group complied with all laws and regulations relating to the generation of hazardous waste and non-hazardous waste, including but not limited to the *Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong)*. The Group advocates its employees to adopt paperless office, double-sided printing and other environmental protection measures to reduce non-hazardous waste as far as possible.

Environmental Indicators	Reduction Target	Baseline Year	Status
Non-hazardous waste produced intensity	Reduce 2% by FY2027	2022	In progress

A2 USE OF RESOURCES

The Group firmly believes that environmental protection is a key factor for sustainable business development, and therefore adheres to the highest environmental standards in business operations. The Group is committed to conserving and protecting resources such as energy, water, and paper, and promoting this awareness to employees and business partners. Although the Group is not a manufacturing company and the use of resources in business activities is minimal, it adheres to the 5R-principle as the guiding rule for the Group's resource conservation and reduction programs, which promotes measures for educating, reusing, recycling, replacing and recovering.

Owing to the nature of the Group's business, the Group's operations do not have issue in sourcing water that is fit for purpose during the Reporting Period.

Environmental, Social and Governance Report

For the year ended 31 March 2024

A. ENVIRONMENT (continued)

A2 USE OF RESOURCES (continued)

The Group's resources use mainly includes fuel combustion in the operational vehicles, electricity and water consumed by the office. The approximate resource consumption of the Group during the Reporting Period is as follows:

Types of Sources	Unit	2024	2023	Percentage Comparison
Energy				
Fuel consumption ¹	kWh	24,684	10,021	146%
Electricity consumption	kWh	24,496	23,383	5%
Total energy consumption	kWh	49,180	33,404	47%
Energy consumption intensity	kWh/no. of employees	2,658	1,237	115%
Water				
Water consumption	m ³	78	70	12%
Water consumption intensity	m ³ /no. of employees	4	3	63%
Use of packaging materials				
Total packaging materials ²	Tonnes	N/A	N/A	N/A
Total packaging materials intensity	Tonnes/no. of employees	N/A	N/A	N/A

Notes:

1. The conversion factors used to calculate the units to kWh are sourced from the Energy Statistics Manual issued by the International Energy Agency.
2. As the Group is mainly a software and information system designer, developer, integrator, and supplier, its activities are mostly similar to those of general offices and do not involve packaging materials from the operations during the Reporting Period. As such, the Group does not quantify the relevant figures.

Environmental, Social and Governance Report

For the year ended 31 March 2024

A. ENVIRONMENT (continued)

A2 USE OF RESOURCES (continued)

During the Reporting Period, the Group's energy consumption was 49,180 kWh, representing an increase of 15,776 kWh, or 47%, compared to the figure for the previous financial year. The Group's water consumption was 78 cubic meters, representing an increase of 8 cubic meters, or 12%. As the greenhouse gas emissions depend largely on the energy consumption levels, the Group has established KPIs for electricity consumption, and also for water use, for daily monitoring and supervision. The Group has also developed and implemented a series of measures to regulate the use of resources. These measures include but are not limited to:

- Turn off the air conditioning and lighting systems during non-office hours;
- Encourage employees to turn off equipment and appliances when not in use;
- Choose energy-saving appliances, such as using LED energy-saving lights instead of traditional lighting fixtures;
- Encourage employees to develop the habit of saving water by turning off water taps with their hands;
- Post water-saving signs to enhance employees' water-saving awareness;
- Strengthen the management of water equipment to prevent water leakage.

Environmental Indicators	Reduction Target	Baseline Year	Status
Energy consumption intensity	Reduce 2% by FY2027	2022	In progress
Water consumption intensity	Reduce 2% by FY2027	2022	In progress

A. ENVIRONMENT (continued)

A3 THE ENVIRONMENT AND NATURAL RESOURCES

Because the Group is not engaged in production and manufacturing, our daily business and operational activities do not use a large amount of natural resources such as energy, water, wood, and paper, and do not cause any other significant pollution or damage to the environment or natural resources. Nevertheless, the Group still chooses to adopt policies and guidelines in line with the internationally recognized “5R” principles and practices, striving to make the best use of resources and avoid wastage as far as possible:

- Reduce: reduce waste material;
- Reuse: reuse waste material without processing;
- Recycle: reuse materials as resources;
- Refuse: avoid purchases;
- Recover: recover materials in a different form.

The Group complies with relevant laws and regulations, and no violations related to emissions and the environment were found during the Reporting Period. The Group will continue to assess the climate and environmental risks in our business operations, formulate countermeasures and regularly review and update our environmental policies. The administrative department of each operating location is responsible for monitoring the implementation of various environmental indicators to effectively implement all adopted measures and conventions.

Environmental, Social and Governance Report

For the year ended 31 March 2024

A. ENVIRONMENT (continued)

A4 CLIMATE CHANGE

According to United Nations data, climate change is occurring faster and more severely than expected, and public awareness of climate change is also growing. For enterprises, the impact of climate change is changing, or even reshaping the current business ecosystem. In the face of this new business challenge, the Group has been closely monitoring the impact of climate change to leverage on the potential opportunities and to mitigate these potential risks. In this Reporting Period, the Group has been closely monitoring the potential physical risk and the transition risk which are as follows:

Physical Risk

Acute Risk: The sales and provision of computer and communication system comprehensive services, trading of chemicals are the core businesses of the Group, generating stable income for the Group. As the Group is a non-production enterprise, the weather is not expected to have a significant impact on the business. It is mainly a potential physical risk, which is caused by extreme weather related events such as thunderstorms, typhoons and hurricanes, resulting in employees being unable to provide services to customers. The Group has established contingency measures that encompasses a variety of weather related events to reduce the resilient risk, such as issuing official weather warning reports at any time to remind employees to prioritize office projects in extreme weather conditions.

Chronic Risk: Cumulative climate change can have long-term effects on the Group's operations. For example, rising temperatures and decreasing water sources can affect the stability of public infrastructure construction, including electricity, internet, transportation and water. The Group, as a user of public infrastructure and because of the service-oriented nature of its business, has a low risk of being indirectly impacted.

Transition Risk

Policy Risk: The Paris Agreement is a climate change agreement jointly signed by 178 contracting parties around the world, and is a unified arrangement for global action against climate change after 2020. Starting from 2019, Hong Kong's progress in mitigating climate change will be reviewed every five years. The Hong Kong SAR government may implement new policies based on Hong Kong's progress in meeting the submission deadline. The Group has been paying close attention to relevant regulations on climate change, regularly reviewing global and local government policies, regulatory updates and market trend, and timely adjusting the climate strategy to meet regulatory requirements.

Legal Risk: As mentioned in Policy Risk, the Group regularly monitors changes in policy and regulatory requirements, and due to the nature of the group's business, the impact of climate change is minimal. In this Reporting Period, the Group was not aware of any climate change related litigation from third parties.

Environmental, Social and Governance Report

For the year ended 31 March 2024

B. SOCIAL

B1 EMPLOYMENT

Employees are the cornerstone of a strong business and the essential foundation of business operations. The Group upholds the value of putting people first and is committed to striving to create a safe and healthy work environment and to provide a workplace free from any form of discrimination and harassment. To this end, the Group has also established appropriate policies and procedures, including but not limited to recruitment, transfer and promotion, termination, salary, capital calculation and compensation, and other benefits. Focusing on a transparent recruitment and hiring mechanism, the Group has also established a transparent platform to receive feedback from employees, measure their satisfaction, pay attention to their personal growth, and protect and respect their legitimate rights and interests.

At the end of the Reporting Period, the Group decreased the size of workforce by 63% compared with the previous year to 10 employees. The distribution of our workforce by gender, age, employment type and geographical region are as follows:

Number of Employee of the Group	As at 31 March 2024	As at 31 March 2023	Percentage Movement	Percentage Comparison
By Gender				
Male	6	12	(6)	(50%)
Female	4	15	(11)	(73%)
By Age				
Below 30 years old	–	1	(1)	(100%)
Between 30 to 50 years old	3	18	(15)	(83%)
Over 50 years old	7	8	(1)	(13%)
By Employment Type				
Full-time	10	26	(16)	(62%)
Part-time	–	1	(1)	(100%)
By Geographic Location				
Mainland China	4	6	(2)	(33%)
Hong Kong	6	21	(15)	(71%)

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For the year ended 31 March 2024

B. SOCIAL (continued)

B1 EMPLOYMENT (continued)

The employee turnover rate by (i) gender, (ii) age group (iii) geographical region are presented in the table below:

Percentage of Employee left the Group	Unit	As at 31 March 2024	As at 31 March 2023	Percentage Point Change
Total	Percentage	170	73	97
By Gender				
Male	Percentage	100	67	33
Female	Percentage	275	53	222
By Age				
Below 30 years old	Percentage	–	100	(100)
Between 30 to 50 years old	Percentage	500	61	439
Over 50 years old	Percentage	14	50	(36)
By Geographic Location				
Mainland China	Percentage	50	–	50
Hong Kong	Percentage	250	76	174

Note: Employee turnover rate of a specific category = the number of employees in the specified category leaving employment during the reporting period/the number of employees in the specified category at the end of the period.

Compared with the previous year, the Group's turnover rate increased from 73% to 170% this year. The Group will make further efforts to continue to give more attention to its employees and actively takes various measures to retain talents and thus reduce the turnover rate of employees, such as:

- Optimizing the recruitment process to enable candidates to fully understand the working environment and welfare level of the Group.
- Attach importance to corporate culture training for employees, and improve employees' sense of cultural identity of the Group.
- Pay attention to employees' work stress and promote dialogue between management and employees to relieve employees' psychological stress.
- Expand the development channels for employees within the Group and provide employees with competitive career platform for employees, and enable the Group to fully meet their career development requirements.

B. SOCIAL (continued)

B1 EMPLOYMENT (continued)

In all labour relations within the Group, whether for recruitment, promotion or dismissal, the Group only considers the qualifications, experience, and performance of candidates or employees related to job nature, ensuring equal employment opportunities for different genders, ages, races, and religions. The Group arranges fair and reasonable remuneration packages for all employees. The remuneration packages of employees are determined with reference to the prevailing market level, which is commensurate with the ability, qualification and experience of the employees. All employees of the Group are entitled to fixed working hours and all statutory holidays, as well as leave and benefits in compliance with laws and regulations, including but not limited to insurance, mandatory provident fund, sick leave, maternity leave, wedding leave, paternity leave and jury leave. In addition, the Group organizes various recreational activities for its employees, including but not limited to annual dinners, birthday or Christmas parties, to enhance staff cohesion.

During the Reporting Period, the Group complied with the labour-related laws and regulations, including but not limited to the *Labour Law of the People's Republic of China*, the *Regulation on Labour Security Supervision*, and the *Labour Contract Law of the People's Republic of China* and the *Employment Ordinance of the HKSAR*. There were no reports of material fines or nonmonetary sanctions due to violations of relevant laws and regulations in 2024.

