



UNITY GROUP  
知行集團

2023/24  
Annual Report 年報

Unity Group Holdings International Limited

知行集團控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1539





# CONTENTS

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- 2 Financial Summary
- 4 Chairman's Statement
- 5 Management Discussion and Analysis
- 16 Directors' Report
- 31 Corporate Governance Report
- 52 Corporate Information
- 54 Biographical Details of the Directors and Senior Management
- 59 Independent Auditor's Report
- 65 Consolidated Statement of Comprehensive Income
- 66 Consolidated Statement of Financial Position
- 68 Consolidated Statement of Changes in Equity
- 69 Consolidated Statement of Cash Flows
- 71 Notes to the Consolidated Financial Statements

# FINANCIAL SUMMARY

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 | 2022<br>HK\$'000 | 2021<br>HK\$'000 | 2020<br>HK\$'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Revenue</b>  | <b>92,619</b>    | 46,550           | 80,434           | 53,784           | 129,288          |
| Continuing operations   | <b>92,619</b>    | 46,550           | 80,434           | 53,784           | 126,547          |
| Leasing services of energy saving systems and products                                  | <b>39,322</b>    | 20,453           | 6,603            | 9,826            | 11,161           |
| Trading of energy saving products   | <b>40,278</b>    | 18,538           | 64,646           | 24,873           | 96,121           |
| Consultancy service   | <b>12,931</b>    | 4,863            | 9,185            | 19,085           | 19,265           |
| Renewable energy service  | <b>88</b>        | 2,696            | -                | -                | -                |
| Discontinued operations   | -                | -                | -                | -                | 2,741            |
| <b>Gross profit</b>   | <b>56,744</b>    | 27,713           | 32,563           | 26,376           | 67,486           |
| Continuing operations   | <b>56,744</b>    | 27,713           | 32,563           | 26,376           | 70,108           |
| Discontinued operations   | -                | -                | -                | -                | (2,622)          |
| EBITDA (note 1)   | <b>20,969</b>    | (8,617)          | (341,351)        | (246,211)        | (84,507)         |
| EBIT (note 1)   | <b>18,168</b>    | (11,395)         | (346,541)        | (251,237)        | (95,722)         |
| <b>Profit/(loss) for the year</b>   | <b>11,602</b>    | (24,014)         | (386,905)        | (282,534)        | (111,140)        |
| Basic earnings/(loss) per share (HK cents)  | <b>0.28</b>      | (1.05)           | (22.80)          | (20.01)          | (20.21)          |
| Diluted earnings/(loss) per share (HK cents)  | <b>0.08</b>      | (1.05)           | (22.80)          | (20.01)          | (20.21)          |
| <b>Adjusted profit/(loss) for the year excluding major extraordinary items (note 2)</b> | <b>36,311</b>    | (63,671)         | (77,789)         | (197,895)        | (28,194)         |
| Adjusted basic earnings/(loss) per share (HK cents) (note 2)                            | <b>1.09</b>      | (2.71)           | (4.64)           | (14.15)          | (5.13)           |
| Adjusted diluted earnings/(loss) per share (HK cents) (note 2)                          | <b>1.05</b>      | (2.71)           | (4.64)           | (14.15)          | (5.13)           |
| <b>Total assets</b>   | <b>468,382</b>   | 373,638          | 417,811          | 404,890          | 650,588          |
| <b>Total liabilities</b>  | <b>154,272</b>   | 246,986          | 272,170          | 350,341          | 335,506          |
| <b>Net assets</b>   | <b>314,110</b>   | 126,652          | 145,641          | 54,549           | 315,082          |



# FINANCIAL SUMMARY

Note 1: EBITDA is defined as earnings before interest expenses and other finance costs, tax and depreciation. EBIT is defined as earnings before interest expenses and other finance costs and tax. Both EBITDA and EBIT are not measures of performance under Hong Kong Financial Reporting Standards.

Note 2: Amounts are calculated based on adjusted profit/(loss) for the year after excluding major extraordinary items as defined by the Group's management. Details of which can be referred to page 8 of this report. Adjusted profit/(loss) for the year excluding extraordinary items is not a measure of performance under HKFRS.

- The Group's revenue increased by 98.7% from approximately HK\$46.6 million for the year ended 31 March 2023 to approximately HK\$92.6 million for the year ended 31 March 2024.
- The Group's gross profit increased by 104.7% from approximately HK\$27.7 million for the year ended 31 March 2023 to approximately HK\$56.7 million for the year ended 31 March 2024.
- The Group's EBITDA for the year improved from loss of approximately HK\$8.6 million for the year end 31 March 2023 to profit of approximately HK\$21.0 million for the year ended 31 March 2024.
- The Group's profit/(loss) for the year improved from loss of approximately HK\$24.0 million for the year ended 31 March 2023 to profit of approximately HK\$11.6 million for the year ended 31 March 2024.
- The Group's adjusted profit/(loss) excluding major extraordinary items improved from loss of approximately HK\$63.7 million for the year ended 31 March 2023 to profit of approximately HK\$36.3 million for the year ended 31 March 2024.
- Basic and diluted loss per share was approximately HK1.05 cents for the year ended 31 March 2023 while basic and diluted earnings per share were approximately HK0.28 cents and HK0.08 cents, respectively, for the year ended 31 March 2024.
- Adjusted basic and diluted loss per share was approximately HK2.71 cents for the year ended 31 March 2023 while adjusted basic and diluted earnings per share were approximately HK1.09 cents and HK1.05 cents, respectively, for the year ended 31 March 2024.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the audited annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024 (the “**Year**”).

This year, the Group’s strategic focus has been on the U.A.E., Middle East, and Malaysian markets. We are committed to advancing our initiatives in environment, social, and governance (“**ESG**”) and sustainability, with green initiatives utilizing the Group’s proprietary LED lighting in collaboration with the Malaysian Government, as well as our hydroponic vertical farming system. We proudly participated in a significant signing ceremony with key partners from the Middle East, underscoring our commitment to cooperation in energy saving and renewable energy solutions.

Furthermore, the Group will expand further into the capital markets in the U.A.E. and Malaysia and accelerate our business development efforts in Malaysia. These collaborations enhance our growth objectives and reflect our dedication to carbon neutrality across the region. I want to extend my heartfelt gratitude to our shareholders for their unwavering support and to our exceptional team for their hard work over the past year. Together, we will continue our success to collaborate and build a brighter, more sustainable future for all.

**Wong Man Fai Mansfield**

*Chairman, Chief Executive Officer and Executive Director*



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue and gross profit

The total revenue of the Group was approximately HK\$92.6 million for the year ended 31 March 2024, representing an increase of approximately 98.7% as compared to approximately HK\$46.6 million for the year ended 31 March 2023.

An analysis of revenue is presented as follows:

|   | Note | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------|------------------|------------------|
| Leasing service of energy saving systems and products |      |                  |                  |
| Malaysia Project                                      | (a)  | 36,160           | 14,447           |
| Others  |      | 3,162            | 6,006            |
| Trading of energy saving products                     | (b)  | 40,278           | 18,538           |
| Consultancy service income                            | (c)  | 12,931           | 4,863            |
| Renewable energy service income                       | (d)  | 88               | 2,696            |
|   |      | <b>92,619</b>    | <b>46,550</b>    |

Notes:

- (a) This refers to the "Light Source in the Darkness" project in Malaysia (the "**Malaysia Project**"), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time. The Malaysia Project is receiving a lot of compliments by customers and government support locally. The Malaysia Project starts out in Selangor state of Malaysia which has a total of approximately 8,000 condominiums and targets to install 6 million LED lights by 2025. During the year ended 31 March 2024, installation of approximately 121,000 (2023: 52,000) LED lights has been completed under the Malaysia Project, which led to an increase of revenue from HK\$14.4 million for the year ended 31 March 2023 to approximately HK\$36.2 million for the year ended 31 March 2024.

The customers under the Malaysia Project mainly represents management offices of local condominiums in Malaysia. The Malaysia Project helps the local condominiums to save energy and lighting cost and revenue is recorded as finance lease income under the relevant accounting standards. During the year, the Malaysia Project served 81 (2023: 27) customers. An analysis of the contribution of finance lease receivables by the five largest customers under the Malaysia Project is presented as follows:

|   | As at<br>31 March 2024<br>HK\$'million | As at<br>31 March 2023<br>HK\$'million |
|---|--|--|
| Total finance lease receivables from the five largest customers | 9.3                                    | 6.9                                    |
| Total finance lease receivables                                 | 43.7                                   | 15.5                                   |
| % contribution by the five largest customers                    | 21.3%                                  | 44.5%                                  |

- (b) This refers to revenue from trading of lighting products of the Group. The increase was the result of revenue to a new customer and also increase in demand from existing trading customers.
- (c) The increase was due to the increase in the number of consultancy projects from 2 for the year ended 31 March 2023 to 3 for the year ended 31 March 2024.
- (d) There were no major solar photovoltaic systems installation project during the year ended 31 March 2024, hence the renewable energy service income decreased.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income and expenses, net

The Group's net other income for the year ended 31 March 2024 of approximately HK\$10.9 million was mainly comprised of the combined effect on (i) interest income of approximately HK\$0.7 million; (ii) reversal of expected credit loss on financial assets of approximately HK\$20.3 million; (iii) combined effect of change in FVTPL in relation to convertible bonds of approximately HK\$14.4 million and amortisation of deferred day-one loss in relation to convertible bonds of approximately HK\$8.6 million; and (iv) fair value loss on equity investment at fair value through profit or loss ("FVTPL") of approximately HK\$15.1 million.

The Group's net other expenses for the year ended 31 March 2023 of approximately HK\$49.6 million was mainly comprised of the combined effect on (i) interest income of approximately HK\$0.6 million; (ii) provision of expected credit loss on financial assets of approximately HK\$46.0 million; and (iii) fair value loss on equity investment at FVTPL of approximately HK\$3.3 million.

## Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 March 2024 was approximately HK\$5.6 million, decreasing from approximately HK\$6.1 million for the year ended 31 March 2023. The decrease was mainly due to (i) the decrease of advertising and promotion expenses from approximately HK\$1.9 million for the year ended 31 March 2023 to approximately HK\$1.0 million for the year ended 31 March 2024; partially offset by (ii) the increase of salaries expenses and other employees benefits from approximately HK\$4.1 million for the year ended 31 March 2023 to approximately HK\$4.4 million for the year ended 31 March 2024.

## Administrative expenses

The Group's administrative expenses for the year ended 31 March 2024 were approximately HK\$46.6 million, increasing from approximately HK\$36.4 million for the year ended 31 March 2023.

The increase was the combined effect of the (i) increase in currency exchange loss from approximately HK\$3.3 million for the year ended 31 March 2023 to approximately HK\$6.9 million for the year ended 31 March 2024 resulting from depreciation of Indonesian Rupiah and Renminbi; (ii) increase in travel and entertainment expenses from approximately HK\$1.9 million to approximately HK\$5.8 million for the year ended 31 March 2024; and (iii) increase in employee benefit expenses from approximately HK\$13.9 million for the year ended 31 March 2023 to approximately HK\$19.2 million for the year ended 31 March 2024, as a result of increase in staff member from 57 as of 31 March 2023 to 70 as of 31 March 2024; partially off-set by the decrease in legal and professional fees from approximately HK\$8.8 million for the year ended 31 March 2023 to approximately HK\$4.7 million for the year ended 31 March 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance costs

The Group's finance costs decreased from approximately HK\$23.3 million for the year ended 31 March 2023 to approximately HK\$3.0 million for the year ended 31 March 2024.

The decrease was mainly due to the sanction of the scheme of arrangement (the "**Scheme**") by the High Court which became effective on 21 February 2023, where debts owed to the relevant scheme creditors have accrued interest at 2.5% per annum since first distribution date, which is much lower than the interest rate on borrowings and other payable during the year ended 31 March 2023.

## Gain on derecognition of financial liabilities

The Group recognised a gain of approximately HK\$51.6 million from the waiver of all the loan interests and default interests as a result of the Scheme during the year ended 31 March 2023. For the year ended 31 March 2024, no such gain was recognised.

## Income tax expense/(credit)

The Group recognised income tax expenses amounted to approximately HK\$3.6 million for the year ended 31 March 2024, which was mainly attributable to the deferred tax effect of tax losses and impairment losses. While for the year ended 31 March 2023, an income tax credit approximately HK\$10.6 million was recognised, of which approximately HK\$8.1 million were deferred tax credit and approximately HK\$2.5 million were current tax credit due to the over-provision in respect of prior years.

## Share of results of associates

The Group's share of results of associates for the year ended 31 March 2024 was approximately HK\$2.7 million, increasing from approximately HK\$1.5 million for the year ended 31 March 2023. The increase was mainly due to the increase in the amount of sharing of results of an associate and its subsidiaries, namely KSL Group (as defined below).

## EBITDA/EBIT

As a result of the foregoing, the Group's EBITDA improved from a loss of approximately HK\$8.6 million for the year ended 31 March 2023 to a profit of approximately HK\$21.0 million for the year ended 31 March 2024. The Group's EBIT improved from a loss of approximately HK\$11.4 million for the year ended 31 March 2023 to a profit of approximately HK\$18.2 million for the year ended 31 March 2024.

## Non-HKFRS financial measures – Adjusted profit/(loss) for the year excluding extraordinary items

To supplement the consolidated results of the Group prepared in accordance with HKFRS, certain additional non-HKFRS financial measures such as EBITDA, EBIT and adjusted profit/(loss) for the year excluding extraordinary items have been presented in this report. These unaudited non-HKFRS financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with HKFRS. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies. The Company believes that these non-HKFRS measures provide useful information to help investors and others understand and evaluate the Company's consolidated results of operation in the same manner as management and in comparing financial results across accounting periods and to those of our peer companies by excluding certain non-operating and non-recurring items.



# MANAGEMENT DISCUSSION AND ANALYSIS

The following table reconciles the adjusted profit/(loss) for the year excluding major extraordinary items as defined by the Group's management for the years presented to the profit or loss for the years indicated:

|  | Year ended 31 March |                  |
|--|---------------------|------------------|
|  | 2024<br>HK\$'000    | 2023<br>HK\$'000 |
| Profit/(loss) for the year   | 11,602              | (24,014)         |
| Add back/(less) other major extraordinary items:   |                     |                  |
| Amortisation of deferred day-one loss (note (a))   | 8,638               | -                |
| Change in fair value through profit and loss in relation to convertible bonds (note (a)) | (14,392)            | -                |
| Fair value loss on equity investment at FVTPL (note (a))                                 | 15,078              | 3,262            |
| Gain on derecognition of financial liabilities (note (b))                                | -                   | (51,591)         |
| Share-based payment expenses in respect of share options (note (a))                      | 8,462               | 5,347            |
| Net foreign exchange loss (note (a))   | 6,923               | 3,325            |
| Adjusted profit/(loss) for the year excluding major extraordinary items                  | 36,311              | (63,671)         |

Note:

- (a) These items were considered as non-operating in nature. All fair value changes and amortisation of deferred day-one loss related to convertible bonds, fair value loss on equity investment at FVTPL, share-based payment expenses in respect of share options and net foreign exchange loss were considered as not related to principal business and core operation of the Group, therefore all these changes were considered as non-operating.
- (b) This item is considered as non-recurring in nature, therefore in assessing company financial performances, non-recurring items were excluded.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group mainly finances its business with internally generated cash flows and bank and other borrowings. As at 31 March 2024, current assets of the Group amounted to approximately HK\$284.6 million, representing an increase of 41.2% from approximately HK\$201.6 million as at 31 March 2023. The current assets mainly comprised cash and bank balances of approximately HK\$31.9 million (2023: approximately HK\$11.1 million), trade receivables of approximately HK\$193.7 million (2023: approximately HK\$155.4 million), finance lease receivables of approximately HK\$3.0 million (2023: approximately HK\$2.6 million), amount due from an associate of approximately HK\$4.5 million (2023: approximately HK\$12.0 million), and deposits, prepayments and other receivables of approximately HK\$47.3 million (2023: approximately HK\$18.9 million).

As at 31 March 2024, the Group's current liabilities mainly comprised borrowings of approximately HK\$17.4 million (2023: approximately HK\$9.0 million), amounts due to the scheme creditors of approximately HK\$29.8 million (2023: approximately HK\$133.8 million), trade payables of approximately HK\$11.1 million (2023: approximately HK\$8.7 million), accruals, other payables and deposits received of approximately HK\$37.9 million (2023: approximately HK\$42.9 million) and convertible bonds of approximately HK\$12.9 million (2023: Nil). The Group's current ratio increased from approximately 1.0 times as at 31 March 2023 to approximately 2.5 times as at 31 March 2024.

The Group completed the Scheme to restructure its financial liabilities and initiated financing with new borrowers during the year ended 31 March 2024 and changes in the debt structure of the Group is summarized as follows:

|  | <b>2024</b>     | 2023     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| Bank borrowings  | <b>8,787</b>    | 9,000    |
| Other borrowings   | <b>8,630</b>    | -        |
| Due to scheme creditors to be settled by cash payments                         | <b>70,096</b>   | 69,708   |
| Due to scheme creditors settled subsequently by issue of shares of the Company | -               | 104,399  |
|  | <b>87,513</b>   | 183,107  |

# MANAGEMENT DISCUSSION AND ANALYSIS

Out of the total amounts due to the scheme creditors of HK\$174.1 million, HK\$104.4 million was settled on 28 June 2023 through the completion of issue of shares of the Company pursuant to the terms of the Scheme, which led to a decrease in overall debt. The remaining HK\$69.7 million due to the scheme creditors will be settled by cash payments over a period of two and a half years at a fixed interest rate of 2.5% per annum. For further details, please refer to the Company's announcement dated 3 August 2022, 14 October 2022, 11 November 2022, 17 February 2023, 14 April 2023 and 15 June 2023.

On the other hand, the other borrowings of HK\$8.6 million in the current year has a maturity of 5 years and incurs interest at floating interest rate. As at 31 March 2024, the Group's total equity was approximately HK\$314.1 million, representing an increase of approximately 147.9% from approximately HK\$126.7 million as at 31 March 2023. As at 31 March 2024, the Group has charged on the trade and finance lease receivables of a subsidiary to secure the borrowings.

## CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2024.

## GUARANTEES

The Group had no material guarantees as at 31 March 2024.

## MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY OR ASSOCIATED COMPANY

The Group had no material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2024.

## SIGNIFICANT INVESTMENT

As at 31 March 2024, the Group held one investment with a value above 5% of the total assets of the Group, which is the interests in associates in Kedah Synergy Limited ("**KSL**"), together with its subsidiaries (the "**KSL Group**"), which accounted for approximately 14.9% of the Group's total assets as at 31 March 2024 (the "**Investment in Associates**").

### Investment in Associates

The Investment in Associates represents the Group's investment in the KSL Group. The KSL Group includes associated companies of the Group which were owned as to 47.5% by the Group as at 31 March 2024. The KSL Group is principally engaged in trading of energy saving products and provision of cost-saving energy management solutions. The total initial investment cost in the KSL Group was approximately HK\$27.7 million. As at 31 March 2024, the Investment in Associates was approximately HK\$70.0 million.

The Investment in Associates is accounted for by equity method in which 47.5% share of the results of the KSL Group is reflected in the carrying amount of the investment. During the year ended 31 March 2024, share of profit from the KSL Group amounted to approximately HK\$2.7 million (2023: approximately HK\$1.5 million) was recognised in the consolidated statement of comprehensive income of the Group.

The increase in share of profit was due to the increase in the net profit attributable to the shareholders of the KSL Group from approximately HK\$3.1 million for the year ended 31 March 2023 to approximately HK\$5.8 million for the year ended 31 March 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

No dividend income from KSL was recognised during the year ended 31 March 2024. The Group will continue to hold the investment in the KSL Group as long-term investment as the management believes the investment will continue to generate profit for the Group and the business of the KSL Group is in line with the Group's core business.

The amount due from an associate as of 31 March 2024 amounted to approximately HK\$4.5 million (2023: approximately HK\$12.0 million) which represents the Group's share of initial shareholder financing provided to KSL Group to finance its business. Such shareholder financing was provided as the management believes the investment in KSL Group will continue to generate profit for the Group and the business of the KSL Group is in line with the Group's core business.

## EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2024, the Group had 70 full-time employees (2023: 57). The Group offers a competitive remuneration package commensurate with industry practice and provides benefits to its employees, including bonuses, medical coverage and provident fund contributions.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("**MPF Scheme**"). Under the MPF Scheme, each of the Group companies (i.e. the employer) and its employees make monthly contributions to the scheme at 5% of the employees' monthly earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The Group also operates a number of defined contribution retirement schemes outside Hong Kong in accordance with local statutory requirements. The assets of these schemes are generally held in separate administered funds and are generally funded by payments from employees and by the relevant Group companies.

## SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme. Under the Share Option Scheme, the Board may in its absolute discretion grant options to directors or employees (whether full time or part time) of our company and its subsidiaries and associated companies (the "**Qualified Participants**") subscribe for its shares. The purpose of the Share Option Scheme is to enable the Company to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of our Company and its shares for the benefit of the shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of our Group.

## GRANT OF SHARE OPTIONS

On 8 December 2023, the Company granted a total of 62,212,000 share options to subscribe for an aggregate of 62,212,000 ordinary shares of HK\$0.01 each in the share capital of the Company, comprising (i) 23,856,000 share options to a non-executive Director; and (ii) 38,356,000 share options to certain Qualified Participants, being employees of the Group, under the Share Option Scheme. Details of the grant are set out in the Company's announcements dated 8 December 2023 and 11 December 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN CURRENCY EXPOSURE

The Group's revenue and expenses are mainly in Hong Kong dollar which is the functional currency of most of the entities making up the Group. As it is expected that there will be a continuous increase in revenue from overseas markets, the Directors believe that the Group will be exposed to foreign exchange risk due to exchange rate fluctuations. After considering the current and future exchange rate level and the foreign currency market, and also the costs of hedging, the Group does not adopt any foreign currency hedging measure as at the date of this announcement. However, the Group will monitor its foreign exchange exposure and will consider hedging the foreign currency exposure should the need arises.

## GEARING RATIO

As at 31 March 2024, the gearing ratio of the Group, which is calculated on the basis of the amount of total debts divided by the total equity, was 36.1%, which has decreased from 144.6% as at 31 March 2023.

## DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 March 2024. The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

## EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

### Conversion of convertible bonds with aggregate principal amount of US\$2.5 million

On 31 May 2024, convertible bonds with an aggregate principal amount of US\$2,500,000 (equivalent to approximately HK\$19,375,000) were converted into approximately 59,091,000 newly issued shares of the Company.

### New banking facilities from Malayan Banking Berhad

On 24 August 2024, Synergy ESCO (Malaysia) Sdn. Bhd. (the "**Borrower**"), a subsidiary of the Company, has entered into an all combo facility agreement with Malayan Banking Berhad (the "**Lender**"), whereas the Lender agreed to provide a banking facility of up to RM50,000,000 (equivalent to approximately HK\$90,000,000) (the "**Banking Facility**"). The purpose of the Banking Facility is to part finance or reimburse the purchase, instalment and/or procurement of the Ultra LED equipment.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Update on the scheme of arrangement

The Company had not yet settled a second dividend distribution (the "**Dividend**") of the Scheme that was originally due on 3 July 2024. A Scheme Creditors' Committee meeting (the "**Meeting**") was held on 15 August 2024, whereby the Company provided an update to the Scheme Creditors' Committee on the status of the Company and to discuss the future treatment of the payments for the Dividend.

It was agreed between the Company and the scheme creditors subsequent to the Meeting, that (i) the interest will continue to accrue at the scheme interest rate at 2.5% for the unsettled principal amount until the Dividend is settled and such interest will be settled together with the Dividend; (ii) an additional interest equal to 1% per month (the "**Extra Interest**") on the principal amount of the Dividend to accrue until the Dividend is settled and the interest to be settled together with the Dividend; (iii) if the Company cannot fulfill the payment obligation of (i) and (ii) by 30 September 2024, another meeting will be held with the scheme creditors accordingly to discuss further actions.

Furthermore, on 30 August 2024, Abundance Development Limited, a company wholly owned by Mr. Mansfield Wong, executive Director and the controlling shareholder of the Company, had reached an agreement with one of the scheme creditor in transferring all the rights on the amounts outstanding due by the Company to the then scheme creditor amounted to approximately HK\$43.7 million. Abundance Development Limited becomes the beneficial owner of that portion of the amounts due under the Scheme thereon.

## FUTURE OUTLOOK

### Financial Status

The Group's financial status continues to improve after the series of restructuring actions completed in June 2023 and new source of financing from banks and financing companies. In particular, the Group completed the issue of US\$10.0 million convertible bonds with aggregate principal amount of US\$10.0 million to an investor on 29 September 2023, which are fully converted into equity shares of the Company on 17 November 2023 and 31 May 2024, greatly enhancing the capital structure and the financial health of the Group. The Group will continue to build new banking relationships, explore other means of financings such as bonds, equity, and co-investment with investment funds, so as to continue refining the capital structure of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business outlook

### Energy Saving

#### Malaysia

The Group's "Light Source in the Darkness" project in Malaysia, (the "**Malaysia Project**"), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time in the common areas using the Group's energy management contract solution, is receiving a lot of compliments by customers and government support locally.

The Malaysia Project starts out in Selangor state of Malaysia which has a total of approximately 8,000 condominiums and targets to install 6 million LED lights. The Group targets to complete installation of 1 million LED lightings in Selangor by March 2025 and the Group is actively looking into additional financing source to accelerate the deployment.

#### Middle East

The Group kicked off its business in the Middle East during the year and has completed an energy saving project with Leaf Tower in United Arab Emirates ("**U.A.E.**") through enhancement of their lighting and cooling systems.



Leaf Tower, Abu Dhabi

On the other hand, on 27 September 2023, the Group held a signing ceremony in Hong Kong which signified its start of cooperation with local partners in Middle East. The Group entered into a memorandum of understanding with Lead International Investments L.L.C., a subsidiary, which focuses on energy business, of a conglomerate established in U.A.E., for upcoming business collaboration in the Middle East, including but not limited to the following:

- (a) Provision of energy management contract energy saving solutions in the Middle East, starting with around 700 commercial, residential and corporation buildings in Abu Dhabi and expanding to cover the entire U.A.E. and Middle East market;
- (b) Procurement and offering of private-label solar equipment to meet the demand for a potential of 100GW solar projects in U.A.E. with estimated aggregate monetary amount of US\$15 billion by 2030; and
- (c) Establishment of a carbon emission reduction offsetting platform.

This signifies the Group's expansion into the Middle East market with the support of local partners. The Group believes tapping into the Middle East market brings in tremendous business growth potential to the Group in the future.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Vertical Farming**

In June 2024, the Group entered into a memorandum of understanding (“**MOU**”) with Nestlé Products Sdn. Bhd. (“**Nestlé**”) and GoBiz Asia Sdn. Bhd. (“**GoBiz**”), the Malaysian operating arm of Nestlé S. A., the world’s largest fast-moving consumer goods company. Under the MOU, Unity Group will join hand with Nestlé to establish the VEGGiTY Proof of Concept Model (“**VPM Model**”). Unity Group and GoBiz will be responsible for the delivery, installation, operation, cultivation and management of the VPM Model in Malaysia and ensure the products meet Nestlé’s standards, expecting to achieve a stable chili supply by December 2024.



*Illustration of the VPM Model*

## **Renewable Energy**

In September 2023, the Group has strategically partnered with Tongwei Solar Energy (Hefei) Co. Ltd\* (通威太陽能(合肥)有限公司) (“**TW Solar**”) in Hefei of Mainland China, the largest polysilicon manufacturer and the largest solar cell provider in the world since 2022. The parties agreed to cooperate in provision of co-branded solar equipment products with local customers for groundmounted and rooftop solar power generation market in Middle East and also Central Asia, Southeast Asia and East Asia with a targeted market size of not less than 30 GW by 2030. This allows the Group to capture the tremendous market opportunity in the Middle East and other regions of the world.

Further to the above, the Group will continue its business development regarding renewable projects in the PRC. The Group believes there will be many more opportunities in the future given the “double carbon” objectives in the Mainland China.

\* For identification purpose



# DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2024.

## PRINCIPAL BUSINESSES

The principal business of the Company is investment holding and the principal businesses of the Company's subsidiaries are set out in Note 35 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal businesses during the year ended 31 March 2024.

## ANNUAL RESULTS AND DISTRIBUTIONS

The annual results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of comprehensive income on page 65. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2024.

## FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 2. This summary does not form part of the audited consolidated financial statements.

## SHARE CAPITAL

Details of the movements in share capital of the Group during the year ended 31 March 2024 are set out in Note 31 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 32 to the consolidated financial statements. As at 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounting to approximately HK\$280.5 million (2023: approximately HK\$99.1 million). This includes the Company's share premium, capital reserves, contributed surplus, share options reserve and accumulated losses in the amounts of approximately HK\$1,009.4 million, deficit of HK\$282.5 million, HK\$3.2 million, HK\$10.3 million and deficit of HK\$459.9 million, respectively as at 31 March 2024, which may be distributable to the shareholders of the Company subject to the provisions of the Company's memorandum and articles of association ("**Articles of Association**") and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

## BANK AND OTHER BORROWINGS

The total borrowings of the Group as at 31 March 2024 amounted to HK\$17.4 million (2023: HK\$9.0 million). Particulars of borrowings are set out in Note 26 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31 March 2024 are set out in Note 14 to the consolidated financial statements.



# DIRECTORS' REPORT

## DIRECTORS

The Directors during the year ended 31 March 2024 and as at the date of this report are as follows:

### Executive Directors

Mr. WONG Man Fai Mansfield  
*(Chairman and Chief Executive Officer)*

### Non-executive Directors

Mr. TSANG Sze Wai Claudius  
Ms. CAI Linda Xin Xin  
*(appointed on 31 July 2024)*

### Independent non-executive Directors

Mr. CHUNG Koon Yan  
Mr. CHEUNG Yick Hung Jackie  
Dr. WONG Chi Ying Anthony  
Mr. TANG Warren Louis

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

In accordance with the Articles 84(1) and (2) of the Articles of Association, Mr. CHUNG Koon Yan and Mr. CHEUNG Yick Hung Jackie shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. Pursuant to Article 83(3) of the Articles of Association, Ms. CAI Linda Xin Xin, who was appointed by the Board as an addition to the existing Board with effect from 31 July 2024 shall hold office until the next following annual general meeting and shall be eligible for re-election of the forthcoming annual general meeting of the Company.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with any member of the Group which in order to entitle the Company to terminate the service contract, expressly requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's remuneration, other than statutory compensation.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 54 to 58 of this Annual Report.

# DIRECTORS' REPORT

## INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

During the year ended 31 March 2024 and to the date of this Annual Report, the Board at all times met the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the Independent non-executive Directors a written annual confirmation of his independence in relation to their services for the year ended 31 March 2024 pursuant to Rule 3.13 of the Listing Rules and the Company considers all independent non-executive Directors are independent in accordance with the independence guidelines as set out in the Listing Rules.

## DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 10 to the consolidated financial statements. Details of emolument policy are set out in the section headed "Remuneration Committee" to Corporate Governance Report in this Annual Report.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests of the Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") which were notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules required to be notified to our Company and the Stock Exchange, were as follows:



# DIRECTORS' REPORT

## Interests of Directors and Chief Executives in the shares and underlying shares of the Company

| Name of Director                           | Nature of interest and capacity    | Number of Shares <sup>(Note 1)</sup> | Approximate percentage of issued share capital <sup>(Note 4)</sup> |
|--|------------------------------------|--------------------------------------|--|
| WONG Man Fai Mansfield <sup>(Note 2)</sup> | Interest in controlled corporation | 1,831,697,360(L)                     | 54.687%  |
|  | Beneficial owner                   | 92,148,121(L) <sup>(Note 3)</sup>    | 2.751%   |
| TSANG Sze Wai Claudius                     | Beneficial owner                   | 41,856,000(L) <sup>(Note 5)</sup>    | 1.250%   |
| CHEUNG Yick Hung Jackie                    | Beneficial owner                   | 368,000(L) <sup>(Note 6)</sup>       | 0.007%   |
| CHUNG Koon Yan                             | Beneficial owner                   | 268,000(L) <sup>(Note 7)</sup>       | 0.004%   |
| WONG Chi Ying Anthony                      | Beneficial owner                   | 268,000(L) <sup>(Note 8)</sup>       | 0.004%   |
| TANG Warren Louis                          | Beneficial owner                   | 250,000(L) <sup>(Note 9)</sup>       | 0.004%   |

### Notes:

- The letter "L" denotes the person's long position in such shares respectively.
- Abundance Development Limited and Mpplication Group Limited are wholly-owned by Mr. WONG Man Fai Mansfield. Under the SFO, Mr. WONG Man Fai Mansfield is deemed to be interested in all the shares of the Company owned by Abundance Development Limited and Mpplication Group Limited.
- These shares represented 23,856,680 underlying shares under the options granted by the Company on 20 March 2023 pursuant to the Share Option Scheme, and 68,291,441 shares beneficially owned by Mr. WONG Man Fai Mansfield.
- The total number of issued shares of the Company as at 31 March 2024 was 3,349,413,959.
- These shares represented 23,856,000 underlying shares under the options granted by the Company on 8 December 2023 pursuant to the Share Option Scheme, and 18,000,000 shares beneficially owned by Mr. TSANG Sze Wai Claudius.
- These shares represented 125,000 underlying shares under the options granted by the Company on 12 December 2022 pursuant to the Share Option Scheme, and 243,000 shares beneficially owned by Mr. CHEUNG Yick Hung Jackie.
- These shares represented 125,000 underlying shares under the options granted by the Company on 12 December 2022 pursuant to the Share Option Scheme, and 143,000 shares beneficially owned by Mr. CHUNG Koon Yan.
- These shares represented 125,000 underlying shares under the options granted by the Company on 12 December 2022 pursuant to the Share Option Scheme, and 143,000 shares beneficially owned by Dr. WONG Chi Ying Anthony.
- These shares represented 125,000 underlying shares under the options granted by the Company on 12 December 2022 pursuant to the Share Option Scheme, and 125,000 shares beneficially owned by Mr. TANG Warren Louis.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executives of our Company had any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as our Directors are aware, as at 31 March 2024, the persons/entities (other than the Directors or chief executives of our Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of our Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group were as follows:

### Interests in the shares and underlying shares of the Company

| Name of shareholders  | Nature of interest and capacity             | Number of Shares <sup>(Note 1)</sup> | Approximate percentage of issued share capital <sup>(Note 7)</sup> |
|---|---|--------------------------------------|--|
| Abundance Development Limited <sup>(Note 2)</sup>             | Beneficial owner                            | 1,820,155,360 (L)                    | 54.343%  |
| Mpplication Group Limited <sup>(Note 3)</sup>                 | Beneficial owner                            | 11,542,000 (L)                       | 0.345%   |
| CAI Linda Xin Xin <sup>(Note 4)</sup>                         | Interest of spouse                          | 1,923,845,481 (L)                    | 57.438%  |
| Asia JIT Capital Investment L.L.C. <sup>(Note 5)</sup>        | Beneficial owner                            | 354,545,454 (L)                      | 10.585%  |
| Adel Abdulhameed Ibrahim Abdulla Alhosani <sup>(Note 5)</sup> | Interest of controlled corporation          | 354,545,454 (L)                      | 10.585%  |
| Ancient Wisdom Limited <sup>(Note 6)</sup>                    | Person having a security interest in shares | 1,240,547,360 (L)                    | 37.038%  |
| WU Shang Tun Mason <sup>(Note 6)</sup>                        | Interest of controlled corporation          | 1,240,547,360 (L)                    | 37.038%  |

Notes:

- The letter "L" denotes the person's long position in such shares respectively.
- Abundance Development Limited is wholly-owned by Mr. WONG Man Fai Mansfield.
- Mpplication Group Limited is wholly-owned by Mr. WONG Man Fai Mansfield.
- Ms. CAI Linda Xin Xin is the spouse of Mr. WONG Man Fai Mansfield. Under the SFO, Mr. WONG Man Fai Mansfield is deemed to be interested in all the shares of the Company owned by Abundance Development Limited and Mpplication Group Limited, and Ms. CAI Linda Xin Xin is deemed to be interested in all the shares of the Company in which Mr. WONG Man Fai Mansfield is interested.
- Pursuant to the Convertible Bond Subscription Agreement dated 9 June 2023 entered into between the Company and Asia JIT Capital Investment L.L.C. as subscriber, the Company issued convertible bonds in an aggregate principal amount of US\$15,000,000 with 8% interest per annum maturing on the second anniversary from the date of issuance on the convertible bonds. Asia JIT Capital Investment L.L.C. was interested in 354,545,454 underlying shares of the Company, which might be issued upon full conversion of the convertible bond issued by the Company.  
  