B2 HEALTH AND SAFETY

Building a positive health and safety culture has always been one of the Group's top priorities. A healthier workforce will lead to better productivity and higher morale, ultimately creating a high-performance and flexible organization. The Group is concerned about the safety and health of all employees and provides medical benefits and health insurance for all full-time employees, as well as employees' compensation insurance. In the event of an accident or injury at our premises, the management team will be immediately notified and an investigation is initiated to analyse the cause of the incident. First aid equipment and other medical facilities are also available at all times at all Group workplaces.

The Group provides a safe, clean and healthy working environment for employees who are required to work in the office to protect them from occupational hazards. The Group has also implemented a non-smoking policy which prohibits employees from smoking in any area of the office in order to provide a healthy, safe and free-breathing working environment.

Environmental, Social and Governance Report

For the year ended 31 March 2024

B. SOCIAL (continued)

B2 HEALTH AND SAFETY (continued)

During the Reporting Period, the Group did not report any significant work-related fatalities or injuries. In addition, there were no significant fines or sanctions due to violations of relevant laws and regulations for 2024.

The total indicators regarding to health and safety are as follows:

Indicators	2024	2023	2022
Number of work-related fatalities	–	–	–
Rate of work-related fatalities ¹	–	–	–
Number of reportable injuries ²	–	–	–
Number of reportable occupational diseases	–	–	–
Number of lost days due to work injury ³	–	–	–

Notes:

1. The rate of work-related fatalities is calculated based on the number of injuries per 200,000 hours worked (employees working 40 hours per week for 50 weeks).
2. Reportable injuries refer to work-related accidents to employees resulting in incapacity for a period exceeding three days in Hong Kong.
3. Lost days refer to the days that could not be worked as a consequence of a worker being unable to perform their usual work because an occupational accident or disease.

B3 DEVELOPMENT AND TRAINING

As a key component of human resources development, employee training plays an important role in improving employee quality, accelerating knowledge and technology accumulation, and enhancing enterprise cohesion, which is an effective way to enhance the competitiveness of the Group. The Group is concerned about the career planning and development of its employees and believes that providing good training can help improve their work quality and quickly integrate into the Group, help employees acquire professional knowledge to fulfill their responsibilities, and also help them develop lifelong careers.

The Group provides basic business skills training to all new employees, as well as on-boarding training on internal rules and regulations and training on corporate culture. The Group also encourages all employees to pursue further education and actively participate in job-related training organized by external organizations, and provides them with training allowances.

Environmental, Social and Governance Report

For the year ended 31 March 2024

B. SOCIAL (continued)

B3 DEVELOPMENT AND TRAINING (continued)

As of March 31, 2024, 5 employees have participated in training for a total of 58 hours. The training information by gender and employee category compared to last year are as follows:

Number of employees trained by the Group	As at 31 March 2024	As at 31 March 2023	Percentage Comparison
Total employees trained	5	6	(17%)
Percentage of employees trained¹	27%	22%	5%
By Gender			
Male	5	5	–
Percentage of male trained¹	100%	83%	17%
Female	–	1	(100%)
Percentage of female trained¹	–	17%	(17%)
By Employee Category			
Senior management	5	3	67%
Percentage of senior management trained¹	100%	50%	50%
Middle management	–	3	(100%)
Percentage of middle management trained¹	–	50%	(50%)
Frontline and other employees	–	–	–
Percentage of frontline and other employees trained¹	–	–	–

Note:

1. Percentage change = the percentage of training in 2024 – the percentage of training in 2023.

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B. SOCIAL (continued)

B3 DEVELOPMENT AND TRAINING (continued)

Average training hours of the Group	As at 31 March 2024	As at 31 March 2023	Percentage Comparison
Total hours	58	53	9%
Average training hours per employee	3.1	2.0	60%
By Gender			
Male	6.4	4.2	53%
Female	–	0.2	(100%)
By Employee Category			
Senior management	11.6	7.1	63%
Middle management	–	0.3	(100%)
Frontline and other employees	–	–	–

Employees received on average of 3.1 training hours, representing an increase of 60%, compared to the figure for the previous financial year. The Group will pay more attention to the development of employees and provide more training opportunities in the future.

B. SOCIAL (continued)

B4 LABOUR STANDARDS

The Group strictly abides by all laws and regulations related to the prohibition of child labour or forced labour, including but not limited to the *Hong Kong Employment Ordinance*, the *Minors Protection Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Provisions on the Prohibition of Using Child Labour*. The Group recognizes that child labour and forced labour are violations of basic human rights and all forms of child or forced labour are prohibited. The Group has adopted a series of measures to prevent such incidents. All personal documents provided by employees when applying for employment, including copies of ID cards and passports, academic qualifications and certificates, letter of recommendation, performance evaluation and other documents, must be their own authentic documents and must not be borrowed or forged to cheat the Group. The human resources department will verify the legality of the relevant documents and the authenticity of the holders.

The Group also strives to fulfill its responsibilities to employees by respecting their legitimate rights and interests, improving the working environment and caring for their physical and mental health in order to achieve mutual development of the Group and its employees. The Group adopts market practices as the minimum labour standards for labour protection and benefits. Information on employee vacations, holidays and benefits are also detailed in the Group's policies. In the event that an employee's personal rights are allegedly violated or infringed, the employee can report to the management through different communication channels. If there are cases of child labour and forced labour, the Group will immediately terminate the employment contracts with the relevant employees and hold the persons in charge of the relevant positions accountable.

During the Reporting Period, the Group did not find any significant violations of laws and regulations relating to the prohibition of child labour that had a significant impact on us, nor did it find any cases of forced or child labour.

Environmental, Social and Governance Report

For the year ended 31 March 2024

B. SOCIAL (continued)

B5 SUPPLY CHAIN MANAGEMENT

Supply chain management directly affects the reliability and stability of operations, as well as service quality. Therefore, the Group is committed to managing the risks of its supply chain through established procedures, and has designated a Commercial Representative (“CR”) to be responsible for day-to-day procurement transactions. The responsibilities of CR include supplier management, negotiation and signing of procurement contracts, delivery of products and services, procurement acceptance, and contract payment.

When executing the procurement process, CR need to seek three or more suppliers to evaluate their background and qualifications, and conduct inquiries and price comparisons from suppliers who meet the qualification requirements. CR clearly sets the criteria for supplier selection, which should be objective and quantifiable to ensure that the supplier selection process is fair and equitable. If multiple suppliers meet the requirements, priority should be given to companies with good reputation in environmental protection and social responsibility or holding environmental certification. The Group has also established a qualified supplier evaluation mechanism to conduct a comprehensive annual evaluation of cooperative suppliers, and the evaluation results of all suppliers are recorded. Suppliers who cannot pass the evaluation will be removed from the supplier list. Also, in the event of significant quality incidents related to products and services, the cooperation relationship with the relevant supplier will be terminated immediately and the supplier will be removed from the list of authorized suppliers. The number of suppliers is listed below:

Number of Suppliers by Geographical Region	2024	2023	Percentage Comparison
Hong Kong	–	–	–
Mainland China	7	15	(53%)

During the Reporting Period, none of the Group’s suppliers had any significant actual or potential negative impact on business ethics, environmental protection, human rights, and labour practices, and there were no cases involving human rights violations.

B. SOCIAL (continued)

B6 PRODUCT RESPONSIBILITY

Product Quality and Recall

Good customer relationships not only help the Group to maintain customer loyalty, but also contribute to higher sales. Among them, providing high quality products and services is the key to maintaining good customer relationship. The Group is deeply aware of the importance of products and services, and therefore makes it a priority to win customers' trust and satisfaction in the course of business.

The Group mainly provides customized integrated network and system processing solutions to Chinese customers. The Group fully understands customers' needs and preferences by communicating with them, and designs solutions that are both user-friendly, easy-to-use and secure. The Group's sales staff maintain continuous communication with customers through regular emails, phone calls and social media to address customer complaints provide effective feedback in a timely manner. The Group will ensure all products installed should achieve the standards with the quality control measure in place. The Group will take the initiative to recall when significant deviation exist during the rectification period.

During the Reporting Period, the Group strictly complied with the *Product Quality Law of the People's Republic of China*, the *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and other relevant laws and regulations. There were no complaints about defects in the products, technologies or services provided by the Group, and no recall of products due to health and safety issues.

Intellectual Property Rights

The Group integrates awareness of intellectual property protection into daily business operations. For the procurement of services and hardware, the Group relies on the procedures set out in its "Supply Chain Management" internal control system to prevent the purchase of inferior products or services or counterfeit items from suppliers. The Group also relies on intellectual property laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property, requiring employees and customers to enter into written confidentiality agreements at the outset of their relationship with us.

During the Reporting Period, the Group was not involved in any pending or threatened significant legal proceedings, claims, disputes, arbitrations or administrative proceedings against any member of the Group or any of its directors in relation to any intellectual property rights. However, the Group always adheres to the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Patents Ordinance (Cap. 514 of the Laws of Hong Kong)*, and the *Copyright Ordinance (Cap. 528 of the Laws of Hong Kong)*. The Group will continue to assess whether intellectual property rights are important to its business and stipulate measures to protect them where necessary.

Environmental, Social and Governance Report

For the year ended 31 March 2024

B. SOCIAL (continued)

B6 PRODUCT RESPONSIBILITY (continued)

Privacy and Consumer Data Protection

The Group is committed to protecting the personal information and privacy rights of customers, employees, and partners. The Group's confidentiality policy and privacy practices include, but are not limited to, the collection, processing, use and disclosure of personal data. The Group collects and uses personal information in a responsible and non-discriminatory manner, limiting the use of the information to consistent purposes as defined in the *Personal Privacy Data Ordinance of the Law of Hong Kong*. The Group has established a secure environment with data protection measures to store such data in internal systems. Only authorized employees have access to the data and the Group does not disclose the personal data of its employees, customers and suppliers without the permission of the relevant parties.

During the Reporting Period, the Group complied with the relevant laws and regulations relating to data protection, including but not limited to the *Personal Information Protection Law of the People's Republic of China* and the *Personal Privacy Data Ordinance of the Law of Hong Kong*. All businesses within the Group are required to comply with the privacy policy and maintain a zero tolerance for non-compliance. The Group did not record any material breach of consumer data and privacy during the Reporting Period.

B7 ANTI-CORRUPTION

A system with good ethical conduct and anti-corruption mechanisms is the cornerstone of the Group's sustainable and healthy development. The Group does not tolerate any corruption, fraud or other violations of professional ethics. In order to create a workplace free from corruption and bribery, the Group has established an anti-corruption policy with reference to the *Anti-Money Laundering Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery*, the *Organized and Serious Crimes Ordinance (Cap.455 of the Laws of Hong Kong)*, the *United Nations (Anti-Terrorism Measures) Ordinance (Cap.575 of the Laws of Hong Kong)* and the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap.615 of the Laws of Hong Kong)*. The policy clearly states that any form of bribery and corruption is strictly prohibited and that all employees must comply with the relevant internal rules as well as the relevant laws and regulations of each country of operation. The Group regularly provides anti-corruption education to directors and employees through online broadcasting or circulation of electronic training materials, in order to raise their awareness of ethical conduct and corruption issues. The Group did not provide anti-corruption training during the Reporting Period.

The Group encourages employees to and engage in behaviours that adhere to integrity and ethics, helping employees to correctly handle conflicts of interest and inappropriate temptations of interest that arise in their work. Meanwhile, the Group informs all stakeholders in society directly or indirectly related to the enterprise, including external stakeholders (customers, suppliers, regulatory agencies, and shareholders), in an appropriate form, of the information advocated by the enterprise for compliance with laws and integrity.

B. SOCIAL (continued)

B7 ANTI-CORRUPTION (continued)

Established control, such as a whistle-blowing mechanism, is in place as a private and confidential communication channel for external and internal parties to report suspicious fraudulent actions to the Company's management directly. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities. In addition, the Group has developed and regularly reviewed internal audit system to create a clean and honest business environment as a whole to prevent damage to the Group's reputation and interests. During the Reporting Period, neither the Group nor its employees were involved in any legal cases related to bribery, extortion, fraud, and money laundering, and no litigation related to corruption was filed against the Group or its employees. The Group has not found any significant non-compliance with relevant laws and regulations, which has a significant impact on the Group regarding bribery, extortion, fraud, and money laundering.

B8 COMMUNITY INVESTMENT

The Group is well aware of our responsibility to community construction and development, and is committed to providing available resources to support the community. The Group actively seeks opportunities to cooperate with charitable organizations and participates in various charitable activities in order to attract social attention and encourage employees to further participate in community services. The Group also advocates employees to participate in volunteer services to serve the community and to participate in other voluntary and charitable activities, and provides them with paid leave as support and encouragement.

However, in the course of service, the Group has not designated a person to collect and count the specific data of resources invested in the local community. Looking ahead, the Group will continue to adhere to the principle of responsibility to our shareholders, investors, suppliers, customers and the public, seek further development opportunities and maintain a harmonious relationship with our stakeholders.

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HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Environmental, Social and Governance Report

For the year ended 31 March 2024

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

Environmental, Social and Governance Report

For the year ended 31 March 2024

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

Environmental, Social and Governance Report

For the year ended 31 March 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standard		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Environmental, Social and Governance Report

For the year ended 31 March 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Environmental, Social and Governance Report

For the year ended 31 March 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality and Recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy and Consumer Data Protection

Environmental, Social and Governance Report

For the year ended 31 March 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focused area.	Community Investment

Independent Auditor's Report



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

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TO THE SHAREHOLDERS OF WAI CHUN GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Wai Chun Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 68 to 147, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 for our opinion.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to the owners of the Company of approximately HK\$36,531,000 for the year ended 31 March 2024, and as at the same date, the Group had net current liabilities and net liabilities of approximately HK\$54,976,000 and HK\$240,288,000, respectively. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of trade and other receivables	
Refer to Note 20 to the consolidated financial statements	- Assessing the Group's procedures on granting credit limits and credit periods to customers and debtors;
The Group tested the amount of trade and other receivables, prepayments and deposits for impairment. This impairment test is significant to our audit because the balance of trade and other receivables, prepayments and deposits of approximately HK\$31,937,000 as at 31 March 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.	- Assessing the Group's relationship and transaction history with the customers and debtors; - Evaluating the Group's impairment assessment; - Assessing ageing of the debts; - Assessing credit worthiness of the customers and debtors; - Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements; and - Testing subsequent settlement of receivables after the end of the reporting period on a sample basis.

We consider that the Group's impairment test for trade and other receivables is supported by the available evidence.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 30 June 2023.

OTHER INFORMATION

The executive director of the Company is responsible for the other information. The other information comprises the information included in the Company's 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 will 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 DIRECTOR FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The executive director of the company is 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 executive director determines 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 executive director is 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 executive director either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The executive director is also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the executive director in discharging his responsibility in this regard.

Independent Auditor's Report

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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 executive director.
- conclude on the appropriateness of the executive director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

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

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

From the matters communicated with the directors, 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.

Confucius International CPA Limited

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number P05215

Hong Kong, 29 July 2024

Consolidated Statement of Profit or Loss

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	8	273,889	176,803
Cost of sales		(272,336)	(176,236)
Gross profit		1,553	567
Other income	9	37	41
Other gains/(losses), net	10	2,032	(51)
Reversal of/(impairment losses) on other receivables	20	2,099	(7,297)
Administrative expenses		(15,785)	(18,856)
Finance costs	11	(26,408)	(26,156)
Loss before tax		(36,472)	(51,752)
Income tax expense	12	(2)	–
Loss for the year	13	(36,474)	(51,752)
Loss for the year attributable to:			
– Owners of the Company		(36,531)	(50,721)
– Non-controlling interests		57	(1,031)
		(36,474)	(51,752)
		HK cents	HK cents (Restated)
Loss per share	17		
– Basic and diluted		(13.66)	(18.97)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(36,474)	(51,752)
Other comprehensive (expense)/income, net of tax <i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	(1,357)	5,056
Total comprehensive expense for the year	(37,831)	(46,696)
Total comprehensive (expense)/income for the year attributable to:		
– Owners of the Company	(38,027)	(45,761)
– Non-controlling interests	196	(935)
	(37,831)	(46,696)

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	18	4	141
Right-of-use assets	19	–	3,380
Deposits	20	59	–
		63	3,521
Current assets			
Trade and other receivables, prepayments and deposits	20	31,878	68,365
Pledged bank deposit	21	–	300
Bank balances and cash	22	127	9,156
		32,005	77,821
Current liabilities			
Trade and other payables	23	45,202	74,322
Contract liabilities	24	–	3,699
Lease liabilities	26	2,050	1,695
Convertible bonds	28	39,729	166,558
		86,981	246,274
Net current liabilities		(54,976)	(168,453)
Total assets less current liabilities		(54,913)	(164,932)
Non-current liabilities			
Trade and other payables	23	3,915	4,989
Loans from ultimate holding company	27	13,679	12,900
Amount due to ultimate controlling party	25	18,863	10,735
Lease liabilities	26	98	1,668
Convertible bonds	28	148,820	35,572
		185,375	65,864
Net liabilities		(240,288)	(230,796)

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Capital and reserves			
Share capital	29	213,912	213,912
Reserves	30	(470,327)	(460,639)
Capital deficiency attributable to owners of the Company			
		(256,415)	(246,727)
Non-controlling interests		16,127	15,931
Capital deficiency			
		(240,288)	(230,796)

The consolidated financial statements on pages 68 to 147 were approved and authorised for issue by the board of directors on 29 July 2024 and are signed on its behalf by:

Lam Ka Chun
Director

Wang Wei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Convertible	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
			bonds reserve HK\$'000					
At 1 April 2022	213,912	5,000	105,899	(2,094)	(523,687)	(200,970)	16,870	(184,100)
Loss for the year	-	-	-	-	(50,721)	(50,721)	(1,031)	(51,752)
Other comprehensive income for the year:								
- Exchange differences on translation of foreign operations	-	-	-	4,960	-	4,960	96	5,056
Total comprehensive income (expense) for the year	-	-	-	4,960	(50,721)	(45,761)	(935)	(46,696)
Deregistration of subsidiaries	-	-	-	-	4	4	(4)	-
At 31 March 2023	213,912	5,000	105,899	2,866	(574,404)	(246,727)	15,931	(230,796)
At 1 April 2023	213,912	5,000	105,899	2,866	(574,404)	(246,727)	15,931	(230,796)
Loss for the year	-	-	-	-	(36,531)	(36,531)	57	(36,474)
Other comprehensive (expense) income for the year:								
- Exchange differences on translation of foreign operations	-	-	-	(1,496)	-	(1,496)	139	(1,357)
Total comprehensive (expense) income for the year	-	-	-	(1,496)	(36,531)	(38,027)	196	(37,831)
Transfer upon maturity of convertible bond	-	-	(64,508)	-	64,508	-	-	-
Issuance of new convertible bond	-	-	28,339	-	-	28,339	-	28,339
Extinguishment of convertible bond	-	-	(13,003)	-	13,003	-	-	-
At 31 March 2024	213,912	5,000	56,727	1,370	(533,424)	(256,415)	16,127	(240,288)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(36,472)	(51,752)
Adjustments for:		
Bank interest income	(8)	(1)
Depreciation of property, plant and equipment and right-of-use assets	4,805	6,156
Interest expenses	26,408	26,156
Loss on disposal of property, plant and equipment	–	34
Impairment loss on right-of-use asset	2,258	–
Loss on deregistration of subsidiaries	–	25
(Reversal) of impairment losses of other receivables	(2,099)	7,297
Gain on derecognition of convertible bonds	(4,319)	–
Written off of property, plant and equipment	30	–
Operating cash flows before working capital changes	(9,397)	(12,085)
Decrease in trade and other receivables, prepayment and deposits	33,241	42,807
Decrease in inventories	–	804
Increase in amount due to ultimate controlling party	3,711	3,939
Decrease in contract liabilities	(3,540)	(9,842)
Decrease in trade and other payables	(32,530)	(34,409)
Cash used in operation	(8,515)	(8,786)
Tax paid	(2)	–
Net cash used in operating activities	(8,517)	(8,786)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to non-controlling interests	–	(6,142)
Interest received	8	1
Net cash generated from (used in) investing activities	8	(6,141)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	32,811	–
Repayment of borrowings	(32,811)	–
Repayment of loans from ultimate holding company	–	(276)
Repayment of lease liabilities and interest	(2,121)	(185)
Loans from ultimate holding company	–	11,594
Net cash (used in) generated from financing activities	(2,121)	11,133
Net decrease in cash and cash equivalents		
Effect of change in foreign exchange rate	1,301	(940)
Cash and cash equivalents at beginning of year	9,456	14,190
Cash and cash equivalents at end of year	127	9,456
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Pledged bank deposit	–	300
Bank balances and cash	127	9,156
	127	9,456

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION

Wai Chun Group Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors of the Company, the ultimate holding company of the Company, immediate holding company of the Company and the ultimate controlling party of the Company are Wai Chun Investment Fund (“Wai Chun IF”), which is a private limited company incorporated in the Cayman Islands, Ka Chun Holdings Limited (“Ka Chun”), which is a private limited company incorporated in the British Virgin Islands and Mr. Lam Ching Kui (“Mr. Lam”). Mr. Lam is the father of Mr. Lam Ka Chun (“Mr. Lam KC”). Mr. Lam KC is appointed as chairman of the board of directors and an executive director of the Company on 27 October 2023. The address of registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Rooms 4001-2, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 34 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company. In addition, the functional currency of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. GOING CONCERN BASIS

The Company and its subsidiaries (collectively referred to as the “Group”) incurred a loss attributable to owners of the Company of approximately HK\$36,531,000 for the year ended 31 March 2024. As at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK\$54,976,000 and HK\$240,288,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors have prepared the consolidated financial statements on a going concern basis on the assumptions and measures that:

- (a) As at 31 March 2024, the Company has drawn down loan of approximately HK\$13,679,000 and undrawn loan facilities of approximately HK\$186,321,000 granted by Wai Chun IF, its ultimate holding company. Wai Chun IF will not demand the Company for repayment of such loans nor cancel the undrawn loan facilities until all other liabilities of the Group have been satisfied, and will not demand the repayment within twelve months after the date of approval of these consolidated financial statements;
- (b) In addition to the loan facilities granted by Wai Chun IF as stated above, Mr. Lam has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approval of these consolidated financial statements. Also, Mr. Lam agreed not to request the Group, whenever necessary, to settle the balance due to him, recorded in amount due to an ultimate controlling party, amounting to approximately HK\$18,863,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment within twelve months after the date of approval of these consolidated financial statements;

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. GOING CONCERN BASIS (continued)

- (c) Wai Chun Holdings Group Limited, a related company controlled by Mr. Lam and his spouse, has also agreed not to request the Group, whenever necessary, to settle the balance due recorded in trade and other payables amounting to approximately HK\$3,915,000 until all other third parties liabilities of the Group had been satisfied, and will not demand the repayment within twelve months after the date of approval of these consolidated financial statements;
- (d) The convertible bonds with principal amount of HK\$152,000,000 and HK\$23,480,000, both of which with maturity date on 31 August 2025, and the corresponding outstanding coupon interest payables are due to Mr. Lam, an ultimate controlling party of the Company. Mr. Lam agreed not to demand the redemption or repayment upon maturity of these bonds until all other third parties liabilities of the Group had been satisfied;
- (e) The convertible bonds with principal amount of HK\$42,700,000 which with maturity date on 18 January 2025, and the corresponding outstanding interest payables are due to Ka Chun, which is an immediate holding company of the Company. Ka Chun agreed not to demand the redemption or repayment of the bonds until all other third parties liabilities of the Group had been satisfied. Ka Chun also agreed to further negotiate with the Company for the extension of the repayment date of convertible bond with regard to the financial position and liquidity of the Company upon maturity date;
- (f) At as 31 March 2024, the Company has undrawn loan facilities of approximately HK\$100,000,000 grant by Mr. Lam KC, the director of the Company. Mr. Lam KC will not cancel the undrawn loan facilities until all other liabilities of the Group have been satisfied;
- (g) The Company has planned and is in negotiation with potential investors to raise sufficient funds through fund-raising arrangement; and
- (h) The executive director of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group after taking into account the impact of above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

The Group intends to pursue strategic acquisitions that can enable the Company to capture new business opportunities in the People's Republic of China (the "PRC") market and to strengthen the revenue and profit fundamentals. The Company has been actively identifying projects with growth potential for acquisitions or investments and has engaged in discussions with various parties for such acquisitions or investments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

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

HKFRS 17 (including the October 2020 Insurance Contracts and February 2022 Amendments to HKFRS 17)	Definition of Accounting Estimates
Amendments to HKAS 8	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 12	Disclosure of Accounting Policies
Amendments to HKAS 1 and HKFRS Practice Statement 2	

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (continued)

3.2 AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

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

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The director of the Company anticipates that the application of all other new and amendments to HKFRSs not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 *Leases*, 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*.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

FOREIGN CURRENCY

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FOREIGN CURRENCY (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses in the consolidated statement of financial position. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Leasehold improvements	5 years or shorter of the lease terms
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

LEASES

Definition of 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.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

LEASES (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

LEASES (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in-scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

LEASES (continued)

The Group as a lessee (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

Taxation

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial assets at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income (“FVTOCI”) as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) *Amortised cost and interest income*

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

(ii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables, other receivables, deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition:

(i) *Significant increase in credit risk*

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

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets (continued)

(i) *Significant increase in credit risk* (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets (continued)

(v) *Measurement and recognition of ECL* (continued)

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

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Loans receivables are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 6) as part of the net foreign exchange gains/(losses);
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other gains and losses' line item (note 6) as part of the net foreign exchange gains/(losses). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve;

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Foreign exchange gains and losses (continued)

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 6);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Perpetual instruments which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 6) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

FINANCIAL INSTRUMENTS (continued)

Foreign exchange gains and losses (continued)

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

REVENUE FROM CONTRACT WITH CUSTOMERS

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group’s performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group’s performance completed to date for example, service contracts in which the Group bills a fixed amount for each hour of service provided), the Group recognises revenue in the amount to which the Group has the right to invoice.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

EMPLOYEE BENEFITS

(a) *Employee leave entitlements*

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

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

(b) *Retirement benefits costs*

The Group contributes to defined contribution retirement schemes which are available to all employees. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds, and recognised as an expense in profit or loss in the period when employees have rendered service entitling them to the contributions.

(c) *Termination benefits*

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

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

TAXATION

Income tax represents the sum of the tax currently payable and deferred tax.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

TAXATION (continued)

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

RELATED PARTIES

A related party is a person or entity that is related to the Group which defined as below:

- (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 Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company 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. If the Group is itself such a plan, the sponsoring employers are also 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); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset individually is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and cash on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

PROVISIONS AND CONTINGENT LIABILITIES

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumptions involves making judgements by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2 to the consolidated financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Revenue recognition in respect of chemicals trading business

In determining whether revenue from trading of chemicals shall be recorded on net basis or gross basis, the Group has made reference to indicators and requirements stated in HKFRS 15, and assess whether the Group is acting as a principal or an agent. In doing so, it requires judgement and consideration of all relevant facts and circumstances, and the Group considers itself as a principal regarding trading of chemicals based on the following considerations:

- The Group assesses its business relationships with suppliers and customers of the chemicals trading business;
- The Group is the primary obligor in the customer contract and is responsible for fulfilling the promise to provide the specified goods (i.e. chemicals) rather than the supplier;
- The Group has its own discretion in negotiating and establishing the prices of the chemicals with the suppliers and customers; and
- The earnings from trading of chemicals are not predetermined and negotiating by the Group with the suppliers and customers separately.

After assessing all above factors, the executive director of the Company concluded that the Group acts as the principal for such transactions as it controls the specified goods before it is transferred to the customers and therefore recognised the transaction at gross basis.

Provision for ECL

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

The provision of ECL is sensitive to changes in circumstances and forecast general economic conditions. If the financial condition of the debtors or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The executive director of the Company reviews the capital structure periodically. As part of this review, the executive director considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the executive director, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The Group monitors capital on the basis of the net indebtedness to total assets ratio. This ratio is calculated as net indebtedness divided by total assets. Net indebtedness is calculated as total borrowings less bank balances and cash. Total assets are calculated as non-current assets and current assets.

The net indebtedness to total assets ratio at 31 March 2024 and 2023 was as follows:

	2024 HK\$000	2023 HK\$000
Indebtedness (<i>note</i>)	223,239	229,128
Less: Bank balances and cash	(127)	(9,456)
Total net indebtedness	<u>223,112</u>	<u>219,672</u>
Total assets	<u>32,068</u>	<u>81,342</u>
Net indebtedness to total asset ratio	<u>695.7%</u>	<u>270.1%</u>

Note: Indebtedness comprise lease liabilities of approximately HK\$2,148,000 (2023: HK\$3,363,000), loans from ultimate holding company of approximately HK\$13,679,000 (2023: HK\$12,900,000), amount due to ultimate controlling party of approximately HK\$18,863,000 (2023: HK\$10,735,000) and convertible bonds of approximately HK\$188,549,000 (2023: approximately HK\$202,130,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at amortised cost	30,804	76,594
Financial liabilities at amortised cost		
Trade payables	12,627	48,378
Other payables and accruals	29,651	23,037
Other payables	3,915	4,989
Contract liabilities	–	3,699
Lease liabilities	2,148	3,363
Convertible bonds	188,549	202,130
Amount due to ultimate controlling party	18,863	10,735
Loans from ultimate holding company	13,679	12,900
Total	269,432	309,231

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, deposits and other receivables, bank balances and cash, trade and other payables and accruals, amount due to ultimate controlling party, lease liabilities and loans from ultimate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

As at 31 March 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised trade receivables as stated in the consolidated statement of financial position. In order to minimise credit risk, management of the Group has delegated a team to compile credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model based on provision matrix or credit impaired. Details of the accounting policy for impairment of trade receivables has been disclosed in note 4 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FINANCIAL INSTRUMENTS (continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment assessment (continued)

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group considers the credit risk characteristics and the days past due to measure ECL.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

For other financial assets at amortised cost, including deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position.

Impairment losses on other financial assets at amortised cost are presented as impairment losses, net of reversal, within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The credit risk on bank balances is limited because the counterparties are reputable banks located in Hong Kong and the PRC.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group has concentration of credit risk on trade receivables as 100% (2023: 100%) of the total trade receivables was due from the Group's largest customer. The credit risk on trade receivables amounting to HK\$1,279,000 is due from a single debtor. As at 31 March 2024, no provision for expected credit loss on the trade receivable has been made as this debtor is with high credit rating and has no recent history of default, thus the management of the Group does not expect any significant loss from the non-performance by this debtor.

Other receivables consist of a number of counterparties including the advance to staff, independent third parties and the tender guarantee to suppliers for integration services contracts. The management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparties' historical default and current financial position.

The Group has concentration of credit risk by geographical location, as the major trade receivables are located in the PRC as at 31 March 2024 and 2023.

The Group has no other significant concentration of credit risk, with exposure spreading over a number of counterparties.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FINANCIAL INSTRUMENTS (continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

(i) Foreign currency risk

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity. The management is of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign exchange risk sensitivity analysis is presented. The significant balance carried in the translation reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

(ii) Interest rate risk

The Group's exposure to cash flow interest rate risk primarily relates to bank balances due to the fluctuation of the prevailing market interest rates for the year ended 31 March 2024.

The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

For the year ended 31 March 2024, the sensitivity analyses below have been determined based on the exposure to interest rates risk for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2024 would increase/decrease by approximately HK\$1,000 (2023: approximately HK\$95,000).

The Group does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FINANCIAL INSTRUMENTS (continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The Group is exposed to liquidity risk of being unable to finance its future working capital and financial requirements when they fall due.