On 29 September 2023, Asia JIT Capital Investment L.L.C. and its nominees partially completed subscription of convertible bonds of aggregate principal amount of US\$10,000,000, which could be converted into newly issued ordinary shares of the Company at conversion price of HK\$0.330 per share (i.e. a maximum issue of 236,363,636 ordinary shares of the Company) and US\$7,500,000 have been converted into 177,272,727 issued ordinary shares of the Company on 17 November 2023.  
  
Since 51% and 49% of Asia JIT Capital Investment L.L.C. were controlled by Mr. Abdulhameed Ibrahim Abdulla Alhosani Adel and Mr. Kwok Wai Tak, they were deemed to be interested in the Shares to which Asia JIT Capital Investment L.L.C. was interested in under the SFO.
- Ancient Wisdom Limited is wholly-owned by Mr. Wu Shang Tun Mason. Under the SFO, Mr. WU Shang Tun Mason is deemed to be interested in all the shares of the Company owned by Ancient Wisdom Limited.
- The total number of issued shares of the Company as at 31 March 2024 was 3,349,413,959.

Save as disclosed above, as at 31 March 2024, the Directors were not aware of any persons/entities who had any interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

# DIRECTORS' REPORT

## SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 5 March 2015 (which was amended on 26 October 2016). The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

### (a) The purpose of the Share Option Scheme

The Share Option Scheme seeks to provide an incentive for the Qualified Participants (as hereinafter defined) to work with commitment towards enhancing the value of our Company and the shares ("**Shares**") for the benefit of the shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of our Group.

### (b) Who may join

The Board may at its discretion grant options to any director or employee (whether full time or part time) of our Company and its subsidiaries and associated companies (as defined under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) (collectively, "**Qualified Participants**").

### (c) Grant of Option

An offer of the grant of an option shall be made to the Qualified Participants by letter in such form as the Board may from time to time determine, requiring the Qualified Participants to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme (including any operational rules). The offer shall remain open for acceptance for a period of twenty business days from the date on which it is made. Subject to the terms of the offer letter, there shall be no general performance target to or minimum holding period for the vesting or exercise of options. An option shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the option-holder together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance as set out in the offer letter. The remittance is not in any circumstances refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Qualified Participant.

### (d) Subscription Price

The subscription price ("**Subscription Price**") shall be a price determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is offered to a Qualified Participant ("**Offer Date**"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

# DIRECTORS' REPORT

## (e) Maximum number of shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed the number of shares that shall represent 10% of the total number of shares in issue as at 31 August 2022 (i.e. the date of annual general meeting passing of an ordinary resolution by the shareholders to approve the refreshment of the scheme mandate limit), i.e. 238,566,800 shares. For the purpose of calculating the scheme mandate ("**Scheme Mandate**"), options which have been lapsed in accordance with the terms of the relevant scheme shall not be counted.

## (f) Maximum entitlement of shares of each Qualified Participant

Unless approved by the shareholders of the Company in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any option-holder if the acceptance of those options would result in the total number of Shares issued and to be issued to that Qualified Participant on exercise of his options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) during any 12-month period exceeding 1% of the total Shares then in issue.

## (g) Timing for exercise of options

The period during which an option may be exercised in accordance with the terms of the Share Option Scheme ("**Option Period**") shall be a period of time to be notified by the Board to each option-holder, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the Offer Date. The vesting period of options granted under the scheme is determined by the Board in its absolute discretion.

## (h) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing from 5 March 2015, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the Share Option Scheme. As at the date of this report, the Share Option Scheme has remaining life of approximately one year.



# DIRECTORS' REPORT

The following table discloses movements in the Company's share options during the year ended 31 March 2024:

| Grantees                | Date of grant                | Vesting period                       | Exercise period                      | Exercise price per share (HK\$)      | Closing price per share immediately before the date of grant (HK\$) | Performance target or claw back mechanism | Number of share options        |                         |                           |                                   |                           | Outstanding as at 31 March 2024 |
|-------------------------|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|---|--------------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------|---------------------------------|
|                         |                              |                                      |                                      |                                      |   |   | Outstanding as at 1 April 2023 | Granted during the year | Exercised during the year | Lapsed/ forfeited during the year | Cancelled during the year |                                 |
| <b>Directors</b>        |                              |                                      |                                      |                                      |   |   |                                |                         |                           |                                   |                           |                                 |
| WONG Man Fai Mansfield  | 20 March 2023                | 20 March 2023 to 19 March 2024       | 20 March 2024 to 19 March 2026       | 0.139                                | 0.139   | Nil                                       | 23,856,680                     | -                       | -                         | -                                 | -                         | 23,856,680                      |
| TSANG Sze Wai Claudius  | 8 December 2023              | 8 December 2023 to 7 December 2024   | 8 December 2024 to 7 December 2027   | 0.601                                | 0.600   | N/A                                       | -                              | 23,856,000              | -                         | -                                 | -                         | 23,856,000                      |
| CHUNG Koon Yan          | 2 April 2020                 | 2 April 2020 to 1 January 2022       | 2 January 2022 to 1 April 2023       | 0.290                                | 0.290   | N/A                                       | 750                            | -                       | -                         | 750                               | -                         | -                               |
|                         |                              | 2 April 2020 to 1 April 2022         | 2 April 2022 to 1 April 2023         | 0.290                                | 0.290   | N/A                                       | 6,250                          | -                       | -                         | 6,250                             | -                         | -                               |
|                         | 12 December 2022             | -                                    | 12 December 2022 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 125,000                        | -                       | 125,000                   | -                                 | -                         | -                               |
| CHEUNG Yick Hung Jackie | 2 April 2020                 | 12 December 2022 to 11 December 2023 | 12 December 2023 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 125,000                        | -                       | -                         | -                                 | -                         | 125,000                         |
|                         |                              | 2 April 2020 to 1 January 2022       | 2 January 2022 to 1 April 2023       | 0.290                                | 0.290   | N/A                                       | 750                            | -                       | -                         | 750                               | -                         | -                               |
|                         | 2 April 2020 to 1 April 2022 | 2 April 2022 to 1 April 2023         | 0.290                                | 0.290                                | N/A   | 6,250                                     | -                              | -                       | 6,250                     | -                                 | -                         |                                 |
| WONG Chi Ying Anthony   | 12 December 2022             | -                                    | 12 December 2022 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 125,000                        | -                       | 125,000                   | -                                 | -                         | -                               |
|                         |                              | 12 December 2022 to 11 December 2023 | 12 December 2023 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 125,000                        | -                       | -                         | -                                 | -                         | 125,000                         |
|                         | 2 April 2020                 | 2 April 2020 to 1 January 2022       | 2 January 2022 to 1 April 2023       | 0.290                                | 0.290   | N/A                                       | 750                            | -                       | -                         | 750                               | -                         | -                               |
| TANG Warren Louis       | 2 April 2020                 | 2 April 2020 to 1 April 2022         | 2 April 2022 to 1 April 2023         | 0.290                                | 0.290   | N/A                                       | 6,250                          | -                       | -                         | 6,250                             | -                         | -                               |
|                         |                              | 12 December 2022                     | -                                    | 12 December 2022 to 11 December 2024 | 0.172   | 0.158                                     | N/A                            | 125,000                 | -                         | 125,000                           | -                         | -                               |
|                         | 12 December 2022             | -                                    | 12 December 2022 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 125,000                        | -                       | -                         | -                                 | -                         | 125,000                         |
| <b>Employees</b>        |                              |                                      |                                      |                                      |   |   |                                |                         |                           |                                   |                           |                                 |
| Employees in aggregate  | 2 April 2020                 | 2 April 2020 to 1 January 2022       | 2 January 2022 to 1 April 2023       | 0.290                                | 0.290   | N/A                                       | 5,500                          | -                       | -                         | 5,500                             | -                         | -                               |
|                         |                              | 2 April 2020 to 1 April 2022         | 2 April 2022 to 1 April 2023         | 0.290                                | 0.290   | N/A                                       | 862,500                        | -                       | -                         | 862,500                           | -                         | -                               |
|                         | 12 December 2022             | -                                    | 12 December 2022 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 80,318,000                     | -                       | 55,912,000                | -                                 | -                         | 24,406,000                      |
|                         |                              | 12 December 2022 to 11 December 2023 | 12 December 2023 to 11 December 2024 | 0.172                                | 0.158   | N/A                                       | 8,750,000                      | -                       | -                         | -                                 | -                         | 8,750,000                       |
|                         | 20 March 2023                | 20 March 2023 to 19 March 2024       | 20 March 2024 to 19 March 2026       | 0.139                                | 0.139   | Nil                                       | 4,500,000                      | -                       | -                         | -                                 | -                         | 4,500,000                       |
|                         | 8 December 2023              | 8 December 2023 to 7 December 2024   | 8 December 2024 to 7 December 2027   | 0.601                                | 0.600   | Nil                                       | -                              | 28,656,000              | -                         | -                                 | -                         | 28,656,000                      |
|                         | 8 December 2023              | 8 December 2023 to 7 December 2025   | 8 December 2025 to 7 December 2027   | 0.601                                | 0.600   | Nil                                       | -                              | 4,800,000               | -                         | -                                 | -                         | 4,800,000                       |
|                         |                              | 8 December 2023 to 7 December 2026   | 8 December 2026 to 7 December 2027   | 0.601                                | 0.600   | Nil                                       | -                              | 4,900,000               | -                         | -                                 | -                         | 4,900,000                       |
|                         |                              |                                      |                                      |                                      |   |   | 119,313,680                    | 62,212,000              | 56,412,000                | 889,000                           | -                         | 124,224,680                     |



# DIRECTORS' REPORT

Note:

1. For the grant of share options on 7 December 2023, the options granted to the grantees shall vest as follows:
  - 52,512,000 share options granted will vest on the date falling on the first anniversary of the date of grant and are exercisable from 8 December 2024 to 7 December 2027;
  - 4,800,000 share options granted will vest on the date falling on the second anniversary of the date of grant and are exercisable from 8 December 2025 to 7 December 2027; and
  - 4,900,000 share options granted will vest on the date falling on the third anniversary of the date of grant and are exercisable from 8 December 2026 to 7 December 2027.

As at 1 April 2023 and 31 March 2024, the total number of share options available for grant under the Share Option Scheme was 120,142,120 shares and 57,930,120 shares, respectively.

As at the date of this Annual Report, the total number of share options available for issue under the Share Option Scheme was 146,548,120 shares, representing approximately 4.26% of the total issued shares of the Company as at the date of this Annual Report (i.e. 3,444,111,548 shares).

The number of shares that may be issued in respect of all the share options granted under the Share Option Scheme during the financial year ended 31 March 2024, being 62,212,000 ordinary shares, represented approximately 2.04% of the weighted average number of ordinary shares in issue of the Company for the financial year ended 31 March 2024 (i.e. 3,047,729,000 ordinary shares).



# DIRECTORS' REPORT

## ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## CONTRACTS OF SIGNIFICANCE

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

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

No contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2024.

## MANAGEMENT CONTRACTS

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

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 March 2024, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31 March 2024.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2024, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 100% of the total purchases of the Group and the largest supplier included therein amounted to approximately 100%.

For the year ended 31 March 2024, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 63.0% of the total sales of the Group and the largest customer included therein amounted to approximately 18.8%.

At no time during the year have the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

# DIRECTORS' REPORT

## RELATED PARTY TRANSACTIONS

Details of the Group's related party transaction are set out in Note 36 to the consolidated financial statements. Save for transactions disclosed under Note 36(a)(ii) which are continuing connected transactions that are exempt from annual reporting requirements under Chapter 14A of the Listing Rules, such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under the Listing Rules.

Saved as disclosed above, there were no other transactions which are required to be disclosed as continuing connected transactions in accordance with the requirements of the Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

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

## CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the year ended 31 March 2024.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 31 to 51 of this Annual Report.

## AUDIT COMMITTEE

The Audit Committee of the Board was established with its written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. CHUNG Koon Yan (Chairman of the Audit Committee), Mr. CHEUNG Yick Hung Jackie and Dr. WONG Chi Ying Anthony.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements for the year ended 31 March 2024.

## BUSINESS REVIEW

A business review of the Group, as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the fiscal year, an indication of likely future development in the Group's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the "Management Discussion and Analysis" on pages 5 to 15 of this Annual Report.

# DIRECTORS' REPORT

## Risks and uncertainties

The principal risks and uncertainties facing the Group have been addressed in the "Management Discussion and Analysis" section in this Annual Report.

In addition, various financial risks have been disclosed in the notes to the consolidated financial statements of this Annual Report.

## An analysis using financial key performance indicators

The relevant financial key performance indicators relating to the business of the Group are set out in the "Financial Review" section in the "Management Discussion and Analysis" and the consolidated financial statements in this Annual Report.

## Environmental policies and performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies. For instance, the Group seeks to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time.

The Company will publish its standalone Environmental, Social and Governance Report for the year ended 31 March 2024 on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.unitygroup.eco>) in due course. Further discussion on the Group's environmental policies and performance and key relationships with employees, customers, suppliers and others are also set out in the Environmental, Social and Governance Report.

## Relationships with employees, customers, suppliers and other stakeholders

The Group ensures all staff is reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits.

The Group maintains a good relationship with its customers and suppliers. The Group maintains close contacts with the customers and has regular review of requirements of customers and complaints. The Group will conduct appraisal of the performance of suppliers on regular basis.

## Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has in an on-going fashion reviewed the newly enacted laws and regulations affecting the operations of the Group. The Group is not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

# DIRECTORS' REPORT

## Permitted indemnity provision

Pursuant to the Articles of Association, the Directors and other officers, for the time being acting in relation to the affairs of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

## Charitable donations

The Group did not make any charitable donation for the year ended 31 March 2024.

## SUFFICIENCY OF PUBLIC FLOAT

As at the date of this Annual Report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules.

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding in the Shares.



# DIRECTORS' REPORT

## USE OF PROCEEDS FROM CONVERTIBLE BONDS

The Company entered into a convertible bond subscription agreement on 9 June 2023 with Asia JIT Capital Investment L.L.C. (the "**Subscriber**") for subscription of convertible bond of aggregate amount of US\$15 million, and the Subscriber and its nominees partially completed subscription of convertible bonds of aggregate principal amount of US\$10 million which were priced the same at face value (gross proceeds of approximately HK\$78 million) on 29 September 2023, with net price/proceeds of approximately HK\$74.5 million. The convertible bonds can be converted into newly issued ordinary shares of the Company at conversion price of HK\$0.330 per share (i.e. a maximum issue of 236,363,636 ordinary shares of the Company) and US\$7.5 million have been converted into 177,272,727 newly issued ordinary shares of the Company on 17 November 2023. The Directors consider raising funds by issuing the convertible bonds is justifiable considering the recent market conditions which represent an opportunity for the Group to enhance its working capital and strengthen its financial position for its business including capital expenditures and potential acquisitions. For details, please refer to the circular of the Company dated 28 June 2023 and the announcements of the Company dated 9 June 2023, 12 June 2023, 24 July 2023, 21 August 2023, 29 September 2023, 17 November 2023 and 31 May 2024.

The table below sets out the application of the proceeds up to 31 March 2024:

| <b>Intended use</b>                           | <b>Intended use<br/>of proceeds<br/>(HK\$ million)</b> | <b>Actual usage<br/>up to<br/>31 March 2024<br/>(HK\$ million)</b> | <b>Unutilised<br/>proceeds up to<br/>31 March 2024<br/>(HK\$ million)</b> | <b>Expected timeline<br/>for utilising the<br/>remaining proceeds</b> |
|---|--|--|---|---|
| Capital expenditure on energy saving projects | 59.6   | 42.6   | 19.8  | By 31 December 2024   |
| General working capital                       | 14.9   | 14.9   | –   | By 31 December 2024   |
| <b>Total</b>                                  | <b>74.5</b>  | <b>57.5</b>  | <b>19.8</b>   |   |

# DIRECTORS' REPORT

## Independent Auditor

On 12 July 2024, BDO Limited ("**BDO**") resigned as the auditor of the Company. On 26 July 2024, as recommended by the Audit Committee, the Board resolved to appoint Beijing Xinghua Caplegend CPA Limited ("**Beijing Xinghua**") (formerly known as "AFG CPA & Company Limited") as the auditor of the Company to fill the casual vacancy following the resignation of BDO and to hold office until the next following annual general meeting. Save as disclosed herein, there were no other changes in auditor of the Company during the past three years.

The consolidated financial statements for the year ended 31 March 2024 of the Group have been audited by Beijing Xinghua, the Company's auditor, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

**Unity Group Holdings International Limited**

**Wong Man Fai Mansfield**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 6 September 2024



# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report as set out in the Company's Annual Report for the year ended 31 March 2024.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving and maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value, transparency and accountability, and to formulate its business strategies and policies.

The Company has applied the principles as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules, together with compliance with the relevant code provisions.

The Board is of the view that, throughout the year ended 31 March 2024, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1 as explained under the paragraphs "Chairman and Chief Executive Officer" below.

## CULTURES AND VALUES

The Company's vision is to protect the environment for a sustainable future. Fast becoming the most preferred, most trustworthy partner in the industry, we deliver the most professional, best-in-class energy solutions to our clients. Our mission is to give back to the community. By using cutting-edge technology to revolutionize green technology projects, we support our customers and society to achieve peak carbon dioxide emissions and carbon neutrality earlier than planned.

## COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted its own code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the "**Securities Dealing Code**") on terms no less exacting than the standard as set out in the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors and relevant employees of the Group, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code throughout the year ended 31 March 2024 and up to the date of this report.