The capital deficiency attributable to owners of the Company as at 31 March 2024 was approximately HK\$256,415,000. In view of this, the directors of the Company have given careful consideration to the future liquidity of the Group and details of which are set out in note 2. The management will closely monitor the cash flow generated from operations and the Group's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2024						
Trade payables	-	12,627	-	-	12,627	12,627
Other payables and accruals	-	29,651	-	-	29,651	29,651
Other payables	6.25%	-	4,420	-	4,420	3,915
Lease liabilities	6.25%-9.73%	2,076	99	-	2,175	2,148
Convertible bonds	12.91%-13.65%	45,167	176,211	-	221,378	188,549
Amount due to ultimate controlling party	2.00%-6.25%	-	21,294	-	21,294	18,863
Loans from ultimate holding Company	6.25%	-	15,443	-	15,443	13,679
		89,521	217,467	-	306,988	269,432

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FINANCIAL INSTRUMENTS (continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	Weighted average effective interest rate	Within 1 year or on demand <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	Between 2 and 5 years <i>HK\$'000</i>	Total contractual undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 March 2023						
Trade payables	-	48,378	-	-	48,378	48,378
Other payables and accruals	-	23,037	-	-	23,037	23,037
Other payables	6.25%	-	5,630	-	5,630	4,989
Contract liabilities	-	3,699	-	-	3,699	3,699
Convertible bonds	2.00%	177,914	43,411	-	221,325	202,130
Lease liabilities	6.25%	1,773	1,934	-	3,707	3,363
Amount due to ultimate controlling party	6.25%	-	12,119	-	12,119	10,735
Loans from ultimate holding Company	6.25%	-	14,563	-	14,563	12,900
		<u>254,801</u>	<u>77,657</u>	<u>-</u>	<u>332,458</u>	<u>309,231</u>

The directors of the Group believe that based on the continuous financing support and undrawn facilities granted by its ultimate holding company, Wai Chun IF and its director of the Company, Mr. Lam KC, which are provided on a subordinated basis and will not demand the Group for repayment until all other liabilities of the Group had been satisfied, the liquidity of the Group will be improved. In addition to the loan facilities granted by Wai Chun IF and Mr. Lam KC, the ultimate controlling party has also undertaken to provide adequate funds to the Group. Therefore, the directors consider that the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when fall due.

To improve the financial position of the Group, the directors of the Group will consider to enlarge the capital base of the Group by conducting fund raising exercises such as share placement or loan capitalisation when necessary.

(C) FAIR VALUE MEASUREMENTS

The carrying values of the Group's financial assets and financial liabilities are reasonable approximation of their fair values due to the relatively short term nature of these financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE AND SEGMENT INFORMATION

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies in conformity with HKFRSs, that are regularly reviewed by the executive director of the Company, being the Chief Operating Decision Maker (the “CODM”) of the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment results mainly represented gross (loss)/profit earned by each segment without allocation of unallocated corporate income and expenses, other gains/(losses), net, impairment losses under expected credit loss model, and finance costs.

BUSINESS SEGMENT

The CODM regularly reviews revenue and operating results derived from two operating divisions – sales and integration services and general trading. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

Sales and integration services: Income from sales and provision of integration services of computer and communication systems, and design, consultation and production of information system software and management training services

General trading: Revenue from trading of chemicals

Revenue from sales and integration services:

Revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent that it is probable the contract costs incurred will be recoverable. Accumulated experience is used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE AND SEGMENT INFORMATION (continued)

BUSINESS SEGMENT (continued)

General trading revenue:

Revenue from general trading is recognised when the customer takes possession of and accepts the goods. If the goods 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.

(A) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 March 2024

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
SEGMENT REVENUE			
Recognised at a point in time	18,674	241,956	260,630
Recognised over time	13,259	–	13,259
Reportable segment revenue from external customers	31,933	241,956	273,889
SEGMENT RESULTS	118	(301)	(183)
Unallocated corporate income			29
Unallocated corporate expenses			(14,075)
Reversal of impairment losses on other receivables			2,099
Other gains/(loss), net			2,061
Finance costs			(26,403)
Loss before tax			(36,472)
Income tax expense			(2)
Loss for the year			(36,474)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE AND SEGMENT INFORMATION (continued)

BUSINESS SEGMENT (continued)

(A) Segment revenue and results (continued)

For the year ended 31 March 2023

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
SEGMENT REVENUE			
<i>Reportable segment revenue from external customers</i>			
Recognised at a point in time	6,384	170,419	176,803
SEGMENT RESULTS			
	21	(1,236)	(1,215)
Unallocated corporate income			41
Unallocated corporate expenses			(17,074)
Impairment losses on other receivables			(7,297)
Other gain/(losses), net			(51)
Finance costs			(26,156)
Loss before tax			(51,752)
Income tax expense			—
Loss for the year			(51,752)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE AND SEGMENT INFORMATION (continued)

BUSINESS SEGMENT (continued)

(B) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 31 March 2024

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	25,939	5,610	31,549
Unallocated assets			519
Consolidated assets			32,068
Segment liabilities	16,953	2,637	19,590
Unallocated liabilities			252,766
Consolidated liabilities			272,356

At 31 March 2023

	Sales and integration services HK\$'000	General trading HK\$'000	Total HK\$'000
Segment assets	28,508	39,909	68,417
Unallocated assets			12,925
Consolidated assets			81,342
Segment liabilities	20,555	38,863	59,418
Unallocated liabilities			252,720
Consolidated liabilities			312,138

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE AND SEGMENT INFORMATION (continued)

BUSINESS SEGMENT (continued)

(C) Other information

For the year ended 31 March 2024

	Sales and integration services HK\$'000	General trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	-	-	106	106
Depreciation of right-of-use assets	-	178	4,521	4,699
Impairment loss on right-of-use assets	-	-	2,258	2,258
Written off of property, plant and equipment	30	-	-	30
Reversal of impairment losses on other receivables	-	-	(2,099)	(2,099)

For the year ended 31 March 2023

	Sales and integration services HK\$'000	General trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	-	-	848	848
Depreciation of right-of-use assets	-	219	5,089	5,308
Impairment losses on other receivable	-	-	7,297	7,297

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. REVENUE AND SEGMENT INFORMATION (continued)

BUSINESS SEGMENT (continued)

(D) Geographical segments

The Group's operations are located in Hong Kong and the PRC. Information about the Group's revenue from external customers is presented based on the location of the customer's operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	–	–	59	3,299
The PRC, excluding Hong Kong	273,889	176,803	4	222
	273,889	176,803	63	3,521

(E) Information on major customers

Revenue from major customers, each of whom amounting to 10% or more of the Group's revenue, is set out below:

	2024		2023	
	Revenue HK\$'000	Percentage of revenue	Revenue HK\$'000	Percentage of revenue
General trading				
Customer A	Nil	Nil	21,895	12%
Customer B	108,120	39%	44,895	25%
Customer C	30,972	11%	66,026	37%
Customer D	29,181	11%	Nil	Nil

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	8	1
Sundry income	29	40
	37	41

10. OTHER GAINS (LOSSES), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Exchange gain, net	1	8
Written off of property, plant and equipment	(30)	–
Impairment loss on right-of-use asset	(2,258)	–
Gain on derecognition of convertible bond	4,319	–
Loss on deregistration of subsidiaries	–	(25)
Loss on disposal of property, plant and equipment	–	(34)
	2,032	(51)

11. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	342	146
Imputed interest on convertible bonds (<i>note 28</i>)	22,390	24,191
Interest expenses on:		
– Loans from ultimate holding company	791	176
– Amount due to ultimate controlling party	1,441	483
– Other payables to related parties	284	300
– Other payables	1,160	860
	26,408	26,156

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	2	–
	2	–

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been provided in the consolidated financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Income tax expense for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(36,472)	(51,752)
Tax at the applicable income tax rate of 25% (2023: 25%)	(9,118)	(12,938)
Tax effect of non-taxable income	–	(10)
Tax effect of		
– non-deductible expenses	7,054	6,955
– tax losses not recognised	48	409
– temporary differences not recognised	(1,237)	1,909
Effect of tax concession	(8)	–
Effect of different tax rates of subsidiaries operating in other jurisdiction	3,263	3,675
	2	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. INCOME TAX EXPENSE (continued)

As at 31 March 2024, tax losses of approximately HK\$128,062,000 (2023: approximately HK\$132,641,000) are available for offset against future profits. Deferred tax assets have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available for the companies in which the losses arose. Included in unrecognised tax losses are losses of approximately HK\$11,004,000 (2023: HK\$15,584,000) which will expire within 5 years. Other losses may be carried forward indefinitely.

13. LOSS FOR THE YEAR

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

	2024 HK\$'000	2023 HK\$'000
Cost of inventories recognised as an expense	272,336	176,236
Staff costs (including directors' emoluments)		
– Salaries, wages and other benefits	4,222	5,720
– Retirement benefits scheme contributions	266	244
	4,488	5,964
Gain on derecognition of convertible bonds	(4,319)	–
Impairment loss of right-of-use assets	2,258	–
Written off of property, plant and equipment	30	–
Depreciation of property, plant and equipment and right-of-use assets	4,805	6,156
Auditor's remuneration	600	400
Expenses related to short-term leases	17	1,694

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. BENEFITS AND INTERESTS OF DIRECTORS

(A) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, 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 follows:

Year 2024

	Directors' fees HK\$'000	Salaries, allowance and bonus HK\$'000	Retirement scheme contributions HK\$'000	Total emoluments HK\$'000
Executive director				
Lam Ching Kui (<i>Chief Executive Officer</i>) (<i>note (iv)</i>)	-	339	8	347
Lam Ka Chun (<i>Chief Executive Officer</i>) (<i>note (v)</i>)	-	977	1	978
Independent non-executive directors				
Chan Wai Dune (<i>note (vi)</i>)	47	-	-	47
Wang Wei	120	-	-	120
Wan Bo	120	-	-	120
Kwok Kim Hung Eddie (<i>note (vii)</i>)	-	-	-	-
	287	-	-	287
Total	287	1,316	9	1,612

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(A) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Year 2023

	Directors' fees HK\$'000	Salaries, allowance and bonus HK\$'000	Retirement scheme contributions HK\$'000	Total emoluments HK\$'000
Executive director				
Lam Ching Kui (<i>Chief Executive Officer</i>)	—	2,600	18	2,618
Independent non-executive directors				
Chan Wai Dune	120	—	—	120
Wang Wei	120	—	—	120
Wan Bo (<i>note (ii)</i>)	43	—	—	43
Chen Cheuk Ho (<i>note (i)</i>)	36	—	—	36
Hung Hoi Ming Raymond (<i>note (iii)</i>)	22	—	—	22
	341	—	—	341
Total	341	2,600	18	2,959

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Notes:

- (i) Mr. Chan Cheuk Ho was appointed on 1 March 2022 and resigned on 18 July 2022.
- (ii) Mr. Wan Bo was appointed on 21 November 2022.
- (iii) Mr. Hung Hoi Ming Raymond was appointed on 16 June 2022 and resigned on 22 August 2022.
- (iv) Mr. Lam Ching Kui resigned on 27 October 2023.
- (v) Mr. Lam Ka Chun was appointed on 27 October 2023.
- (vi) Mr. Chan Wai Dune resigned on 22 August 2023.
- (vii) Mr. Kwok Kim Hung Eddie was appointed on 1 April 2024 and resigned on 21 May 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(B) DIRECTORS' RETIREMENT BENEFITS

Except for those disclosed above, none of the directors received or will receive any retirement benefits for the year (2023: Nil).

(C) DIRECTORS' TERMINATION BENEFITS

None of the directors received or will receive any termination benefits for the year (2023: Nil).