## BOARD COMPOSITION

The Board currently consists of seven Directors, comprising one executive Director, two non-executive Directors and four independent non-executive Directors, who together, bring the skills, experience and diversity the Company needs to meet our long-term objectives. The Directors of the Company during the year and as at the date of this Annual Report are listed below:

### Executive Director:

Mr. WONG Man Fai Mansfield  
*(Chairman and Chief Executive Officer)*

### Non-executive Directors:

Mr. TSANG Sze Wai Claudius

Ms. CAI Linda Xin Xin  
*(appointed on 31 July 2024)*

### Independent non-executive Directors:

Mr. CHUNG Koon Yan

Mr. CHEUNG Yick Hung Jackie

Dr. WONG Chi Ying Anthony

Mr. TANG Warren Louis



# CORPORATE GOVERNANCE REPORT

Ms. CAI Linda Xin Xin, a non-executive Director, is the spouse of Mr. WONG Man Fai Mansfield, the Chairman and executive Director of the Company. Save as disclosed above, there is no personal relationship (including financial, business, family, or other material/relevant relationship(s)) among the members of the Board. Biographical details of the Directors and the senior management are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 54 to 58 of this Annual Report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

## RESPONSIBILITIES OF AND DELEGATION BY THE BOARD

The Board is principally responsible for overall leadership and control of the Company and oversees the Group's businesses, overall strategic decisions and performance, approving the financial statements and annual budgets, and is collectively responsible for promoting the long-term success of the Company by directing and supervising its affairs. The Board ensures that it is managed in the best interests of the shareholders of the Company as a whole while taking into account the interest of other stakeholders.

The Company's day-to-day management and operational decisions are made by the executive Director and the Group's senior management, who are experienced in managing the Group's businesses. The non-executive Directors, including the four independent non-executive Directors, bring independent judgment to the decision-making process of the Board.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the Company Secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Board is also responsible for the corporate governance functions under code provision A.2.1 of the Corporate Governance Code. The Board has reviewed and discussed the corporate governance policies of the Group and is satisfied with the effectiveness of the corporate governance policies.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman of the Board and Chief Executive Officer of the Company have been performed by Mr. WONG Man Fai Mansfield. Although under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. WONG was considered to be in the best interests of the Company and its shareholders as a whole. Mr. WONG has been leading the Group as the Chief Executive Officer and one of our subsidiaries since 2009, thus, the Board believes that the combined roles of Mr. WONG promotes better leadership for both the Board and management and enables more focused development of business strategies and implementation of objectives and policies. The balance between power and authority is maintained by the openness and cooperative spirit of the senior management and the Board, which comprise experienced and high-calibre individuals. The Board currently comprises four independent non-executive Directors and has a fairly strong independence element in its composition. The structure is supported by the Company's well established corporate governance structure and internal control system. Therefore, the Board considers that the deviation from code provision C.2.1 is appropriate in the circumstances. The Board will review the management structure regularly and consider separating the roles of chairman and chief executive, if and when appropriate.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Throughout the year ended 31 March 2024, the Board at all times complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Board has adopted the board independence evaluation mechanism (the "**Mechanism**") which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board in accordance with code provision B.1.4 of the Corporate Governance Code, and the implementation and effectiveness of such Mechanism is reviewed by the Board on an annual basis.



# CORPORATE GOVERNANCE REPORT

To ensure that independent views and opinion are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors including the following:

- required character, integrity, expertise, experience and stability to fulfil their roles;
- time commitment and attention to the Company's affairs;
- commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Director(s).

The Company has received the written confirmation from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence guidelines as set out in the Listing Rules.

## TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

The executive Director has entered into a supplemental service agreement with the Company for a fixed renewed term of three years commencing from 30 June 2023, his appointment may be terminated by either the Company or the Director by at least three months' written notice or payment in lieu to the other party.

Each non-executive Director has entered into an appointment letter with the Company for a term of three years commencing from 16 December 2022 and 31 July 2024, their appointment may be terminated by either the Company or the Director on not less than three months' written notice.

Each independent non-executive Director has entered into a renewed appointment letter/appointment letter with the Company for a term of three years commencing from 23 March 2024 and 26 April 2022, respectively, their appointment may be terminated by either the Company or the Director on not less than one month's written notice.

According to the Company's Articles of Association, Directors who are appointed to fill casual vacancies or as an addition to the Board shall hold office and be eligible for re-election at the first annual general meeting of the Company after his or her appointment. In addition, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

# CORPORATE GOVERNANCE REPORT

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Every Director keeps abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director would receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate 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 are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2024, all the Directors (namely, Mr. WONG Man Fai Mansfield, Mr. TSANG Sze Wai Claudius, Mr. CHUNG Koon Yan, Mr. CHEUNG Yick Hung Jackie, Dr. WONG Chi Yung Anthony and Mr. TANG Warren Louis) had participated in continuous professional development programmes, including trainings conducted by qualified professionals. The trainings that the Directors received during the year covered a wide range of areas relevant to the Company's operations, development, industry, and directors' duties and responsibilities, to ensure that the Directors understand the business and operations of the Group and their duties and obligations. A record of the training received by the respective Directors are kept and updated by the Company.



# CORPORATE GOVERNANCE REPORT

## DIRECTORS' ATTENDANCE RECORDS

Pursuant to code provision C.5.1 of the Corporate Governance Code, the Board is scheduled to meet four times during a financial year as a minimum and, during the year ended 31 March 2024, it met four times. Details of the attendance of each Director at the meetings of the Board and its respective committees and the annual general meeting during the year ended 31 March 2024 are as follows:

| Name of Directors           | Attendance/No. of Meeting(s) |                 |                        |                      |                        |
|-----------------------------|------------------------------|-----------------|------------------------|----------------------|------------------------|
|                             | Board                        | Audit Committee | Remuneration Committee | Nomination Committee | Annual General Meeting |
| Mr. WONG Man Fai Mansfield  | 4/4                          | -/-             | -/-                    | -/-                  | 0/1                    |
| Mr. TSANG Sze Wai Claudius  | 4/4                          | -/-             | -/-                    | -/-                  | 0/1                    |
| Mr. CHUNG Koon Yan          | 4/4                          | 2/2             | 1/1                    | 1/1                  | 0/1                    |
| Mr. CHEUNG Yick Hung Jackie | 4/4                          | 2/2             | 1/1                    | 1/1                  | 1/1                    |
| Dr. WONG Chi Ying Anthony   | 4/4                          | 2/2             | 1/1                    | 1/1                  | 1/1                    |
| Mr. TANG Warren Louis       | 4/4                          | -/-             | -/-                    | 1/1                  | 0/1                    |

Apart from the regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors during the year ended 31 March 2024.

The principal works performed by the Board during the year ended 31 March 2024 are summarized as follows:

- approval of the 2022/2023 Annual Report and annual results announcement
- approval of the 2023/2024 Interim Report and interim results announcement
- review of the Company's compliance with the Corporate Governance Code
- review of the effectiveness of the internal control system

# CORPORATE GOVERNANCE REPORT

- recommendation to the shareholders regarding the proposal on the re-appointment of BDO Limited as auditor
- received and considered recommendations from each Board Committee on a regular basis throughout the year at each Board meeting which followed a Committee meeting
- recommendation to the shareholders regarding the proposals on the conditional grant of share options to Mr. WONG Man Fai Mansfield (an executive Director and substantial shareholder of the Company) under the Share Option Scheme and issuance of settlement shares under specific mandate under the settlement agreements
- recommendation to the shareholders regarding the proposal on the issuance of convertible bond under specific mandate pursuant to the Convertible Bond Subscription Agreement
- granting of share options to Mr. TSANG Sze Wai Claudius, a non-executive Director, and certain qualified participants under the Share Option Scheme
- appointment of chief strategy officer
- renewal of appointment letters of certain independent non-executive Directors

The Company generally gives written notice and draft agenda of regular Board meetings to each Director at least 14 days prior to the meetings. For other Board and committees meetings, written notice is generally given pursuant to the Articles of Association and the respective terms of reference of the Board committees.

Agendas for each meeting are prepared by the Company Secretary in consultation with the Chairman and Chief Executive Officer and based on a forward calendar that helps ensure that all relevant matters for the year ahead are considered by the Board in a timely manner. All Directors are encouraged to contribute to the agenda setting process. Agendas and accompanying meeting papers are sent to all Directors at least three days before each Board meeting or committee meeting for their review and to keep the Directors apprised of the latest developments and financial position of the Company so as to enable them to make informed decisions.

In addition to board papers, information relevant to the Company's financial position and latest developments is made available to Directors to keep them up to date. Structured monthly updates on the Company's performance, position and prospects are provided to Directors. The Directors also have access to the Company Secretary and senior management where necessary.

The Company Secretary is responsible to keep minutes of all Board meetings and committees meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final versions are open for Directors' inspection.

In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and a Director or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board/committee meetings of the Company in respect of such transactions and shall not be counted as a quorum of such meetings.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs on its behalf, and report back to the Board. The Chairman of each Committee reports back to the Board following each meeting, to ensure the Board is fully briefed on all activities and retains responsibility for approving any actions where a committee role is advisory.

The roles and functions of the Board committees are set out in their respective terms of reference. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the three Board committees are of no less exacting terms than those set out in the Listing Rules and/or Corporate Governance Code and are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

All committees are provided with sufficient resources and support to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

## AUDIT COMMITTEE

The Audit Committee was established on 5 March 2015 with its defined written terms of reference (which was revised in November 2018) in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision D.3.3 of the Corporate Governance Code. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. CHUNG Koon Yan (Chairman of the Audit Committee), Mr. CHEUNG Yick Hung Jackie and Dr. WONG Chi Ying Anthony, with Mr. CHUNG possessing the appropriate professional qualifications and accounting and related financial management expertise.

The primary duties of the Audit Committee are mainly to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and play a key oversight role on the financial reporting system, and risk management and internal control systems of our Company and review its efficiency and effectiveness.

The Audit Committee shall meet at least two times per year, or more frequently as circumstances require. The Audit Committee held two meetings during the year ended 31 March 2024. Individual attendance records of each Audit Committee member are set out in the table on page 36 of this Annual Report.

The Audit Committee's main work during the year ended 31 March 2024 included:

- reviewing 2022/2023 Annual Report and annual results announcement
- reviewing 2023/2024 Interim Report and interim results announcement

# CORPORATE GOVERNANCE REPORT

- in relation to the external auditor, reviewing its audit plans, reports and letter of representation, fees, involvement in non-audit services, and its terms of engagement and its re-appointment
- reviewing the effectiveness of the Company's financial reporting system and risk management and internal control systems
- reviewing the continuing connected transactions (fully exempt from all requirements under the Listing Rules)

The Group's annual results for the year ended 31 March 2024, including the accounting principles and practices adopted by the Group, were reviewed by the Audit Committee, which was of the opinion that the preparation of such audited consolidated annual results of the Group complied with the applicable accounting standards and requirements and that adequate disclosures had been made.

The Audit Committee has also reviewed the relationship the Company has with Beijing Xinghua Caplegend CPA Limited, the Company's external auditor. The Audit Committee is satisfied with the effectiveness of the external audit process and the independence of Beijing Xinghua Caplegend CPA Limited and has recommended to the Board (which in turn endorsed the view) that, subject to shareholders' approval at the forthcoming annual general meeting, Beijing Xinghua Caplegend CPA Limited be re-appointed as the external auditor for the year 2024/2025. A resolution to this effect will be included in the notice of annual general meeting for the year 2024.

## NOMINATION COMMITTEE

The Nomination Committee was established on 5 March 2015 with its defined written terms of reference. As at the date of this report, the Nomination Committee comprises four independent non-executive Directors, namely Dr. WONG Chi Ying Anthony (Co-Chairman of the Nomination Committee), Mr. TANG Warren Louis (Co-Chairman of the Nomination Committee), Mr. CHUNG Koon Yan and Mr. CHEUNG Yick Hung Jackie.

The Nomination Committee is primarily responsible for reviewing the structure, size, composition and diversity of the Board at least annually, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

The Nomination Committee shall meet at least annually or more or less frequently as circumstances require. The Nomination Committee held one meeting during the year ended 31 March 2024. Individual attendance records of each Nomination Committee member are set out in the table on page 36 of this Annual Report.

During the year ended 31 March 2024, the Nomination Committee conducted an annual review of the structure, size, composition and diversity of the Board and assessed the independence of the independent non-executive Directors pursuant to code provision B.3.1 of the Corporate Governance Code and made recommendations to the Board on the re-election of retiring Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and no material matter was identified under review.



# CORPORATE GOVERNANCE REPORT

The Nomination Committee also conducted a review of its terms of reference during the year. It remained satisfied that its terms of reference remained appropriate.

## BOARD DIVERSITY POLICY

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Group also recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company's performance.

In assessing the structure, size, composition and diversity of the Board, the Nomination Committee takes into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, professional and industry experience and time commitments. The Nomination Committee agrees on measurable objectives for achieving diversity on the Board as set out in the Board Diversity Policy, where necessary, and recommends them to the Board for adoption.

In identifying and selecting suitably qualified candidates for directorships, the Nomination Committee shall consider the candidates on merit and against the objective criteria, with due regard for the benefits of diversity of the Board. A range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional and industry experience, skills, knowledge and time commitments, will be considered on selection of individuals to become members of the Board. The Nomination Committee also takes into account the Company's own business model and specific needs from time to time. All Board appointments will be based on merit and contribution that the selected candidates will bring to the Board. External recruitment professionals might be engaged to assist with the selection process when necessary.

## NOMINATION POLICY

The Board has adopted a nomination policy (the "**Nomination Policy**"), which aims to set out the relevant selection criteria and nomination procedures to assist the Nomination Committee and the Board to ensure that the Board has a balance of skills, experience and diversity of perspective appropriate to the requirement of the Group's businesses. A summary of the Nomination Policy is disclosed as below.



# CORPORATE GOVERNANCE REPORT

## 1. Criteria

The Nomination Committee and the Board shall consider the following criteria in evaluating and selecting candidates for directorships:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
- Commitment of available time and ability to devote adequate time and attention to the affairs of the Company and to discharge duties as a Board member and other directorships and significant commitments.
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Board Diversity Policy and any measurable objectives adopted by the Nomination Committee or the Board for achieving diversity on the Board.
- Such other perspectives appropriate to the Company's business.

## 2. Nomination Process

### 2.1 Appointment of New Director

- 2.1.1 The Nomination Committee or the Board shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in section 1 above to determine whether such candidate is qualified for directorship.
- 2.1.2 If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- 2.1.3 The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship.
- 2.1.4 For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and the Board shall evaluate such candidate based on the criteria as set out in section 1 above to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

# CORPORATE GOVERNANCE REPORT

## 2.2 Re-election of Director at General Meeting

2.2.1 The Nomination Committee and the Board shall review the overall contribution and service to the Company of the retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

2.2.2 The Nomination Committee shall also review and determine whether the retiring director continues to meet the criteria as set out in section 1 above.

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

## GENDER DIVERSITY ON BOARD, SENIOR MANAGEMENT AND OTHER WORKFORCE

As at the date of this report, the Board comprises seven Directors, one of which is female. The Company targets to avoid a single gender Board and will timely review the gender diversity of the Board in accordance with the corporate governance practices and business development of the Group. The Company believes the gender diversity in the Board would bring more inspiration to the Board and enhance the business development of the Group, and thus, gender diversity is one of the essential factors for the Company to select suitable successors to the Board.

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As at 31 March 2024, the Group had 70 employees in total comprising of 24 females and 46 males (that is, the gender ratio in the workforce of 1:1.92 and the gender ratio in respect of senior management is 0:5).

The Company has already achieved gender diversity in its Board and general workforce and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the Company, which include market insight, creativity and innovation, and improved problem-solving. Further, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation. Moreover, a gender diverse team produces high quality decisions. The Company will continue to monitor its workforce gender diversity to maintain its current strength as well as to further improve its competitiveness in the future.

The Directors are of the opinion that gender diversity has been achieved on the Board and general workforce level with reference to the current circumstances of the Company, and plans will be formulated to achieve gender diversity on senior management level in due course. The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time, such that there is a pipeline of female senior management and potential successors to the Board in the future.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

The Remuneration Committee was established on 5 March 2015 with its defined written terms of reference (which was revised in December 2022). As at the date of this report, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. CHEUNG Yick Hung Jackie (Chairman of the Remuneration Committee), Mr. CHUNG Koon Yan and Dr. WONG Chi Ying Anthony.

The primary duties of the Remuneration Committee are mainly to determine, with delegated responsibility, the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors.

The emoluments of executive Directors are determined based on skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration of the Company's performance and prevailing market conditions.

The remuneration policy of non-executive Directors (including independent non-executive Directors) is to ensure that the non-executive and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of non-executive Directors (including independent non-executive Directors) are determined with reference to their skills, experience, knowledge, duties and market trends.

The Remuneration Committee shall meet at least annually or more or less frequently as circumstances require. The Remuneration Committee held one meeting during the year ended 31 March 2024. Individual attendance records of each Remuneration Committee member are set out in the table on page 36 of this Annual Report.

During the year ended 31 March 2024, the Remuneration Committee reviewed and recommended to the Board on the proposed remuneration packages of the individual executive Director, non-executive Director, independent non-executive Directors and senior management for the year ending 31 March 2025, and the proposed granting of share options to Mr. TSANG Sze Wai Claudius, a non-executive Director, and certain qualified participants of the Company on 8 December 2023.

In conducting its work in relation to the remuneration of Directors and senior management, the Remuneration Committee ensured that no Director or any of his associates was involved in determining his own remuneration. It also ensured that remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary.

On 8 December 2023, the Remuneration Committee proposed and the Board approved the granting of a total of 62,212,000 share options, comprising (i) 23,856,000 share options to a non-executive Director; and (ii) 38,356,000 share options to certain qualified participants, being employees of the Group, under the Share Option Scheme.