(D) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

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

(E) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS, CONTROLLED BODIES CORPORATES AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During the year ended 31 March 2024, there are no loan, quasi-loan and other dealing arrangement in favour of the directors, or controlled body corporates and connected entities of such directors (2023: Nil).

(F) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for notes 23, 25, 28 and 33 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

15. FIVE HIGHEST PAID INDIVIDUALS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries and other emoluments	3,092	1,621
Retirement scheme contributions	103	54
	3,195	1,675

The emoluments fell within the following band:

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

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

16. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

17. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	(36,531)	(50,721)
	'000	'000 (Restated)
Number of shares		
Weighted average number of ordinary shares	267,390	267,390

The weighted average number of ordinary shares during the year ended 31 March 2023 have been adjusted for the share consolidation completed on 15 November 2023.

No adjustment was made in calculating diluted loss per share for 2024 as the conversion of convertible bonds would result in decrease in loss per share. Accordingly, the diluted loss per share is the same as the basic loss per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2022	13,575	2,689	5,141	21,405
Disposals	(593)	(747)	–	(1,340)
Exchange realignment	–	(190)	–	(190)
At 31 March 2023 and 1 April 2023	12,982	1,752	5,141	19,875
Disposals	–	–	–	–
Written off	–	(1,116)	–	(1,116)
Exchange realignment	–	23	–	23
At 31 March 2024	12,982	659	5,141	18,782
Accumulated depreciation				
At 1 April 2022	13,575	2,610	4,193	20,378
Charge for the year	–	6	842	848
Eliminated on disposals	(593)	(713)	–	(1,306)
Exchange realignment	–	(186)	–	(186)
At 31 March 2023 and 1 April 2023	12,982	1,717	5,035	19,734
Charge for the year	–	–	106	106
Eliminated on disposals	–	–	–	–
Written off	–	(1,086)	–	(1,086)
Exchange realignment	–	24	–	24
At 31 March 2024	12,982	655	5,141	18,778
Carrying amount				
At 31 March 2024	–	4	–	4
At 31 March 2023	–	35	106	141

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. RIGHT-OF-USE ASSETS

The Group leases various office premises located in Hong Kong and the PRC with the lease term for a fixed periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowings purposes.

Movement of right-of-use assets are as follows:

	Leased properties <i>HK\$</i>
<hr/>	
Net book value	
At 1 April 2022	2,625
Additions	6,094
Depreciation	(5,308)
Exchange realignment	<u>(31)</u>
At 31 March 2023 and 1 April 2023	3,380
Additions	3,586
Depreciation	(4,699)
Impairment	(2,258)
Exchange realignment	(9)
At 31 March 2024	<u>-</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024 HK\$'000	2023 HK\$'000
Trade receivables	37,452	73,472
Less: impairment allowances	(36,173)	(38,141)
	<u>1,279</u>	<u>35,331</u>
Other receivables (note i)	28,778	30,453
Prepayments	1,260	1,227
Deposits	620	1,354
	<u>30,658</u>	<u>33,034</u>
Total	<u>31,937</u>	<u>68,365</u>
Analysed as:		
Current assets	31,878	68,365
Non-current assets	59	–
	<u>31,937</u>	<u>68,365</u>

Notes:

- (i) Included in other receivables as at 31 March 2024 was deposits placed by the Group to several independent third parties amounted to approximately RMB21,110,000 (approximately HK\$22,881,000) for research and development services, technology support service and consultancy service based on the Group's requirement in relation to the sales and integration services business and system integration project. These amounts are unsecured and interest-free. The contracts have been terminated and the said deposits were subsequently refunded.

Included in other receivables as at 31 March 2024 was advance to the non-controlling shareholders of RMB5,350,000 (approximately to HK\$5,817,000) which is unsecured, interest-free and repayable on demand (2023: RMB5,350,000 (approximately to HK\$6,134,000)). The other receivables of non-controlling shareholders was subsequently settled.

In aggregate, over 99% of the other receivables, amounting to approximately RMB26,460,000 (approximately HK\$28,698,000), have been refunded and settled subsequent to 31 March 2024.

- (ii) Other receivables are assessed for expected credit loss on individual basis by considering historical repayment, financial condition of the debtors and forecast of future economic environment of debtors' that operated. During the current year, reversal of impairment losses amounting of HK\$2,099,000 (2023: impairment losses of HK\$7,297,000) has been made in accordance to internal credit risk policy.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The following is an aging analysis of trade receivables net of impairment allowance presented based on the date of receipt of customers' acceptance/date of rendering of services/date of invoices:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-90 days	–	35,331
91-180 days	<u>1,279</u>	<u>–</u>
	<u>1,279</u>	<u>35,331</u>

According to the contracts entered into with trade customers of sales and integration service, on average the contracts revenue is normally collected within 90 days from the date of receipt of customers' acceptance/date of rendering services, except for certain contracts with longer implementation schedules where the credit period may extend beyond 90 days, or may be extended for major or specific customers. The credit terms granted to trade customers in respect of sales of chemicals are due up to 90 days from the date of billing.

As at 31 March 2024, trade receivables of HK\$1,279,000 (2023: Nil) were past due but not impaired. These relate to an independent debtor whom has no recent history of default. The Group does not hold any collateral as security over these debtors.

MOVEMENTS IN THE IMPAIRMENT ALLOWANCE ON TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 April	38,141	41,151
Exchange realignment	<u>(1,968)</u>	<u>(3,010)</u>
At 31 March	<u>36,173</u>	<u>38,141</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed on individual basis. The expected credit losses also incorporate forward looking information.

Categories of trade receivables under internal credit rating are as below.

	2024			2023		
	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net HK\$'000	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net HK\$'000
- Stable (note (i))	1,279	-	1,279	35,331	-	35,331
- Credit-impaired (note (ii))	36,173	(36,173)	-	38,141	(38,141)	-
	37,452	(36,173)	1,279	73,472	(38,141)	35,331

As at 31 March 2024, trade receivables of HK\$1,279,000 were past due but not impaired (2023: trade receivables of HK\$35,331,000 were not past due). These relate to debtor(s) for whom there is no recent history of default and a substantial portion of the carrying amount is subsequently settled. The Group does not hold any collateral as security over these debtors.

Notes:

- (i) Stable represents debtors with long term relationship with the Company and with good repayment history.
- (ii) Credit-impaired represents debtors which did not have further transaction with the Company for several years and with balance outstanding of the Company for several years.

21. PLEDGED BANK DEPOSIT

The pledged bank deposit was deposit placed to secure the corporate credit card facility which carried interest at 0.62% (2023: 0.05%) per annum.

22. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.00% to 0.88% (2023: 0.01% to 0.35%) per annum.

The Group's bank balances denominated in RMB amounting to approximately RMB16,000 (approximately HK\$18,000) (2023: approximately RMB725,000 (approximately HK\$829,000)) were deposited with banks in the PRC. The conversion of the RMB-denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the Government of the People's Republic of China.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	12,627	48,378
Accruals and other payables		
Convertible bonds coupon interest payables (note a)	18,000	14,688
Interest on overdue convertible bonds coupon payables (note b)	2,624	1,465
Advance from related parties (note c)	3,915	4,989
VAT tax payables in PRC	2,924	2,907
Others (note d)	9,027	6,884
	36,490	30,933
	49,117	79,311
Analysed as:		
Current liabilities	45,202	74,322
Non-current liabilities	3,915	4,989
	49,117	79,311

The following is an aging analysis of trade payables, presented based on the date of goods delivered/ the period of service rendered/date of invoices:

	2024 HK\$'000	2023 HK\$'000
0-30 days	-	35,228
31-180 days	-	-
Over 180 days	12,627	13,150
	12,627	48,378

The average credit period on purchases ranged from 60 to 180 days.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. TRADE AND OTHER PAYABLES (continued)

Notes:

- a. On 2 March 2022, convertible bonds of HK\$152,000,000 and HK\$23,480,000 and the corresponding outstanding coupon interest payables were transferred to Mr. Lam, the ultimate controlling party, of the Company. Included in convertible bonds coupon interest payables are HK\$16,121,000 (2023: HK\$13,666,000) due to ultimate controlling party of the Company. In addition, there was convertible bond coupon interest payable of HK\$1,879,000 (2023: HK\$1,022,000) due to immediate holding company.
- b. In regard for overdue convertible bonds coupon interest payables, interest was charged at 6.25% per annum based on monthly outstanding coupon interest. Included in overdue interest on coupon interest payables are HK\$2,524,000 (2023:HK\$1,460,000) due to ultimate controlling party of the Company and HK\$100,000 (2023: HK\$5,000) due to immediate holding company.
- c. Advance from related parties represent advance for settlement of PRC operating expenses. The balances are charged at 6.25% per annum, unsecured and with no fixed term of repayment.
- d. In September 2023, the Company received a writ of summons issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by a plaintiff against the Company for the outstanding rental and related expenses amounted to approximately HK\$2,672,000, and those amounts have already been recorded in the consolidated financial statements as at 31 March 2024. The Company is currently seeking legal advice and will take appropriate actions to negotiate with the plaintiff to resolve the matter.

24. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Advance received from customers from:		
– Sales and integration services	–	3,699
	–	3,699

Sales and integration services: System integration services is one of the services to enterprise customers. The Group's project based system integration services include payment schedules which require stage payments over the project period once milestones are reached. This gives rise to contract liabilities as upfront payment is required in accordance to the payment schedule, and the revenue is recognised upon the completion of the system integration.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

25. AMOUNT DUE TO ULTIMATE CONTROLLING PARTY

In accordance to debt assignment (“Debt Assignment”) entered into between the Company and the ultimate controlling party of the Company, the ultimate controlling party has agreed to accept and assume responsibility for repayment of certain expenses and liabilities as outline within the Debt Assignment on behalf of the company.

The amount due is unsecured and carried interest at fixed rate at 6.25% per annum with no fixed repayment terms. The ultimate controlling party has confirmed that he will not demand the Group for repayment until all the other third parties liabilities of the Company had been satisfied, and will not demand the repayment within twelve months after the date of approval of the consolidated financial statements.

26. LEASE LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	2,050	1,695
More than one year but not exceeding two years	98	1,668
	2,148	3,363
Less: Amount due for settlement within 12 months shown under current liabilities	(2,050)	(1,695)
Amount due for settlement after 12 months shown under non-current liabilities	98	1,668

The weighted average incremental borrowing rates applied to lease liabilities was charged at 6.25% to 9.73% (2023: 6.25%) per annum.

Maturity of the lease liabilities based on undiscounted cash flow are as below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Repayable within one year	2,076	1,773
Repayable within one year to two years	99	1,934
	2,175	3,707

During the year ended 31 March 2024, total cash outflows for leases are approximately to HK\$2,121,000 (2023: HK\$185,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

27. LOANS FROM ULTIMATE HOLDING COMPANY

The loans were sub-ordinated in nature which were unsecured, carried fixed interest rate at 6.25% per annum and not repayable within one year for the year ended 31 March 2024 (2023: not repayable within one year after the year ended 31 March 2023). Wai Chun IF has confirmed that it will not demand the Group for repayment of such loans until all the other third parties liabilities of the Group had been satisfied.