# CORPORATE GOVERNANCE REPORT

The vesting of the share options granted on 8 December 2023 is not subject to any clawback mechanism with no performance target attached thereto. The Remuneration Committee was of the view that performance targets are not necessary for the following reasons: (i) the value of the share options is linked to future price of the shares, which in turn depends upon the performance of the Company; and (ii) the minimum vesting period would ensure that the grantees' and the Company's long term interests are aligned and the grantees would be motivated to contribute towards the Company's development. Meanwhile, clawback mechanism is not necessary for the following reasons: (i) if the price of the shares during the exercise period of the share options granted is lower than the exercise price therefor, the share options granted would be of no value; and (ii) the Share Option Scheme provides for the lapse and cancellation of share options under various scenarios and therefore adequately protect the Company's interests.

Please refer to Note 38 to the consolidated financial statements for the year ended 31 March 2024 contained in this Annual Report for the fair values of the share options granted under the Share Option Scheme, which were measured based on the binomial option-pricing mode.

The Remuneration Committee also conducted a review of its terms of reference during the year. It remained satisfied that its terms of reference remained appropriate.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors have acknowledged their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 59 to 64 of this Annual Report.



# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF MEMBERS OF THE SENIOR MANAGEMENT BY BAND

Pursuant to code provision E.1.5 of the Corporate Governance Code, the remuneration of members of the senior management by band for the year ended 31 March 2024 is set out below:

|                                | <b>Number of<br/>members of senior<br/>management</b> |
|--------------------------------|---|
| Nil to HK\$1,000,000           | 3   |
| HK\$2,500,001 to HK\$3,000,000 | 1   |
| HK\$3,000,001 to HK\$3,500,000 | 1   |
| <b>Total</b>                   | <b>5</b>  |

Details of the remuneration of each Director for the year ended 31 March 2024 are set out in note 10 to the consolidated financial statements for the year ended 31 March 2024.

## AUDITOR'S REMUNERATION

During the year ended 31 March 2024, the remuneration payable/paid to the Company's external auditors, BDO Limited and Beijing Xinghua Caplegend CPA Limited, are set out below:

| <b>Type of Services</b> | <b>Amount of Fees<br/>Payable/Paid</b> |
|-------------------------|--|
|                         | HK\$                                   |
| Audit Services          | 1,960,000                              |
| Non-audit Services      | -                                      |
| <b>Total</b>            | <b>1,960,000</b>                       |

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

All activities conducted and all decisions made by the Company may involve risks to a certain extent. The Board plays a critical role of monitoring the risk exposures of the Company. The Board considers the risks in an active manner in setting of strategies.

The Board acknowledges its overall responsibility for the risk management and internal control systems and reviewing their effectiveness on a yearly basis so as to safeguard the shareholders' investments and the Company's assets. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

# CORPORATE GOVERNANCE REPORT

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

The Company conducted internal control assessment regularly to identify risks that potentially impact the businesses of the Group and various aspects including key operational and financial processes and regulatory compliance. The Company effectively communicated its anti-fraud policy and procedures to all levels of employees and monitored the effectiveness of its controls related to mitigating fraud risk and remedied any deficiencies identified internally and by the external auditor in a timely manner.

The management, in coordination with department heads, assessed the likelihood of risk occurrence and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2024.

During the year ended 31 March 2024, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control systems of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For internal audit function, the Company has an internal audit personnel and has engaged an external professional advisory firm to conduct an independent in-depth review of the effectiveness of the risk management and internal control systems during the year ended 31 March 2024. The internal audit function covers the key issues in relation to the accounting practices and all material controls and has provided its findings and recommendations for improvement with written reports to the Audit Committee.

The Board, as supported by the Audit Committee as well as the written reports with the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 March 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources. The Board will upgrade the existing systems of the Company with reference to the recommendations for improvements given by the abovementioned external professional advisory firm accordingly.



# CORPORATE GOVERNANCE REPORT

## Handling and Dissemination of Inside Information

The Company has written procedures in place for handling of inside information in accordance with the Listing Rules. It has developed a disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling and dissemination of inside information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. All inside information is disclosed to the public pursuant to the requirements under the SFO and the Listing Rules and is kept strictly confidential before disclosure.

## DIRECTORS' NON-COMPETITION UNDERTAKING

Mr. Mansfield WONG (executive Director) entered into a non-competition undertaking with the Company with effect from 24 March 2015 (the "**Directors' Non-competition Undertaking**"). Please refer to our Prospectus dated 13 March 2015 for additional information on the Directors' Non-competition Undertaking.

Mr. Mansfield WONG had confirmed compliance with the terms of the Directors' Non-competition Undertaking during the year ended 31 March 2024. All the Independent Non-executive Directors are of the view that the above-mentioned Directors have been in compliance with the Directors' Non-competition Undertaking in favour of the Company.

## COMPANY SECRETARY

The Company Secretary reports directly to the Board. All the Directors have easy access to the Company Secretary and responsibility of the Company Secretary is to ensure the board meetings are properly held and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advices with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of discloseable transactions, connected transactions and inside information. The Company Secretary shall provide advices to the Board with respect to strict compliance with the laws, requirements and the Articles of Association at appropriate times. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance practices so as to bring the best long-term value to shareholders. In addition, the Company Secretary also provides relevant information updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company at appropriate times.

The Company Secretary plays an important role in advising the Board on all corporate governance-related matters. During the year ended 31 March 2024, Mr. WONG Ho Kwan, the Company Secretary of the Company, has complied with the relevant professional training requirements under Rule 3.29 of the Listing Rules.



# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS AND COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enable the shareholders and investors to make the best investment decisions. The Board endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings, to communicate with them/answer their enquiries, and encourage their participation.

To promote effective communication, the Company maintains a website (<https://www.unitygroup.eco>), where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are available for public access.

To facilitate maintaining of an on-going dialogue with shareholders and to encourage shareholder engagement and participation, the Company has adopted a Shareholder Communication Policy. Under this policy, the Company commits to provide shareholders with ready, equal and timely access to balanced and understandable information about the Company's performance, position, strategic goals and plans and prospects. Information is made available to the shareholders through a number of means, including formal announcements of information required under the Listing Rules and through the constructive use of general meetings.

The general meetings of the Company provide a forum for communication between the Board and shareholders. The Chairman of the Board, as well as the chairmen and/or other members of the Board's three committees will, in the absence of unforeseen circumstances, attend to answer questions raised at these meetings. The external auditor is also invited to attend the annual general meetings to answer questions about relevant matters including the conduct of the audit, the auditor's report and auditor's independence.

Shareholders may raise questions or make a request through designated channels for the Company's information to the extent such information is publicly available. Please refer to the Corporate Information section of this Annual Report for the address of the Company's Hong Kong Branch Share Registrar and contact details of the Company. Shareholders can contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar, for questions about their shareholdings. For putting forward enquiries to the Board, please refer to the section headed "Procedures For Shareholders To Put Forward Enquiries To The Board" below.

To safeguard shareholders' interests and rights, separate resolutions will be proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules, and poll results will be published on the websites of the Company and the Stock Exchange after each general meeting.

# CORPORATE GOVERNANCE REPORT

## Code provision F.2.2

Code provision F.2.2 of the Corporate Governance Code stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. WONG Man Fai Mansfield, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2023. Dr. Wong Chi Ying Anthony, an independent non-executive Director of the Company, took the chair of the annual general meeting pursuant to the articles of association of the Company. The Board will continue to monitor and review the Company's corporate governance practices and procedures and make necessary changes when it considers appropriate.

During the year ended 31 March 2024, the Board reviewed the implementation and effectiveness of Shareholders' Communication Policy, and concluded that with the above measures in place, the policy is effective and well-implemented for its provision of different channels for Shareholders to communicate their views on matters affecting the Company. The Board shall continue to review the implementation and effectiveness of the Shareholders' Communication Policy on an annual basis and amend its terms as and when necessary.

## PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles of Association, any one or more shareholders of the Company holding as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) himself/herself (themselves), may convene the general meeting in the same manner, and all reasonably expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Note: Any such written requisition from the shareholders should be marked "Shareholders' Communication" on the envelope.

# CORPORATE GOVERNANCE REPORT

## PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Shareholders may propose a person for election as Director, the procedures of which are available on the Company's website at <https://www.unitygroup.eco>.

## PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

Within 10 days of the date on which a notice (the "**Notice**") is deemed to be received by shareholders in respect of any general meeting of the Company (the "**Relevant General Meeting**"), any one or more shareholders holding at least one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may together, by written notice to the Company at 15th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong for the attention of the Board or the Company Secretary, propose a resolution to be proposed and considered at the Relevant General Meeting in addition to the resolutions set out in the Notice. Such written notice shall be accompanied by a statement in no more than 1,000 words explaining the matters referred to, and the reasons for, any such proposed resolution. Following the receipt of such written notice and accompanying statement by the Company, the Company may, in the Company's absolute discretion (taking into account, without limitation, legal, regulatory and practical considerations relating to the issue of any supplemental notice to all shareholders in relation to the Relevant General Meeting), include the proposed resolution in the business of (i) the Relevant General Meeting or (ii) in a general meeting of the Company that is subsequent to the Relevant General Meeting.

The Company will circulate a revised Notice including any proposed resolution and the accompanying statement to all shareholders in accordance with the Articles of Association provided that if, in the Company's sole opinion (without have to give reasons therefor), the above process is being abused in any way whatsoever, the Company has absolute discretion to not include such proposed resolution in the business of the Relevant General Meeting or a subsequent general meeting of the Company.

Note: Any such written notice from the shareholders should be marked "Shareholders' Communication" on the envelope.

## PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD ENQUIRIES TO THE BOARD

Shareholders are, at any time, welcome to raise questions and request information (to the extent it is publicly available and appropriate to provide) from the Board and management by writing to:

Address: 15th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong

Attention: Mr. Mansfield WONG (*Chairman of the Board*)

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to given effect thereto. The Company will not normally deal with verbal or anonymous enquiries. Shareholders' information may be disclosed as required by law.

# CORPORATE GOVERNANCE REPORT

## CONSTITUTIONAL DOCUMENTS

There was no other significant amendment to the Memorandum and Articles of Association of the Company during the year ended 31 March 2024. The Company's latest Memorandum and Articles of Association is available on the websites of the Stock Exchange and the Company.

## DIVIDEND POLICY

The declaration of dividends is subject to the discretion of our Directors and depends on, inter alia, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on The Hong Kong Financial Reporting Standards, the Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors, that our Directors deem relevant. Accordingly, shareholders should note that any dividend payments in the past should not be regarded as an indication of future dividend policy.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall not constitute a legally binding commitment by the Company that dividend(s) will be paid in any particular amount for any given period.

## ANNUAL GENERAL MEETING ("AGM") FOR THE YEAR 2024

The forthcoming AGM of the Company is scheduled to be held on Wednesday, 30 October 2024. A circular containing, among other matters, further information relating to the AGM together with the notice convening the AGM and other relevant documents will be published and despatched to the shareholders of the Company in due course.

## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be held on Wednesday, 30 October 2024) be closed from Wednesday, 23 October 2024 to Wednesday, 30 October 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 22 October 2024.

## COMPLIANCE DISCLOSURES AND OTHER MATTERS

The Listing Rules require certain corporate governance disclosures to be made. This section of the report details certain disclosures that have not been covered above.

## DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

### - **Renewal of Appointment Letters**

The appointment letters of each of Mr. CHUNG Koon Yan, Mr. CHEUNG Yick Hung Jackie and Dr. WONG Chi Ying Anthony as independent non-executive Directors was renewed for a term of three years commencing from 23 March 2024.

### - **Change in Other Major Appointments/Professional Qualifications**

Mr. TANG Warren Louis, our independent non-executive Director, resigned as an independent non-executive director of Global International Credit Group Limited (stock code: 1669), the shares of which are listed on the Main Board of the Stock Exchange, with effect from 1 January 2024.

# CORPORATE INFORMATION

(As at 6 September 2024)

## DIRECTORS

### Executive Director

Mr. Wong Man Fai Mansfield  
*(Chairman and Chief Executive Officer)*

### Non-executive Directors

Mr. Tsang Sze Wai Claudius  
Ms. Cai Linda Xin Xin  
*(appointed on 31 July 2024)*

### Independent non-executive Directors

Mr. Chung Koon Yan  
Mr. Cheung Yick Hung Jackie  
Dr. Wong Chi Ying Anthony  
Mr. Tang Warren Louis

## BOARD COMMITTEES

### Audit Committee

Mr. Chung Koon Yan *(Chairman)*  
Mr. Cheung Yick Hung Jackie  
Dr. Wong Chi Ying Anthony

### Remuneration Committee

Mr. Cheung Yick Hung Jackie *(Chairman)*  
Mr. Chung Koon Yan  
Dr. Wong Chi Ying Anthony

### Nomination Committee

Dr. Wong Chi Ying Anthony *(Co-Chairman)*  
Mr. Tang Warren Louis *(Co-Chairman)*  
Mr. Chung Koon Yan  
Mr. Cheung Yick Hung Jackie

## COMPANY SECRETARY

Mr. Wong Ho Kwan

## AUTHORISED REPRESENTATIVES

Mr. Wong Man Fai Mansfield  
Mr. Wong Ho Kwan

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor  
Chinachem Century Tower  
178 Gloucester Road  
Wan Chai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

# CORPORATE INFORMATION

(As at 6 September 2024)

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG LEGAL ADVISER

Chiu & Partners  
40th Floor, Jardine House  
1 Connaught Place  
Hong Kong

## AUDITOR

Beijing Xinghua Caplegend CPA Limited  
1/F, GR8 Inno Tech Centre  
No. 46 Tsun Yip Street  
Kwun Tong  
Hong Kong

## PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited  
16/F, The Center  
99 Queen's Road Central  
Central  
Hong Kong

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road, Central  
Hong Kong

## STOCK CODE

1539 (Listed on the Main Board of the Hong Kong Stock Exchange ("Stock Exchange"))

## COMPANY WEBSITE

[unitygroup.eco](http://unitygroup.eco)

## INVESTOR ENQUIRY HOTLINE

Tel: (852) 2121 8033

## INVESTOR ENQUIRY EMAIL ADDRESS

[info@unitygroup.eco](mailto:info@unitygroup.eco)



# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTOR

**Mr. Wong Man Fai Mansfield**, aged 50, is the Chief Executive Officer, Chairman of the Board and an executive Director of the Company. He is also a director of Synergy Lighting Limited and Synergy Group Worldwide Limited, both are wholly-owned subsidiaries of the Company, and a director of various subsidiaries of the Company, and was appointed as the Chief Executive Officer of Synergy Lighting Limited on 1 July 2009. He was appointed as a Director of our Company on 30 December 2011. He is primarily responsible for the overall corporate strategies, development management and operation of our Group. Mr. Wong graduated from the University of Arizona, Arizona, the United States with a Bachelor's degree in Electrical Engineering in May 1996. He also obtained a Master of Engineering (Electrical) from Cornell University, New York, United States in May 1997. He has over 17 years of management experience. Mr. Wong is the sole director and sole shareholder of Mpplication Group Limited, which provides information technology management services to our Group. Mr. Wong is the sole director and sole shareholder of Abundance Development Limited and our controlling shareholder.

## NON-EXECUTIVE DIRECTORS

**Mr. Tsang Sze Wai Claudius**, aged 47, has been a non-executive Director of the Company since December 2022. He has over 20 years of experience in capital markets, with a strong track record of success in Special Purpose Acquisition Company ("**SPAC**"), private equity, M&A transactions and PIPE investments. Since 2021, Mr. Tsang has served as the chief executive officer and Chairman of Model Performance Acquisition Corp (Nasdaq: MPAC) and A SPAC I Acquisition Corp (Nasdaq: ASCA). He also successfully listed A SPAC II Acquisition Corp (Nasdaq: ASCB) as chief executive officer. From 2008 to 2020, Mr. Tsang worked at Templeton Asset Management Ltd. He was co-head of private equity, North Asia and a partner of Templeton Private Equity Partners, a leading global emerging markets private equity firm that is part of Franklin Templeton Investments. During his career at Templeton, Mr. Tsang served in various positions, including partner, senior executive director and vice president and was responsible for the overall investment, management and operation activities of Templeton Private Equity Partners in North Asia. His role encompassed overseeing the analysis and evaluation of opportunities for strategic equity investment in Asia, including China, Hong Kong and Taiwan. During his tenure, Mr. Tsang managed US\$1 billion in private equity funds, with approximately 50 portfolio companies. He was involved in the management of a US\$3 billion fund, which was the largest Central Eastern European listed closed-end fund at the time of IPO in London. From 2007 to 2008, Mr. Tsang also worked at Lehman Brothers, where he managed private equity projects in Hong Kong, China, Taiwan and the United States. At Lehman Brothers, Mr. Tsang managed US\$500 million proprietary funds.

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Tsang obtained his MBA from The University of Chicago Booth School of Business in 2017, the second Bachelor degree of Law from Tsinghua University in 2005, and a Bachelor degree of Engineering from the Chinese University of Hong Kong in 1998. He is a charter holder of Chartered Financial Analyst from the CFA Institute. He obtained Postgraduate Certificate in Sustainable Business from the University of Cambridge Institute of Sustainability Leadership in June 2023.

**Ms. Cai Linda Xin Xin**, aged 42, is a non-executive Director of the Company since 31 July 2024. She is the spouse of Mr. Wong Man Fai Mansfield, the Company's Chairman, executive Director, Chief Executive Officer and substantial shareholder, has over 10 years of experience working in investment banking, private equity, hedge fund, and long-only investment funds. She started her career as an investment banking analyst at Goldman Sach's Technology, Media, & Telecom Group in San Francisco and most recently worked at Hong Kong based Multi-Strategy Fund, LIM Advisors. Ms. Cai has extensive experience in IPO, private equity, real estate across multiple asset classes. Ms. Cai completed Harvard Business School's Sustainable Investing Diploma in December 2022. She holds double degrees in Business Administration and Economics from the University of California, Berkeley.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chung Koon Yan**, aged 60, is an independent non-executive Director, the Chairman of the Audit Committee, member of the Remuneration Committee and member of the Nomination Committee of the Company since 5 March 2015. He is a practicing and fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales. He graduated from the Hong Kong Polytechnic University with a Master's Degree in Professional Accounting in November 2000. Mr. Chung obtained the fellow membership of The Association of Chartered Certified Accountants in October 2003 and became a member of The Hong Kong Institute of Certified Public Accountants in October 1998, and was also admitted as an associate of The Institute of Chartered Accountants in England and Wales in October 2004. Mr. Chung is a director of Chiu, Choy & Chung CPA Ltd. and Dickson Wong C.P.A. Company Limited, and has more than 27 years' experience in accounting, auditing and taxation. Mr. Chung has been an independent non-executive director of Great World Company Holdings Limited (stock code: 8003), the shares of which are listed on the GEM operated by the Stock Exchange since May 2008, and an independent non-executive director of Winson Holdings Hong Kong Limited (stock code: 6812), the shares of which are listed on the Main Board of the Stock Exchange (transfer of listing of its shares from GEM to Main Board on 11 June 2020) since February 2017. From November 2013 to June 2021, Mr. Chung served as an independent non-executive director of Asian Citrus Holdings Limited (stock code: 73), the shares of which are listed on the Main Board of the Stock Exchange.



# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

**Mr. Cheung Yick Hung Jackie**, aged 57, is an independent non-executive Director, the Chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee of the Company since 5 March 2015. Mr. Cheung has been a representative of KGI Asia Limited and KGI Futures (Hong Kong) Limited which carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO respectively from 29 March 2011 to 31 July 2020. He currently serves as a Consultant Solicitor of Messrs. Cheung, Yeung and Lee, Solicitors (張國鈞楊煒凱李穎彰律師事務所). Mr. Cheung was admitted as a solicitor to the High Court of Hong Kong in November 1995 and as a solicitor of the Supreme Court of England and Wales in May 1997. He graduated from City Polytechnic of Hong Kong (now known as City University of Hong Kong) with a degree of Bachelor of Laws and obtained the Postgraduate Certificate in Laws in November 1992 and November 1993 respectively. Mr. Cheung served as a District Councillor of the Central and Western District Council for the period from 1 January 2008 to 31 December 2015.

**Dr. Wong Chi Ying Anthony**, aged 68, is an independent non-executive Director, member of the Audit Committee and member of the Remuneration Committee of the Company since 5 March 2015. From 5 March 2015 to 26 April 2022, he was the Chairman of the Nomination Committee of the Company and serves as the Co-Chairman of the Nomination Committee since 26 April 2022. Dr. Wong was an Associate Professor in the Department of Industrial and Manufacturing Systems Engineering of The University of Hong Kong from 1997 to 2006. He obtained a B.Tech (Hons) degree and a Ph.D degree in Chemical Engineering from The University of Bradford, United Kingdom, in December 1980 and in December 1983 respectively. Dr. Wong was a Corporate Member of The Institution of Chemical Engineers (MIChemE) from November 1999 to January 2022 and a Chartered Engineer (C.Eng) of the Engineering Council of the United Kingdom from December 1999 to January 2022. During the period from 1 June 2004 to 29 January 2022, he was a Chartered Scientist (CSci) of The Institution of Chemical Engineers and The Science Council of the United Kingdom. He was also admitted as a member of The Hong Kong Institution of Engineers during the period from 16 March 2000 to April 2022. From April 2003 to November 2018, he served as the vice chairman and an executive director of Ngai Hing Hong Company Limited (stock code: 1047), a company listed on the Stock Exchange, and was in charge of its research and development centre and responsible for its business development and remained in such company as a consultant subsequent to his cessation from the positions mentioned above until 31 March 2019.

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

**Mr. Tang Warren Louis**, aged 48, has been our independent non-executive Director and Co-Chairman of the Nomination Committee of the Company since 26 April 2022. Mr. Tang was graduated from the University of Toronto in June 1998 with a bachelor of applied science major in computer engineering. He obtained the postgraduate diploma in English and Hong Kong law from Manchester Metropolitan University in July 2000 and the postgraduate certificate in laws from The University of Hong Kong in June 2001. Mr. Tang was called to the Bar of Hong Kong in the High Court of Hong Kong in December 2001 and since then has been a practising barrister and a member of the Hong Kong Bar Association. Mr. Tang served as an independent non-executive director of Global International Credit Group Limited (stock code: 1669) from 22 November 2014 to 1 January 2024. He was also an independent non-executive director of Elegance Optical International Holdings Limited (stock code: 907), from 15 July 2019 to 31 December 2019. Mr. Tang has been a fellow member of the Hong Kong Institute of Arbitrators since 2019 and an arbitrator of the Guangzhou Arbitration Commission since 2020. In 2019 and August 2022, Mr. Tang was appointed as a deputy magistrate in Hong Kong at the West Kowloon Magistrates' Courts. In 2020, Mr. Tang was appointed as a deputy magistrate in Hong Kong at the Kowloon City Magistrates' Courts.

## SENIOR MANAGEMENT

**Mr. Cheng Chi Kuen**, aged 51, is our Chief Operation Officer since June 2011. He is responsible for overseeing our business operations, sales and marketing, office administration and human resources management. He has over 15 years of management experience. He was the co-founder and a director of Synergy Green Technology Limited. Synergy Green Technology Limited is one of the shareholders of Synergy Cooling Management Limited (indirectly non-wholly owned subsidiary of the Company), which holds approximately 33.7% interest of the entire issued share capital of Synergy Cooling Management Limited. Mr. Cheng was previously employed by Zymmetry Limited (formerly known as Mission System Consultant Limited), a global sourcing and manufacturing solutions provider for the apparel industry. During his time at Zymmetry Limited, Mr. Cheng had held various positions and subsequently as senior marketing manager of Asia Pacific region at the time when he left Zymmetry Limited. He has obtained a Master's degree in Business Administration from the University of Bradford, United Kingdom, in July 2013.

**Mr. David K. S. Lu**, aged 53, has been appointed as our Chief Investment Officer since 8 February 2022. He is primarily responsible for managing the current investment portfolio of the Group, formulating investment strategy and advising the Group on potential investment projects. He has more than twenty years of experience in global capital markets, equity investment and fund management. Mr. Lu has extensive experience in fund management and equity trading across Asia, where he has setup fund and trading capacities in Taiwan, Korea, Hong Kong, Japan and South East Asia. Mr. Lu held a proven track record with his investment portfolio and unique strategies which has generated substantial return. Prior to this appointment, Mr. Lu served as a director of Churchill Investment Limited. Mr. Lu received a Bachelor of Science Degree in Operations Research & Industrial Engineering from Cornell University.

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wong Ho Kwan**, aged 39, has been appointed as the Chief Financial Officer and Company Secretary of the Company on 25 October 2021 and 19 November 2021, respectively. He is an accountant by profession and has over 16 years' experience in investment banking and accounting. Mr. Wong works in the field of corporate finance and investment since 2016 and has been active in private equity and M&A projects with a private equity investment company and then a Chinese investment bank. Before that he was an assurance manager at PricewaterhouseCoopers. Mr. Wong is knowledgeable with business and accounting practice across numerous industries in Hong Kong and the People's Republic of China, including new energy, retail, manufacturing, property development, engineering and construction and technology. Mr. Wong holds a Bachelor's degree (Science) in Mathematics from the Chinese University of Hong Kong. He is a member of Hong Kong Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand, and also a Certified Financial Risk Manager. Since August 2024, Mr. Wong has been an independent non-executive director, the chairperson of the audit committee and a member of the sustainable development committee of Ganfeng Lithium Group Co., Ltd. (stock code on Hong Kong Stock Exchange: 1772, and 2460 on Shenzhen Stock Exchange) of which its Shares are listed on the Main Board of the Stock Exchange and The Shenzhen Stock Exchange.

**Mr. Ng Simon**, aged 51, has been appointed as our Chief Strategy Officer since 1 November 2023. Mr. Ng is primarily responsible for assisting the Group to formulate business strategies for its worldwide business. Mr. Ng has over 23 years of experience in finance, focusing on corporate finance advisory, fund raising, direct investments and brokerage operations. Since May 2023, Mr. Ng has been an independent non-executive director of Yun Lee Marine Group Holdings Limited (stock code: 2682), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Ng was a member of the board of director, the chief executive officer and a responsible officer of Hooray Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO and Hooray Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Ng obtained a Bachelor of Arts (Honours Economics) degree from Wilfrid Laurier University, Canada in 1996 and a Master of Economics degree from The University of Hong Kong in 1997.



# INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF  
UNITY GROUP HOLDINGS INTERNATIONAL LIMITED**  
(incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Unity Group Holdings International Limited (the "**Company**") and its subsidiaries (together "**the Group**") set out on pages 65 to 158, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

# 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.

### Impairment assessment of trade receivables and finance lease receivables

Refer to notes 17 and 19 to the consolidated financial statements and the material accounting policy information in note 3(j) to the consolidated financial statements

As at 31 March 2024, the Group had trade receivables and finance lease receivables with carrying amounts of HK\$203,876,000 and HK\$43,733,000 respectively after loss allowance for expected credit losses ("**ECL**") of approximately HK\$293,776,000 and HK\$730,000 respectively. We identified impairment assessment of trade receivables and finance lease receivables as key audit matter because trade receivables and finance lease receivables were significant to the Group and represented approximately 53% of the total assets as at 31 March 2024 and the impairment assessment involved significant management judgements and subjected to estimation uncertainty.

Management performed assessment with the assistance of independent professional valuer (the "**Management's Expert**") on the recoverability of the trade receivables and finance lease receivables and the sufficiency of loss allowance for ECL. The Group measures loss allowances for trade receivables and finance lease receivables based on lifetime ECL. The ECL rates are determined based on the default rates and loss given default with reference to market data and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. In carrying out impairment assessment of trade receivables and finance lease receivables under the ECL model, significant management judgement was used to determine the underlying estimations.

#### *Our response*

Our procedures on the management's impairment assessment of trade receivables and finance lease receivables included:

- (i) Assessing whether trade receivables and finance lease receivables had been appropriately grouped by management based on their shared credit risk characteristics;
- (ii) Assessing the appropriateness of the key input data used by management and the Management's Expert to develop the expected credit loss rates and assessing the reliability and relevance of that data;
- (iii) Evaluating the competence, capabilities and objectivity of the Management's Expert and engaged by the Company;

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (Continued)

### Impairment assessment of trade receivables and finance lease receivables (Continued)

#### *Our response (Continued)*

Our procedures on the management's impairment assessment of trade receivables and finance lease receivables included: (Continued)

- (iv) Obtaining the Management's Expert's valuation report and meeting with Management Experts to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model;
- (v) Checking key assumptions and input data in the valuation model to supporting evidence;
- (vi) Checking arithmetical accuracy of the valuation model;
- (vii) Checking subsequent settlements from trade receivables and finance lease receivables; and
- (viii) Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment assessment of trade receivables and finance lease receivables is supported by the available evidence.

## OTHER MATTER

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

## OTHER INFORMATION

The directors are 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 do not express any form of assurance conclusion thereon.

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

# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



# INDEPENDENT AUDITOR'S REPORT

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

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

- (i) 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.
- (ii) 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.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (v) 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.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



# INDEPENDENT AUDITOR'S REPORT

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

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, action taken to eliminate threats or safeguards applied.

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

### **Beijing Xinghua Caplegend CPA Limited**

*Certified Public Accountants*

### **Lo Charbon**

Practising Certificate Number P06029

Hong Kong, 6 September 2024



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

|  | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|-------|------------------|------------------|
| Revenue  | 6     | 92,619           | 46,550           |
| Cost of sales  |       | (35,875)         | (18,837)         |
| <b>Gross profit</b>  |       | <b>56,744</b>    | 27,713           |
| Other income and expenses, net   | 7     | 10,900           | (49,643)         |
| Administrative expenses  |       | (46,577)         | (36,408)         |
| Selling and distribution expenses  |       | (5,636)          | (6,111)          |
| Finance costs  | 8     | (2,951)          | (23,260)         |
| Gain on derecognition of financial liabilities   | 9     | -                | 51,591           |
| Share of results of associates   | 15    | 2,737            | 1,463            |
| <b>Profit/(loss) before income tax</b>   | 9     | <b>15,217</b>    | (34,655)         |
| Income tax (expense)/credit  | 11(a) | (3,615)          | 10,641           |
| <b>Profit/(loss) for the year</b>  |       | <b>11,602</b>    | (24,014)         |
| <b>Other comprehensive (loss) income:</b>  |       |                  |                  |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b>             |       |                  |                  |
| Exchange difference arising on translation of financial statements of foreign operations |       | (387)            | (357)            |
| Share of other comprehensive (loss)/income of associates                                 |       | (10)             | 35               |
| <b>Other comprehensive loss for the year, net of tax</b>                                 |       | <b>(397)</b>     | (322)            |
| <b>Total comprehensive income/(loss) for the year</b>                                    |       | <b>11,205</b>    | (24,336)         |
| <b>Profit/(loss) for the year attributable to:</b>                                       |       |                  |                  |
| Owners of the Company  |       | 8,387            | (25,084)         |
| Non-controlling interests  |       | 3,215            | 1,070            |
|  |       | <b>11,602</b>    | (24,014)         |
| <b>Total comprehensive income/(loss) for the year attributable to:</b>                   |       |                  |                  |
| Owners of the Company  |       | 7,933            | (25,589)         |
| Non-controlling interests  |       | 3,272            | 1,253            |
|  |       | <b>11,205</b>    | (24,336)         |
| <b>Earnings/(loss) per share attributable to owners of the Company</b>                   | 13    |                  |                  |
| - Basic (HK cents)   |       | 0.28             | (1.05)           |
| - Diluted (HK cents)   |       | 0.08             | (1.05)           |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

|  | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|--|-------|------------------|--------------------------------|
| <b>Non-current assets</b>                                  |       |                  |                                |
| Property, plant and equipment                              | 14    | 2,535            | 4,115                          |
| Interests in associates                                    | 15    | 70,020           | 67,293                         |
| Equity investment at fair value through profit or loss     | 16    | 10,800           | 25,878                         |
| Trade receivables  | 19    | 10,223           | 9,719                          |
| Finance lease receivables                                  | 17    | 40,685           | 12,889                         |
| Deposits   | 20    | 781              | 641                            |
| Pledged deposits   | 22    | 904              | -                              |
| Deferred tax assets  | 11(b) | 47,843           | 51,458                         |
|  |       | <b>183,791</b>   | <b>171,993</b>                 |
| <b>Current assets</b>                                      |       |                  |                                |
| Inventories  | 18    | 4,204            | 1,671                          |
| Trade receivables  | 19    | 193,653          | 155,392                        |
| Finance lease receivables                                  | 17    | 3,048            | 2,628                          |
| Deposits, prepayments and other receivables                | 20    | 47,308           | 18,858                         |
| Amount due from an associate                               | 21(a) | 4,470            | 12,005                         |
| Cash and cash equivalents                                  | 22    | 31,908           | 11,091                         |
|  |       | <b>284,591</b>   | <b>201,645</b>                 |
| <b>Current liabilities</b>                                 |       |                  |                                |
| Trade payables   | 23    | 11,110           | 8,698                          |
| Contract liabilities                                       | 24    | 258              | 312                            |
| Accruals, other payables and deposits received             | 25    | 37,861           | 42,936                         |
| Borrowings   | 26    | 17,417           | 9,000                          |
| Lease liabilities  | 27    | 1,048            | 2,650                          |
| Amount due to a related company                            | 21(b) | 1,514            | 352                            |
| Amount due to a director                                   | 21(c) | 85               | 2,986                          |
| Amounts due to the scheme creditors                        | 28    | 29,768           | 133,779                        |
| Financial liabilities at fair value through profit or loss | 29    | -                | 3,558                          |
| Convertible bonds  | 30    | 12,923           | -                              |
|  |       | <b>111,984</b>   | <b>204,271</b>                 |
| <b>Net current assets/(liabilities)</b>                    |       | <b>172,607</b>   | <b>(2,626)</b>                 |
| <b>Total assets less current liabilities</b>               |       | <b>356,398</b>   | <b>169,367</b>                 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

|   | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|---|-------|------------------|--------------------------------|
| <b>Non-current liabilities</b>                      |       |                  |                                |
| Deposits received                                   | 25    | 802              | 1,713                          |
| Lease liabilities                                   | 27    | 1,158            | 674                            |
| Amounts due to the scheme creditors                 | 28    | 40,328           | 40,328                         |
|   |       | <b>42,288</b>    | 42,715                         |
| <b>Net assets</b>                                   |       |                  |                                |
|   |       | <b>314,110</b>   | 126,652                        |
| <b>CAPITAL AND RESERVES</b>                         |       |                  |                                |
| Share capital                                       | 31    | 33,494           | 23,857                         |
| Reserves  | 32    | 288,410          | 113,861                        |
| <b>Equity attributable to owners of the Company</b> |       |                  |                                |
| Non-controlling interests                           |       | (7,794)          | (11,066)                       |
| Total equity  |       | <b>314,110</b>   | 126,652                        |

The consolidated financial statements were approved and authorised for issue by the board of directors on 6 September 2024 and are signed on its behalf of:

Approved by:

Wong Man Fai Mansfield  
Director



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

|  | Attributable to owners of the Company |                       |                             |                       |                       |                                  |                        | Subtotal<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|----------------------------------|------------------------|----------------------|--|-------------------|
|  | Share<br>capital                      | Share<br>premium*     | Share<br>option<br>reserve* | Capital<br>reserves*  | Merger<br>reserve*    | Foreign<br>exchange<br>reserves* | Accumulated<br>losses* |                      |  |                   |
|  | HK\$'000<br>(note 31)                 | HK\$'000<br>(note 32) | HK\$'000<br>(note 32)       | HK\$'000<br>(note 32) | HK\$'000<br>(note 32) | HK\$'000<br>(note 32)            | HK\$'000<br>(note 32)  |                      |  |                   |
| <b>At 1 April 2022</b>   | 23,857                                | 565,198               | 99                          | 7,388                 | 12,183                | 706                              | (451,471)              | 157,960              | (12,319)                                     | 145,641           |
| Equity settled share option arrangements   | -                                     | -                     | 5,347                       | -                     | -                     | -                                | -                      | 5,347                | -  | 5,347             |
| Loss for the year  | -                                     | -                     | -                           | -                     | -                     | -                                | (25,084)               | (25,084)             | 1,070  | (24,014)          |
| Other comprehensive (loss)/income<br>for the year:   |                                       |                       |                             |                       |                       |                                  |                        |                      |  |                   |
| Exchange difference arising on<br>translation of financial statements of<br>foreign operations | -                                     | -                     | -                           | -                     | -                     | (540)                            | -                      | (540)                | 183  | (357)             |
| Share of other comprehensive income of<br>associates   | -                                     | -                     | -                           | -                     | -                     | 35                               | -                      | 35                   | -  | 35                |
| Total comprehensive (loss)/income<br>for the year  | -                                     | -                     | -                           | -                     | -                     | (505)                            | (25,084)               | (25,589)             | 1,253  | (24,336)          |
| <b>At 31 March 2023 and 1 April 2023</b>   | <b>23,857</b>                         | <b>565,198</b>        | <b>5,446</b>                | <b>7,388</b>          | <b>12,183</b>         | <b>201</b>                       | <b>(476,555)</b>       | <b>137,718</b>       | <b>(11,066)</b>                              | <b>126,652</b>    |
| Issue of shares for settlement of<br>amounts due to the scheme creditors                       | 7,300                                 | 379,632               | -                           | (282,534)             | -                     | -                                | -                      | 104,398              | -  | 104,398           |
| Transaction costs on issue of shares   | -                                     | (5,132)               | -                           | -                     | -                     | -                                | -                      | (5,132)              | -  | (5,132)           |
| Issue of shares upon conversion of<br>convertible bonds  | 1,773                                 | 57,050                | -                           | -                     | -                     | -                                | -                      | 58,823               | -  | 58,823            |
| Equity-settled share option arrangements   | -                                     | -                     | 8,462                       | -                     | -                     | -                                | -                      | 8,462                | -  | 8,462             |
| Shares issued under share option scheme  | 564                                   | 12,663                | (3,525)                     | -                     | -                     | -                                | -                      | 9,702                | -  | 9,702             |
| Release of share option reserve upon the<br>forfeiture or lapse of share options               | -                                     | -                     | (99)                        | -                     | -                     | -                                | 99                     | -                    | -  | -                 |
| Profit for the year  | -                                     | -                     | -                           | -                     | -                     | -                                | 8,387                  | 8,387                | 3,215  | 11,602            |
| Other comprehensive (loss)/income<br>for the year:   |                                       |                       |                             |                       |                       |                                  |                        |                      |  |                   |
| Exchange difference arising on<br>translation of financial statements of<br>foreign operations | -                                     | -                     | -                           | -                     | -                     | (444)                            | -                      | (444)                | 57   | (387)             |
| Share of other comprehensive loss of<br>associates   | -                                     | -                     | -                           | -                     | -                     | (10)                             | -                      | (10)                 | -  | (10)              |
| Total comprehensive (loss)/income<br>for the year  | -                                     | -                     | -                           | -                     | -                     | (454)                            | 8,387                  | 7,933                | 3,272  | 11,205            |
| <b>At 31 March 2024</b>  | <b>33,494</b>                         | <b>1,009,411</b>      | <b>10,284</b>               | <b>(275,146)</b>      | <b>12,183</b>         | <b>(253)</b>                     | <b>(468,069)</b>       | <b>321,904</b>       | <b>(7,794)</b>                               | <b>314,110</b>    |

\* These reserves account comprise the consolidated reserves of approximately HK\$288,410,000 in the consolidated statement of financial position as at 31 March 2024 (2023: HK\$113,861,000).

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|--|------------------|--------------------------------|
| <b>Cash flows from operating activities</b>                                  |                  |                                |
| Profit/(loss) before income tax  | 15,217           | (34,655)                       |
| Adjustments for:   |                  |                                |
| Interest income  | (650)            | (561)                          |
| Interest expenses  | 2,951            | 23,260                         |
| Depreciation of property, plant and equipment                                | 2,801            | 2,778                          |
| Equity-settled share option expense  | 8,462            | 5,347                          |
| Fair value loss on equity investment at fair value through profit or loss    | 15,078           | 3,262                          |
| Gain on early termination of lease   | (14)             | (2)                            |
| Gain on derecognition of financial liabilities                               | -                | (51,591)                       |
| Bad debts written off  | -                | 55                             |
| (Reversal of)/provision for impairment loss of financial assets              | (20,264)         | 46,026                         |
| Amortisation of deferred day-one loss  | 8,638            | -                              |
| Change in fair value through profit or loss in relation to convertible bonds | (14,392)         | -                              |
| Share of results of associates   | (2,737)          | (1,463)                        |
| Provision for warranty, net  | 38               | 95                             |
| Write-off of property, plant and equipment                                   | 686              | 338                            |
| Write-off of inventories   | 134              | 29                             |
| Operating cash flows before movements in working capital                     | 15,948           | (7,082)                        |
| Change in inventories  | (2,667)          | (443)                          |
| Change in trade receivables  | (18,822)         | (10,329)                       |
| Change in finance lease receivables  | (27,896)         | (2,579)                        |
| Change in deposits, prepayments and other receivables                        | (28,194)         | (6,947)                        |
| Change in trade payables   | 2,412            | 6,354                          |
| Change in amount due to a related company                                    | 1,162            | 72                             |
| Change in contract liabilities   | (54)             | (234)                          |
| Change in accruals, other payables and deposits received                     | (6,221)          | 5,117                          |
| <b>Net cash used in operating activities</b>                                 | <b>(64,332)</b>  | <b>(16,071)</b>                |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|--|------------------|--------------------------------|
| <b>Cash flows from investing activities</b>                              |                  |                                |
| Purchases of property, plant and equipment                               | (335)            | (83)                           |
| Repayments from an associate   | 7,535            | 7,003                          |
| Interest received  | 229              | 165                            |
| Placement of pledged deposit   | (1,043)          | -                              |
| Withdrawal of pledged deposit  | 163              | -                              |
| <b>Net cash generated from investing activities</b>                      | <b>6,549</b>     | <b>7,085</b>                   |
| <b>Cash flows from financing activities</b>                              |                  |                                |
| Proceeds from share options arrangements                                 | 9,702            | -                              |
| Payments for transaction costs on issue of shares                        | (5,132)          | -                              |
| Proceeds from issue of convertible bonds                                 | 77,500           | -                              |
| Interest paid on borrowings  | (1,384)          | (469)                          |
| Interest on other payables   | -                | (4,971)                        |
| Interest element on lease payments                                       | (111)            | (149)                          |
| Capital element of lease payments  | (2,726)          | (2,424)                        |
| Proceed from borrowings  | 10,433           | 9,000                          |
| Repayment of borrowings  | (2,016)          | (5,674)                        |
| Repayment to amounts due to the scheme creditors                         | (871)            | (3,666)                        |
| Redemption of financial liabilities at fair value through profit or loss | (3,371)          | -                              |
| Advances from a director   | 4,797            | 6,758                          |
| Repayments to a director   | (7,698)          | (3,772)                        |
| <b>Net cash generated from/(used in) financing activities</b>            | <b>79,123</b>    | <b>(5,367)</b>                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b>              | <b>21,340</b>    | <b>(14,353)</b>                |
| Cash and cash equivalents at beginning of the year                       | 11,091           | 26,311                         |
| Effect of foreign exchange rate changes                                  | (523)            | (867)                          |
| <b>Cash and cash equivalents at end of the year</b>                      | <b>31,908</b>    | <b>11,091</b>                  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 2011. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is 15th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong. The Company's share are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. The Group is principally engaged in the provision of leasing services of energy saving systems and products, consultancy service and installation services of renewable energy system and trading of energy saving products. Details of the principal activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statements.

The directors of the Company considered the Company's ultimate holding company as at 31 March 2024 is Abundance Development Limited, a company established in Hong Kong and its ultimate controlling party is Mr. Wong Man Fai Mansfield ("**Mr. Mansfield Wong**").

## 2. CHANGES IN ACCOUNTING POLICIES

### (a) Adoption of new or amendments to HKFRSs – effective 1 April 2023

In current year, the Group has applied the following new or amendments to HKFRSs issued by the HKICPA which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2023.

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

The application of these new or amendments to HKFRSs has no material impact to the Group's results and financial positions for the current and prior period. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### (a) Adoption of new or amendments to HKFRSs – effective 1 April 2023 (Continued)

*New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism*

In July 2023, the HKICPA published "Accounting implications of the abolition of the mandatory provident fund ("MPF") – long service payment ("LSP") offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19, Employee Benefits, in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in April 2023 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the year ended 31 March 2024, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, since the amount of the catch-up profit or loss adjustment was immaterial, the Group did not restate the comparative figure for the consolidated financial statements.

### (b) New or amended HKFRSs in issue but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of these new or amended HKFRSs will not result in significant impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the consolidated financial statements.

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

### (a) Basis of consolidation

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

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

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

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign exchange reserves.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (a) Basis of consolidation (Continued)

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(t)).

### (b) Foreign currency translation

#### (i) Functional and presentation currency

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (b) Foreign currency translation (Continued)

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

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

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

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

#### (iii) Translation on consolidation

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign exchange reserves. When a foreign operation is sold, such exchange differences are recognised in consolidated statement of comprehensive income as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on property, plant and equipment is provided over their estimated useful lives, using the straight line method. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date. The estimated useful lives are as follows:

|  |   |
|--|---|
| Leasehold improvements                   | Over the terms of leases or 3 years, whichever is shorter |
| Furniture, fixtures and office equipment | 2 years   |
| Energy saving systems                    | 5 – 10 years  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (d) Property, plant and equipment (Continued)

Construction in progress ("CIP"), which is stated at cost less impairment losses, representing energy saving systems pending installation as well as cost incurred during the periods of installation and testing. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. No depreciation is provided for in respect of CIP until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss upon disposal.

### (e) Leasing

#### The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

When the Group is an intermediate lessor, the subleases are classified as a finance lease or as an operating lease with reference to the right-of-use assets arising from the head lease, instead of by reference to the underlying asset.

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. Significant judgement would be required for the assessment of whether the right to control the use of an identified asset is conveyed to the customer.

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate the consideration under the contract to each component.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (e) Leasing (Continued)

#### **The Group as lessee**

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

#### *Right-of-use assets*

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing 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 measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

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

The Group presents right-of-use assets within the line item of "property, plant and equipment".

#### *Lease liabilities*

The lease liabilities are recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (e) Leasing (Continued)

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

##### *Lease liabilities (Continued)*

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liabilities by: (i) increasing the carrying amount to reflect interest on the lease liabilities; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

### (f) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted-average basis. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalent are assessed for ECL (see note 3(j)).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (h) Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### (i) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost; and
- Investments at fair value through profit or loss ("**FVTPL**").

#### (i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for ECL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (i) Financial assets (Continued)

#### (ii) Investments at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

### (j) Loss allowances for ECLs

The Group recognises loss allowances for ECLs on trade receivables, finance lease receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 "Leases".

The Group has elected to measure loss allowances for trade receivables and finance lease receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The ECL on these assets are assessed collectively for debtors using a provision matrix that is based on the default rates and loss given default with reference to market data, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (j) Loss allowances for ECLs (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is 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 financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (k) Financial liabilities and equity instruments

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

### (l) Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative. Convertible bonds which do not contain an equity component are accounted for as follows:

At the date of issue, both the debt component and derivative components are recognised at fair value and the convertible bonds are designated as at FVTPL. In subsequent period, changes in fair value are recognised in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognised in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to retained profits upon derecognition. Transaction costs relating to the issue of the convertible bonds are charged to profit or loss immediately.

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

### (m) Borrowings

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

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

### (n) Trade and other payables

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefit, to the extent that they are incremental costs directly attributable to the equity transaction.

### (p) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (p) Income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if,

- the Group has the legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### (q) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (q) Revenue recognition (Continued)

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

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

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

#### (i) Trading of energy saving products

Customers obtain control of the energy saving products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the energy saving products. There is generally only one performance obligation. Invoices are usually payable within 365 days.

Goods sold by the Group include warranties which require the Group to either replace or amend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with HKFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### (ii) Consultancy service income

Revenue from consultancy service is recognised at the time when the control is transferred, i.e. one-off revenue recognition upon receipt of consultancy service report by the customer according to the terms of acceptance agreed upon in the contract. There is generally only one performance obligation. Invoices are usually payable within 365 days.

#### (iii) Installation service income

Revenue from installation service is recognised at the time when the control of completed services is transferred, i.e. one-off revenue recognition upon the completion of installation service according to the terms of acceptance agreed upon in the contract. There is generally only one performance obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (q) Revenue recognition (Continued)

#### (iv) Other revenue

Interest income is recognised using the effective interest method.

### (r) Contract liabilities

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

### (s) Employee benefits

#### (i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

#### (ii) Defined contribution

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

#### (iii) Defined benefit plan obligations

The Group has a defined benefit plan in relation to LSP under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by an independent valuer engaged by the Group using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (t) Impairment of assets

At the end of each reporting period, the Group and the Company review the carrying amounts of the property, plant and equipment, interests in associates and investment in a subsidiary to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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, to the extent 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.

### (u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (u) Provisions and contingent liabilities (Continued)

#### Warranty provisions

The Group makes provisions under the warranty at the time of sale rendered taking into account the Group's historical failure rate information. As the Group review the information yearly it is possible that the historical failure rate information is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

### (v) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised.

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

Where options are forfeited due to a failure by the employee to satisfy the service conditions, the accumulated expenses previously recognised in relation to such options are reversed at the date of the forfeiture.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (w) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

Each of the operating segments is managed separately as each of the segments requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in this report prepared under HKFRSs, except that:

- (i) unallocated finance costs;
- (ii) share of results of associates;
- (iii) loss/(gain) on debt extinguishment on financial liabilities;
- (iv) income tax expense; and
- (v) corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets included all assets except interests in associates, equity investment at FVTPL, cash and cash equivalents, amount due from an associate, deferred tax assets and other corporate assets. Other corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities included all liabilities except unallocated borrowings, lease liabilities, amount due to a related company, amount due to a director, amounts due to the scheme creditors, financial liabilities at FVTPL, convertible bonds and other corporate liabilities. Other corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. MATERIAL ACCOUNTING POLICIES (Continued)

### (x) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

### (a) Critical judgements in applying accounting policies

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.

#### (i) Power to exercise significant influence

The Group holds approximately 23.65% of voting rights of InVinity Energy Group Limited ("InVinity"). By reference to the fact that the Group had agreed with other shareholders of InVinity not to involve in the board of directors of InVinity since 26 September 2018, the Group does not have power to exercise significant influence over InVinity. The investment in InVinity is treated as an equity investment at FVTPL.

#### (ii) Conveyance of right to control

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group determines whether the customer has the right to direct use of the identified asset by reference to a) right to change the type of output that is provided by the assets; b) right to change when the output is produced; c) right to change where the output is produced; and d) right to change whether the produced, and the quantity of that output. Significant judgement is required for the assessment of whether the right to control the use of an identified asset is conveyed to the customer and the lease is existing.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within next financial period are as follows:

#### (i) Provision for ECLs on trade receivables and finance lease receivables

With the aid of the independent specialist engaged by the Group, the Group uses a provision matrix to calculate ECLs for trade receivables and finance lease receivables. The provision rates are based on days past due or repayment schedule for groupings of various customer segments that have similar loss patterns.

The ECL rates are determined based on the default rates and loss given default with reference to market data and are adjusted to reflect current and forward-looking information. At each reporting date, the ECL rates are updated and changes in the forward-looking factors are analysed.

The assessment of the correlation among forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The ECL rates and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amounts of trade receivables and finance lease receivables are disclosed in notes 19 and 17, respectively.

#### (ii) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made. The carrying amounts of property, plant and equipment and interests in associates are disclosed in note 14 and 15, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty (Continued)

#### (iii) Estimation of fair value of unlisted equity investment

The fair value of equity investment that is not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in note 39. The carrying amount of unlisted equity investment is disclosed in note 16.

#### (iv) Fair value measurement of convertible bonds

As at 31 March 2024, the convertible bonds of the Group amounting to HK\$26,911,000 (excluding deferred day-one loss) is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in note 39. The carrying amount of convertible bonds is disclosed in note 30.

#### (v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets was approximately HK\$47,843,000 (2023: HK\$51,458,000) as at 31 March 2024. Further details are disclosed in note 11(b) to the consolidated financial statements.

## 5. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, financial information relating to these operations is reported internally and is regularly reviewed by the executive Director, being the chief operating decision maker, based on the following segments:

- (1) Provision of leasing service of energy saving systems and products;
- (2) Trading of energy saving products;
- (3) Provision of consultancy and project management services ("**Consultancy service**"); and
- (4) Provision of installation services of renewable energy systems ("**Renewable energy service**").

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. SEGMENT INFORMATION (Continued)

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the year ended 31 March 2024 and 2023.

### Information about reportable segment profit or loss, assets and liabilities:

|  | Leasing<br>service of<br>energy<br>saving<br>systems and<br>products<br>HK\$'000 | Trading of<br>energy<br>saving<br>products<br>HK\$'000 | Consultancy<br>service<br>HK\$'000 | Renewable<br>energy<br>service<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|--|------------------------------------|--|-------------------|
| <b>Year ended 31 March 2024</b>                                    |  |  |                                    |  |                   |
| Revenue from external customers                                    | 39,322   | 40,278   | 12,931                             | 88   | 92,619            |
| Reportable segment profit/(loss)                                   | 6,418  | 31,002   | 8,854                              | (274)                                      | 46,000            |
| Depreciation   | 530  | -  | -                                  | -  | 530               |
| Provision for/(reversal of) impairment loss of<br>financial assets | 1,810  | (25,353)   | 3,331                              | (52)                                       | (20,264)          |
| Finance cost   | 1,064  | -  | -                                  | -  | 1,064             |
| <b>As at 31 March 2024</b>   |  |  |                                    |  |                   |
| Reportable segment assets  | 66,915   | 168,682  | 38,871                             | 13   | 274,481           |
| Reportable segment liabilities                                     | 29,162   | 4,943  | 16                                 | 18   | 34,139            |
| <b>Year ended 31 March 2023</b>                                    |  |  |                                    |  |                   |
| Revenue from external customers                                    | 20,453   | 18,538   | 4,863                              | 2,696                                      | 46,550            |
| Reportable segment (loss)/profit                                   | (29,962)   | 8,121  | (11,323)                           | 85   | (33,079)          |
| Depreciation   | 1,019  | -  | -                                  | -  | 1,019             |
| Provision for/(reversal of) impairment loss of<br>financial assets | 34,163   | (3,939)  | 14,712                             | 25   | 44,961            |
| <b>As at 31 March 2023</b>   |  |  |                                    |  |                   |
| Reportable segment assets (restated)                               | 35,379   | 119,896  | 29,271                             | 322  | 184,868           |
| Reportable segment liabilities                                     | 14,744   | 9,503  | 16                                 | 237  | 24,500            |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented as follows:

### Profit or loss

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Reportable segment profit/(loss)               | 46,000           | (33,079)         |
| Unallocated corporate income (note)            | 6,420            | 973              |
| Unallocated corporate expenses (note)          | (38,053)         | (32,343)         |
| Unallocated finance costs                      | (1,887)          | (23,260)         |
| Gain on derecognition of financial liabilities | -                | 51,591           |
| Share of results of associates                 | 2,737            | 1,463            |
| Profit/(loss) before income tax                | 15,217           | (34,655)         |

Note:

Unallocated corporate income mainly includes gain on lease modification, interest income, government grants, amortisation of deferred day-one loss and change in FVTPL in relation to convertible bonds.