28. CONVERTIBLE BONDS

CONVERTIBLE BOND OF HK\$152,000,000 (THE “CB1”)

On 31 August 2020, the Company issued an unlisted, unguaranteed and unsecured convertible bond with an aggregate principal amount of HK\$152,000,000 to two independent third parties.

The CB1 is convertible at the option of the bondholders into fully paid ordinary shares with a par value of HK\$0.01 each of the Company on or after 31 August 2020 up to and including 30 August 2023 at an initial conversion price of HK\$0.018 per share subject to adjustments upon occurrence of certain events.

The CB1 has coupon rate of 4% per annum on the principal amount outstanding and interest payable quarterly in arrears until the maturity date.

In November 2020, the conversion price of CB1 has been adjusted upon completion of a share consolidation from HK\$0.018 per share to HK\$0.18 per share.

The Company shall be entitled at its sole discretion, by giving not less than fourteen days' notice to the bondholders, propose to the bondholders to redeem the outstanding CB1 (in multiples of HK\$5,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding CB1 at any time after the Issue Date of CB1 up to and including the date falling fourteen days immediately before the Maturity Date of CB1.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$152,000,000 (THE “CB1”) (continued)

On 15 October 2021, the Company and CB1 bondholders have agreed to amend the CB1 terms as follows, which took effect on 19 January 2022 (“CB1 Amendments”):

- (i) the conversion price of the CB1 be reduced from HK\$0.18 (after share consolidation on 27 November 2020) per conversion share to HK\$0.048 per conversion share. The maximum number of ordinary shares of the Company can be converted is 3,166,666,666 shares per principal amount of the CB1 of HK\$152,000,000, which is also subject to adjustments upon occurrence of certain events;
- (ii) the coupon rate be reduced from 4% per annum to 2% per annum;
- (iii) the CB1 be redeemed at 98% of its principal amount at maturity; and
- (iv) the conversion rights attached to the CB1 be only exercised on the condition that any conversion of the CB1 does not: (aa) trigger a mandatory general offer obligation on the CB1 bondholders under Rule 26 of the Takeovers Code; and (bb) result in Mr. Lam and any parties acting in concert with him (including Ka Chun, immediate holding company) ceasing to be the controlling shareholder of the Company within the meaning of the Listing Rules.

On 2 March 2022, Mr. Lam and CB1 Bondholders entered into the Convertible Bond Transfer Agreements, pursuant to which Mr. Lam agreed to acquire and the CB1 Bondholders agreed to sell the convertible bonds issued by the Company and held by CB1 Bondholders in the aggregate outstanding principal amount of HK\$152,000,000, which are convertible into a total of 3,166,666,666 new shares upon full conversion at the conversion price of HK\$0.048 per share, at a total consideration of HK\$178,847,429.

On 29 August 2023, the Company and Mr. Lam entered into a conditional agreement to amend the CB1 terms as follows:

- (i) the interest rates be amended from 2% per annum to 1% per annum; and;
- (ii) the maturity date of the existing convertible bonds be extended from 31 August 2023 to 31 August 2025.

The CB1 was matured on 30 August 2023 and transferred to other borrowings of HK\$152,000,000 as the extension of CB1 has not been completed.

The Company has obtained the listing approval regarding the alteration of terms and relevant ordinary resolutions were passed at the special general meeting of the Company held on 13 November 2023, the alteration of terms was completed and effective on 15 November 2023. Upon the completion of the alteration of terms, the maturity dates of the CB1 was extended to 31 August 2025. The Company completed the issue of new convertible bond (“CB1 (new)”) with principal amount of HK\$152,000,000 to Mr. Lam for settlement of other borrowings arose from CB1. Such transaction was treated as equity transaction as Mr. Lam is a shareholder of the Company. At the issuance date of the CB1 (new), the fair value was determined to be approximately HK\$152,000,000.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$152,000,000 (THE “CB1”) (continued)

On 15 November 2023, the conversion price of CB1 (new) has been adjusted upon completion of share consolidation from HK\$0.048 per share to HK\$0.384 per share.

The CB1 (new) recognised in the consolidated statement of financial position had been split between liability element and equity component:

The movements of the carrying amounts of the liability component and equity component of convertible bonds are as follows:

Equity Component	CB1 (old)	CB1 (new)
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2022, 31 March 2023 and 1 April 2023	23,959	–
Transfer upon maturity	(23,959)	–
Recognition of new convertible bond	<u>–</u>	<u>28,339</u>
At 31 March 2024	<u>–</u>	<u>28,339</u>
Liability Component	CB1 (old)	CB1 (new)
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 April 2022	130,915	–
Imputed interest expenses	16,964	–
Coupon payable	<u>(3,040)</u>	<u>–</u>
At 31 March 2023 and 1 April 2023	144,839	–
Imputed interest expenses	8,435	6,044
Issuance of convertible bond	–	123,661
Coupon payable	(1,274)	(761)
Transfer to other borrowing	<u>(152,000)</u>	<u>–</u>
At 31 March 2024	<u>–</u>	<u>128,944</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$152,000,000 (THE “CB1”) (continued)

The interest charged for the year is calculated by applying an effective interest rate of 12.91% (2023: 13.50%) to the liability component of CB1 (new).

CONVERTIBLE BOND OF HK\$23,480,000 (THE “CB2”)

On 30 November 2020, the Company issued an unlisted, unguaranteed and unsecured convertible bond with an aggregate principal amount of HK\$23,480,000 to another two independent third parties.

The CB2 is convertible at the option of the bondholders into fully paid ordinary shares with a par value of HK\$0.1 each of the Company on or after 30 November 2020 up to and including 29 November 2023 at an initial conversion price of HK\$0.18 per share subject to adjustments upon occurrence of certain events.

The CB2 has coupon rate of 4% per annum on the principal amount outstanding and interest payable quarterly in arrears until the maturity date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$23,480,000 (THE “CB2”) (continued)

The Company shall be entitled at its sole discretion, by giving not less than fourteen days’ notice to the bondholders, propose to the bondholders to redeem the outstanding CB2 (in multiples of HK\$1,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding CB2 at any time after the Issue Date of CB2 up to and including the date falling fourteen days immediately before the Maturity Date of CB2.

On 15 October 2021, the Company and CB2 bondholders have agreed to amend the CB2 terms as follows, which took effect on 19 January 2022 (“CB2 Amendments”):

- (i) the conversion price of the CB2 be reduced from HK\$0.18 per conversion share to HK\$0.048 per conversion share. The maximum number of ordinary shares of the Company can be converted is 489,166,666 shares per principal amount of the CB2 of HK\$23,480,000, which is also subject to adjustments upon occurrence of certain events;
- (ii) the coupon rate be reduced from 4% per annum to 2% per annum; and
- (iii) the CB2 be redeemed at 98% of its principal amount at maturity.

On 2 March 2022, Mr. Lam and CB2 Bondholders entered into the Convertible Bond Transfer Agreements, pursuant to which the Mr. Lam agreed to acquire and the CB2 Bondholders agreed to sell the convertible bonds issued by the Company and held by CB2 Bondholders in the aggregate outstanding principal amount of HK\$23,480,000, which are convertible into a total of 489,166,666 new shares upon full conversion at the conversion price of HK\$0.048 per share, at a total consideration of HK\$27,477,963.

On 29 August 2023, the Company and Mr. Lam have entered into the conditional agreement to amend the CB2 terms as follows, which took effect on 15 November 2023 (“CB2 Amendments 2”):

- (i) the interest rates be amended from 2% per annum to 1% per annum; and;
- (ii) the maturity date of CB2 be extended from 30 November 2023 to 31 August 2025.

The Company has obtained the listing approval regarding the alteration of terms and relevant ordinary resolutions were passed at the special general meeting of the Company held on 13 November 2023, the alteration of terms was completed and effective on 15 November 2023. Upon the completion of the alteration of terms, the maturity dates of the CB2 was extended to 31 August 2025.

On 15 November 2023, the conversion price of CB2 has been adjusted upon completion of share consolidation from HK\$0.048 per share to HK\$0.384 per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$23,480,000 (THE "CB2") (continued)

The CB2 recognised in the consolidated statement of financial position had been split between liability component and equity component, and are calculated as follows:

Equity Component	CB2 <i>HK\$'000</i>
At 1 April 2022, 31 March 2023 and 1 April 2023	17,432
Derecognition of convertible bond	(17,432)
Recognition of new convertible bond	<u>4,429</u>
At 31 March 2024	<u>4,429</u>
Liability Component	CB2 <i>HK\$'000</i>
At 1 April 2022	19,435
Imputed interest expenses	2,754
Coupon payable	<u>(470)</u>
At 31 March 2023 and 1 April 2023	<u>21,719</u>
Imputed interest expenses	2,898
Coupon payable	(422)
Derecognition	(23,370)
Initial recognition at the renewal of the convertible bond	<u>19,051</u>
At 31 March 2024	<u>19,876</u>

The interest charged for the year is calculated by applying an effective interest rate of 13.06% (2023: 14.48%) to the liability component for the period since CB2 Amendments 2 (2023: since the CB2 Amendments).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$42,700,000 (THE “CB3”)

On 18 January 2022, the Company issued an unlisted, unguaranteed and unsecured convertible bond with principal amount of HK\$42,700,000, to Ka Chun, which is the immediate holding company of the Company.

The CB3 is convertible at the option of the bondholder into fully paid ordinary shares with a par value of HK\$0.1 each of the Company on or after 18 January 2022 up to and including 17 January 2025 at an initial conversion price of HK\$0.048 per share subject to adjustments upon occurrence of certain events.

The CB3 has coupon rate of 2% per annum on the principal amount outstanding and interest payable quarterly in arrears until the maturity date.

The Company shall be entitled at its sole discretion, by giving not less than fourteen days' notice to the bondholder, propose to the bondholder to redeem the outstanding CB3 (in multiples of HK\$5,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding CB3 at any time after the issue date of CB3 up to and including the date falling fourteen days immediately before the maturity date of CB3.

On 15 November 2023, the conversion price of CB3 has been adjusted upon completion of share consolidation from HK\$0.048 per share to HK\$0.384 per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. CONVERTIBLE BONDS (continued)

CONVERTIBLE BOND OF HK\$42,700,000 (THE "CB3") (continued)

The CB3 recognised in the consolidated statement of financial position had been split between liability element and equity component, and are calculated as follows:

Equity Component	CB3 <i>HK\$'000</i>
At 31 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>23,959</u>
Liability Component	CB3 <i>HK\$'000</i>
At 31 March 2022	31,953
Imputed interest expenses	4,473
Coupon payable	<u>(854)</u>
At 31 March 2023	<u>35,572</u>
Imputed interest expenses	5,013
Coupon payable	<u>(856)</u>
At 31 March 2024	<u>39,729</u>

The interest charged for the year is calculated by applying an effective interest rate of 13.50% to the liability component of CB3.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

29. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
At 1 April 2022, 31 March 2023 and 1 April 2023		
Ordinary shares of HK\$0.1 each	8,900,000	890,000
Share consolidation (<i>note (a)</i>)	<u>(7,787,500)</u>	<u>–</u>
At 31 March 2024		
Ordinary shares of HK\$0.8 each	<u>1,112,500</u>	<u>890,000</u>
At 1 April 2022, 31 March 2023 and 1 April 2023		
Convertible preference shares of HK\$0.1 each	1,100,000	110,000
Share consolidation (<i>note (a)</i>)	<u>(962,500)</u>	<u>–</u>
At 31 March 2024		
Convertible preference shares of HK\$0.8 each	<u>137,500</u>	<u>110,000</u>
Issued and fully paid		
At 1 April 2022, 31 March 2023 and 1 April 2023		
Ordinary shares of HK\$0.1 each	2,139,116	213,912
Share consolidation (<i>note (a)</i>)	<u>(1,871,726)</u>	<u>–</u>
At 31 March 2024		
Ordinary shares of HK\$0.8 each	<u>267,390</u>	<u>213,912</u>

Note:

- (a) On 10 October 2023, the Company proposed share consolidation on the basis that (i) every eight (8) issued and unissued existing ordinary shares of HK\$0.1 each in the share capital of the Company into one (1) consolidated ordinary share of HK\$0.8; and (ii) every eight (8) unissued existing preference shares of HK\$0.1 each in the share capital of the Company into one (1) consolidated preference share of HK\$0.8 (the "Share Consolidation"). The Company also proposed to change the board lot size for trading from 20,000 existing ordinary shares to 10,000 consolidated ordinary shares upon the Share Consolidation becoming effective. The above proposed Share Consolidation was approved at the special general meeting on 13 November 2023. As all the conditions precedent to the Share Consolidation have been fulfilled, the Share Consolidation became effective on 15 November 2023.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

30. RESERVES

(A) GROUP

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

(B) COMPANY

The amounts of the Company's reserves and movements therein are presented in note 31 to the consolidated financial statements.

(C) NATURE AND PURPOSES OF RESERVE

(i) *Share premium account*

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. The application of the share premium account is governed by the Company Act 1981 of Bermuda.

(ii) *Convertible bond reserve*

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policies adopted for convertible bonds in note 4 to the consolidated financial statements.

(iii) *Translation reserve*

The 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 policies set out in note 4 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(A) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Right-of-use assets	–	3,193
Interests in subsidiaries	1	1
	<u>1</u>	<u>3,194</u>
Current assets		
Prepayment, deposit and other receivables	423	1,170
Amounts due from subsidiaries	4,058	9,098
Bank balances and cash	–	3
	<u>4,481</u>	<u>10,271</u>
Current liabilities		
Accrual and other payables	26,087	19,099
Amounts due to subsidiaries	9,390	10,087
Lease liabilities	1,680	1,460
Convertible bonds	39,729	166,558
	<u>76,886</u>	<u>197,204</u>
Net current liabilities	<u>(72,405)</u>	<u>(186,933)</u>
Total assets less current liabilities	<u>(72,404)</u>	<u>(183,739)</u>
Non-current liabilities		
Loan from ultimate holding company	13,450	12,659
Amount due to ultimate controlling party	10,298	7,457
Amount due to a related party	5,951	4,989
Lease liabilities	–	1,668
Convertible bonds	148,820	35,572
	<u>178,519</u>	<u>62,345</u>
NET LIABILITIES	<u>(250,923)</u>	<u>(246,084)</u>
Capital and reserves		
Share capital	213,912	213,912
Reserves	(464,835)	(459,996)
CAPITAL DEFICIENCY	<u>(250,923)</u>	<u>(246,084)</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(B) RESERVE MOVEMENT OF THE COMPANY

	Share premium <i>HK\$'000</i>	Convertible bonds reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022	5,000	105,899	(534,636)	(423,737)
Loss for the year	—	—	(36,259)	(36,259)
At 31 March 2023 and 1 April 2023	5,000	105,899	(570,895)	(459,996)
Loss for the year	—	—	(33,178)	(33,178)
Transfer upon maturity of convertible bond	—	(64,508)	64,508	—
Issuance of new convertible bond	—	28,339	—	28,339
Extinguishment of convertible bond	—	(13,003)	13,003	—
At 31 March 2024	5,000	56,727	(526,562)	(464,835)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2024, payment for lease liabilities amounting to HK\$2,976,000 (2023: HK\$5,286,000) are settled through current account with the ultimate controlling party.

(B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Convertible bonds HK\$'000	Lease liabilities HK\$'000	Borrowings HK\$'000	Loans from ultimate holding company HK\$'000	Total HK\$'000
At 1 April 2022	182,303	2,664	-	1,313	186,280
Changes in cash flows	-	(185)	-	11,318	11,133
Non-cash changes					
- interest expenses	24,191	146	-	-	24,337
- coupon interest payables	(4,364)	-	-	-	(4,364)
- additions to lease liabilities	-	6,027	-	-	6,027
- amount due to ultimate controlling party	-	(5,286)	-	-	(5,286)
- exchange difference	-	(3)	-	269	266
At 31 March 2023 and 1 April 2023	202,130	3,363	-	12,900	218,393
Changes in cash flows	-	(2,121)	-	-	(2,121)
Non-cash changes					
- interest expense	22,390	342	-	791	23,523
- convertible bond issued by conversion of other borrowing	123,661	-	(152,000)	-	(28,339)
- transfer to other borrowing	(152,000)	-	152,000	-	-
- initial recognition at the reversal of the convertible bond	19,051	-	-	-	19,051
- derecognition upon modification of convertible bond	(23,370)	-	-	-	(23,370)
- additions to lease liabilities	-	3,574	-	-	3,574
- amount due to ultimate controlling party	-	(2,976)	-	-	(2,976)
- coupon interest payables	(3,313)	-	-	-	(3,313)
- exchange difference	-	(34)	-	(12)	(46)
At 31 March 2024	188,549	2,148	-	13,679	204,376

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

33. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the years ended 31 March 2024 and 2023:

(A) TRANSACTIONS WITH RELATED PARTIES

	2024 HK\$'000	2023 HK\$'000
Lease interest expenses payable to Ms. Chan (note i)	124	144
Operation lease expenses payable to a related party	–	1,649
Salaries expenses payable to Mr. Lam KC (note ii)	617	465
Addition of right-of-use assets from Ms. Chan (note i)	2,852	2,877
Convertible bonds coupon interest payable to Mr. Lam (note iii)	17,377	19,718
Convertible bond coupon interest payable to Ka Chun (note iv)	5,013	4,473
Overdue convertible bonds coupon interest payable to Mr. Lam (note iii)	1,064	835
Overdue convertible bond coupon interest payable to Ka Chun (note iv)	96	5

Notes:

- (i) Ms. Chan Oi Mo (“Ms. Chan”) is the spouse of Mr. Lam, an ultimate controlling party of the Company.
- (ii) Mr. Lam KC is the director of the Company.
- (iii) Mr. Lam is the ultimate controlling party of the Company.
- (iv) Ka Chun is an immediate holding company of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

33. RELATED PARTY TRANSACTIONS (continued)

(B) KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration for key management personnel including amounts paid to the Company's Directors and all of the highest paid employees as disclosed in note 13, is as follows:

	2024 HK\$'000	2023 HK\$'000
Directors' fee	287	341
Basic salaries, other allowance and benefit in kind	2,263	3,455
Retirement benefits scheme contributions	39	58
	2,589	3,854

Total remuneration is included in "staff costs" as disclosed in note 13.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(A) The following list contains only the particulars of those subsidiaries which principally affect the results, assets or liabilities of the Group. The Company has interests in the following subsidiaries, all of which are private companies with limited liability, particulars of which as at 31 March 2024 and 31 March 2023 are set out below:

Name of subsidiary	Notes	Place of incorporation/ operations	Issued and paid up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
				Direct	Indirect	
Beijing HollyBridge System Integration Company Limited ("Beijing HollyBridge")	(ii)	PRC	RMB82,000,000	-	51%	Provide solutions software and service
北京普納天成貿易有限公司 (Beijing Plus Trading Limited)	(i), (ii)	PRC	US\$900,000	-	100%	Trading of chemicals raw materials
Wai Chun Strategic Investment Limited		Hong Kong	HK\$1,000	100%	-	Investment holding

Notes:

- (i) The company is established in the PRC as wholly foreign-owned enterprise.
- (ii) The company name in English is not the official name but a translation for reference only.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. PARTICULARS OF SUBSIDIARIES (continued)

(B) DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (“NCI”)

The following table shows information of the subsidiary that has NCI material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name Principal place of operation/country of incorporation	Beijing HollyBridge PRC	
	2024	2023
% of ownership interest/voting rights held by NCI	49.00%	49.00%
	<i>HK\$'000</i>	<i>HK\$'000</i>
As 31 March		
Non-current assets	4	36
Current assets	20,118	22,299
Non-current liabilities	(229)	(242)
Current liabilities	(24,980)	(27,581)
Net liabilities	(5,087)	(5,488)
Carrying amount of NCI	(2,492)	(2,689)
Year ended 31 March		
Revenue	31,933	6,384
Profit/(loss) for the year	118	(2,145)
Total comprehensive income/(expense) for the year	400	(1,948)
Profit/(loss) allocated to NCI	57	(1,051)
Net cash flows (used in) generated from operating activities	(4)	770
Net cash flows used in from investing activities	–	(848)
Net cash flows generated from financing activities	–	–
Net decrease in cash and cash equivalents	(4)	(78)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

35. EVENTS AFTER THE REPORTING PERIOD

There is no significant event affecting the Company that have occurred since the end of the reporting period.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.

Five Years Financial Summary

For the year ended 31 March 2024

RESULTS

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	273,889	176,803	233,926	159,834	134,755
(Loss)/profit before tax	(36,472)	(51,752)	(127,427)	2,553	(25,667)
Income tax expense	(2)	–	–	–	–
(Loss)/profit for the year	(36,474)	(51,752)	(127,427)	2,553	(25,667)
Profit/(loss) for the year attributable to non- controlling interests	57	(1,031)	(344)	(20,485)	(2,427)
Loss for the year attributable to owners of the Company	(36,531)	(50,721)	(127,083)	(17,932)	(28,094)

ASSETS AND LIABILITIES

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	32,068	81,342	138,493	156,857	88,411
Total liabilities	(272,356)	(312,138)	(322,593)	(246,556)	(281,079)
	(240,288)	(230,796)	(184,100)	(89,699)	(192,668)
Non-controlling interests	(16,127)	(15,931)	(16,870)	(17,271)	2,209
Capital deficiency attributable to owners of the Company	(256,415)	(246,727)	(200,970)	(106,970)	(190,459)