Unallocated corporate expenses mainly include fair value loss on equity investment at FVTPL (note 9), equity-settled share option expense (note 9), unallocated legal and professional fees, unallocated salaries and other administrative expenses.

### Assets and liabilities

|                              | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|------------------------------|------------------|--------------------------------|
| Reportable segment assets    | 274,481          | 184,868                        |
| Interests in associates      | 70,020           | 67,293                         |
| Equity investment at FVTPL   | 10,800           | 25,878                         |
| Cash and cash equivalents    | 31,908           | 11,091                         |
| Amount due from an associate | 4,470            | 12,005                         |
| Deferred tax assets          | 47,843           | 51,458                         |
| Other corporate assets       | 28,860           | 21,045                         |
| Group assets                 | 468,382          | 373,638                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. SEGMENT INFORMATION (Continued)

|                                     | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-------------------------------------|------------------|------------------|
| Reportable segment liabilities      | 34,139           | 24,500           |
| Borrowings                          | 8,787            | 9,000            |
| Lease liabilities                   | 2,206            | 3,098            |
| Financial liabilities at FVTPL      | –                | 3,558            |
| Amount due to a related company     | 1,514            | 352              |
| Amount due to a director            | 85               | 2,986            |
| Amounts due to the scheme creditors | 70,096           | 174,107          |
| Convertible bonds                   | 12,923           | –                |
| Other corporate liabilities (note)  | 24,522           | 29,385           |
| Group liabilities                   | 154,272          | 246,986          |

Note: Other corporate liabilities mainly include accruals and other payables for unallocated legal and professional fees, unallocated salaries and other operating expenses.

The Group's revenue from external customers are divided into the following geographical areas:

|                          | Revenue from<br>external customers |                  |
|--------------------------|------------------------------------|------------------|
|                          | 2024<br>HK\$'000                   | 2023<br>HK\$'000 |
| Hong Kong (domiciled)    | 10,127                             | 1,314            |
| Japan                    | 17,179                             | 7,277            |
| Malaysia                 | 39,182                             | 20,052           |
| Indonesia                | 478                                | 1,568            |
| Macau                    | 8,102                              | 4,863            |
| Australia                | 17,415                             | 8,262            |
| Other overseas locations | 136                                | 3,214            |
|                          | 92,619                             | 46,550           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. SEGMENT INFORMATION (Continued)

The Group's non-current assets are located in Hong Kong and Malaysia, which are divided into the following geographical areas (other than financial assets and deferred tax assets):

|                       | Specified non-current assets |                  |
|-----------------------|------------------------------|------------------|
|                       | 2024<br>HK\$'000             | 2023<br>HK\$'000 |
| Hong Kong (domiciled) | 71,815                       | 68,876           |
| Malaysia              | 461                          | 2,251            |
| Others                | 279                          | 281              |
|                       | <b>72,555</b>                | <b>71,408</b>    |

The geographical location of revenue allocated is based on the location at which the goods were delivered and services were provided. The geographical location of non-current assets is based on the physical location of the assets. The Company is an investment holding company where the Group has majority of its operation and workforce in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. Revenue derived from these customers are as follows:

|                | Revenue from external customers |                  |
|----------------|---------------------------------|------------------|
|                | 2024<br>HK\$'000                | 2023<br>HK\$'000 |
| Customer A ### | 10,003                          | N/A              |
| Customer B #   | 17,179                          | 7,277            |
| Customer C #   | 17,415                          | 8,262            |
| Customer D ##  | N/A                             | 4,863            |

# Attributable to segment of trading of energy saving products

## Attributable to segment of consultancy service

### Attributable to trading of energy saving products and consultancy services.

N/A Revenue from the relevant customer was less than 10% of the Group total revenue for the reporting period

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. REVENUE

Revenue represents the income from trading of energy saving products, provision of leasing service, consultancy services and renewable energy service income. An analysis of revenue is as follows:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| <b>Revenue from contracts with customer within the scope of HKFRS 15</b> |                  |                  |
| Trading of energy saving products  | 40,278           | 18,538           |
| Consultancy service income   | 12,931           | 4,863            |
| Renewable energy service income  | 88               | 2,696            |
|  | <b>53,297</b>    | 26,097           |
| <b>Revenue from other sources</b>  |                  |                  |
| Leasing service income   | 39,322           | 20,453           |
| <b>Total</b>   | <b>92,619</b>    | 46,550           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers and from other sources:

| Segments                                    | 2024   |  |                                    |   | Total<br>HK\$'000 |
|---|--|--|------------------------------------|---|-------------------|
|   | Leasing<br>service of<br>energy<br>saving<br>systems and<br>products<br>HK\$'000 | Trading of<br>energy<br>saving<br>products<br>HK\$'000 | Consultancy<br>service<br>HK\$'000 | Renewable<br>energy<br>services<br>HK\$'000 |                   |
| <b>Geographical markets</b>                 |  |  |                                    |   |                   |
| Hong Kong (domiciled)                       | 68   | 5,230  | 4,829                              | -   | 10,127            |
| Japan                                       | -  | 17,179   | -                                  | -   | 17,179            |
| Malaysia                                    | 39,082   | 100  | -                                  | -   | 39,182            |
| Indonesia                                   | 124  | 354  | -                                  | -   | 478               |
| Macau                                       | -  | -  | 8,102                              | -   | 8,102             |
| Australia                                   | -  | 17,415   | -                                  | -   | 17,415            |
| Other overseas locations                    | 48   | -  | -                                  | 88  | 136               |
| <b>Total</b>                                | <b>39,322</b>  | <b>40,278</b>  | <b>12,931</b>                      | <b>88</b>                                   | <b>92,619</b>     |
| <b>Major products/services</b>              |  |  |                                    |   |                   |
| Trading of energy saving products           | -  | 40,278   | -                                  | -   | 40,278            |
| Consultancy and project management services | -  | -  | 12,931                             | -   | 12,931            |
| Installation service                        | -  | -  | -                                  | 88  | 88                |
| Leasing service                             | 39,322   | -  | -                                  | -   | 39,322            |
| <b>Total</b>                                | <b>39,322</b>  | <b>40,278</b>  | <b>12,931</b>                      | <b>88</b>                                   | <b>92,619</b>     |
| <b>Timing of revenue recognition</b>        |  |  |                                    |   |                   |
| At a point in time                          | 32,468   | 40,278   | 12,931                             | 88  | 85,765            |
| Over time                                   | 6,854  | -  | -                                  | -   | 6,854             |
|   | <b>39,322</b>  | <b>40,278</b>  | <b>12,931</b>                      | <b>88</b>                                   | <b>92,619</b>     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. REVENUE (Continued)

### Disaggregation of revenue from contracts with customers and from other sources: (Continued)

| Segments                                    | 2023   |  |                                    |   |  | Total<br>HK\$'000 |
|---|--|--|------------------------------------|---|--|-------------------|
|   | Leasing<br>service of<br>energy<br>saving<br>systems and<br>products<br>HK\$'000 | Trading of<br>energy<br>saving<br>products<br>HK\$'000 | Consultancy<br>service<br>HK\$'000 | Renewable<br>energy<br>services<br>HK\$'000 |  |                   |
| <b>Geographical markets</b>                 |  |  |                                    |   |  |                   |
| Hong Kong (domiciled)                       | 86   | 1,228  | -                                  | -   |  | 1,314             |
| Japan                                       | -  | 7,277  | -                                  | -   |  | 7,277             |
| Malaysia                                    | 19,899   | 153  | -                                  | -   |  | 20,052            |
| Indonesia                                   | 401  | 1,167  | -                                  | -   |  | 1,568             |
| Macau                                       | -  | -  | 4,863                              | -   |  | 4,863             |
| Australia                                   | -  | 8,262  | -                                  | -   |  | 8,262             |
| Other overseas locations                    | 67   | 451  | -                                  | 2,696                                       |  | 3,214             |
| <b>Total</b>                                | <b>20,453</b>  | <b>18,538</b>  | <b>4,863</b>                       | <b>2,696</b>                                |  | <b>46,550</b>     |
| <b>Major products/services</b>              |  |  |                                    |   |  |                   |
| Trading of energy saving products           | -  | 18,538   | -                                  | -   |  | 18,538            |
| Consultancy and project management services | -  | -  | 4,863                              | -   |  | 4,863             |
| Installation service                        | -  | -  | -                                  | 2,696                                       |  | 2,696             |
| Leasing service                             | 20,453   | -  | -                                  | -   |  | 20,453            |
| <b>Total</b>                                | <b>20,453</b>  | <b>18,538</b>  | <b>4,863</b>                       | <b>2,696</b>                                |  | <b>46,550</b>     |
| <b>Timing of revenue recognition</b>        |  |  |                                    |   |  |                   |
| At a point in time                          | 14,001   | 18,538   | 4,863                              | 2,696                                       |  | 40,098            |
| Over time                                   | 6,452  | -  | -                                  | -   |  | 6,452             |
|   | <b>20,453</b>  | <b>18,538</b>  | <b>4,863</b>                       | <b>2,696</b>                                |  | <b>46,550</b>     |

The following table provides information about trade receivables and contract liabilities from contracts with customers:

|                                | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------------------------|------------------|------------------|
| Trade receivables (note 19)    | 185,194          | 145,639          |
| Contract liabilities (note 24) | 258              | 312              |

The contract liabilities are related to the advance consideration of sales of goods received from customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 7. OTHER INCOME AND EXPENSES, NET

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Interest income  |                  |                  |
| – from bank and pledged deposits                                     | 254              | 165              |
| – from other receivables   | 396              | 396              |
|  | <b>650</b>       | 561              |
| Reversal of/(provision for) impairment loss of financial assets, net | <b>20,264</b>    | (46,026)         |
| Amortisation of deferred day-one loss (note 30)                      | <b>(8,638)</b>   | –                |
| Change in FVTPL in relation to convertible bonds (note 30)           | <b>14,392</b>    | –                |
| Government grants (note)   | –                | 65               |
| Fair value loss on equity investment at FVTPL                        | <b>(15,078)</b>  | (3,262)          |
| Write-off of property, plant and equipment                           | <b>(686)</b>     | (338)            |
| Others   | <b>(4)</b>       | (643)            |
|  | <b>10,900</b>    | (49,643)         |

Note:

For the year ended 31 March 2023, the Group has received financial support from the Hong Kong Special Administrative Region Government ("the Government of HKSAR") who set up the Anti-epidemic Fund under the Employment Support Scheme to encourage entities to retain their employees who would otherwise be made redundant. Under the Employment Support Scheme, the Group is required not to make redundancies during the subsidy period and to spend all of subsidies on paying salaries.

## 8. FINANCE COSTS

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Interest expenses for financial liabilities carried at amortised cost: |                  |                  |
| Interest on amounts due to the scheme creditors                        | <b>1,259</b>     | 50               |
| Interest on borrowings   | <b>1,384</b>     | 7,537            |
| Interest on notes payable  | –                | 1,330            |
| Interest on other payables   | –                | 13,769           |
| Interest on lease liabilities  | <b>111</b>       | 149              |
|  | <b>2,754</b>     | 22,835           |
| Interest on financial liabilities at FVTPL                             | <b>197</b>       | 425              |
| Total finance costs  | <b>2,951</b>     | 23,260           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 9. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax is stated at after charging/(crediting) the following:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Auditor's remuneration   | 1,966            | 1,450            |
| Cost of inventories recognised as expenses                           |                  |                  |
| – Cost of inventories sold   | 28,766           | 14,958           |
| – Write-off of inventories   | 134              | 29               |
|  | <b>28,900</b>    | 14,987           |
| Depreciation of property, plant and equipment                        |                  |                  |
| – Owned assets   | 530              | 628              |
| – Right-of-use assets  | 2,271            | 2,150            |
|  | <b>2,801</b>     | 2,778            |
| Employee benefit expenses (including directors' remuneration)        |                  |                  |
| – Salaries and welfare   | 17,968           | 15,008           |
| – Equity-settled share option expense                                | 8,462            | 5,347            |
| – Contributions to defined contribution retirement plan              | 1,214            | 989              |
|  | <b>27,644</b>    | 21,344           |
| Provision for warranty, net  | 38               | 95               |
| Bad debts written off  | –                | 55               |
| (Reversal of)/provision for impairment loss of financial assets, net | <b>(20,264)</b>  | 46,026           |
| Write-off of property, plant and equipment                           | 686              | 338              |
| Fair value loss on equity investment at FVTPL                        | 15,078           | 3,262            |
| Net foreign exchange losses  | 6,923            | 3,325            |
| Gain on early termination of lease                                   | (14)             | (2)              |
| Gain on derecognition of financial liabilities (note)                | –                | (51,591)         |

Note:

For the year ended 31 March 2023, as disclosed in note 28 to the consolidated financial statements, all admitted claims owned by the Company to the scheme creditors has been discharged and released in full as against the Company on the effective date of the Scheme. The difference of HK\$51,591,000 between the carrying amounts of the financial liabilities extinguished and the amounts due to the scheme creditors was recognised as gain on derecognition of financial liabilities.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' remuneration

Directors' remunerations are disclosed as follows:

|   | Fees<br>HK\$'000 | Salaries,<br>allowances<br>and benefits<br>in kind<br>HK\$'000 | Equity-<br>settled<br>share option<br>expense<br>HK\$'000 | Defined<br>contributions<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------|--|---|--------------------------------------|-------------------|
| <b>Year ended 31 March 2024</b>             |                  |  |   |                                      |                   |
| <i>Executive director:</i>                  |                  |  |   |                                      |                   |
| Mr. Mansfield Wong                          | -                | 1,428  | 1,835   | 18                                   | 3,281             |
| <i>Non-executive directors:</i>             |                  |  |   |                                      |                   |
| Mr. Tsang Sze Wai Claudius (note(ii))       | 396              | -  | 2,582   | -                                    | 2,978             |
| Ms. Cai Linda Xin Xin (note(iv))            | -                | -  | -   | -                                    | -                 |
| <i>Independent non-executive directors:</i> |                  |  |   |                                      |                   |
| Mr. Chung Koon Yan                          | 205              | -  | 8   | -                                    | 213               |
| Mr. Cheung Yick Hung Jackie                 | 205              | -  | 8   | -                                    | 213               |
| Dr. Wong Chi Ying Anthony                   | 205              | -  | 8   | -                                    | 213               |
| Mr. Tang Warren Louis (note(iii))           | 240              | -  | 8   | -                                    | 248               |
| <b>Total</b>                                | <b>1,251</b>     | <b>1,428</b>   | <b>4,449</b>  | <b>18</b>                            | <b>7,146</b>      |
| <b>Year ended 31 March 2023</b>             |                  |  |   |                                      |                   |
| <i>Executive director:</i>                  |                  |  |   |                                      |                   |
| Mr. Mansfield Wong                          | -                | 1,428  | 57  | 18                                   | 1,503             |
| <i>Non-executive directors:</i>             |                  |  |   |                                      |                   |
| Mr. Lam Arthur (note(i))                    | -                | 183  | -   | 2                                    | 185               |
| Mr. Tsang Sze Wai Claudius (note(ii))       | 116              | -  | -   | -                                    | 116               |
| <i>Independent non-executive directors:</i> |                  |  |   |                                      |                   |
| Mr. Chung Koon Yan                          | 205              | -  | 13  | -                                    | 218               |
| Mr. Cheung Yick Hung Jackie                 | 205              | -  | 13  | -                                    | 218               |
| Dr. Wong Chi Ying Anthony                   | 205              | -  | 13  | -                                    | 218               |
| Mr. Tang Warren Louis (note(iii))           | 223              | -  | 13  | -                                    | 236               |
| <b>Total</b>                                | <b>954</b>       | <b>1,611</b>   | <b>109</b>  | <b>20</b>                            | <b>2,694</b>      |

Note:

- (i) Mr. Lam Arthur was re-designated as a non-executive director of the Company on 26 April 2022 and resigned on 31 August 2022.
- (ii) Mr. Tsang Sze Wai Claudius was appointed as a non-executive director of the Company on 16 December 2022.
- (iii) Mr. Tang Warren Louis was appointed as an independent non-executive director of the Company on 26 April 2022.
- (iv) Ms. Cai Linda Xin Xin was appointed as a non-executive director of the Company on 31 July 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (a) Directors' remuneration (Continued)

Disclosure required by Section 383 of the Companies Ordinance (Cap. 622), Companies (Disclosure of information about benefits of directors) regulation (Cap. 622G) and Listing Rules:

- (i) The executive director's remuneration shown above was mainly for their services in connection with the management of the affairs of the Company and the Group during the years ended 31 March 2024 and 2023.
- (ii) The non-executive and independent non-executive directors' remuneration shown above were mainly for their services as directors of the Company and the Group during the years ended 31 March 2024 and 2023.

### (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, 2 directors (2023: 1 director) are included.

The analysis of the emolument of the remaining 3 highest paid individuals for the year (2023: 4) are set out below:

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Salaries, allowances and benefits in kind             | 1,915            | 2,625            |
| Equity-settled share option expense                   | 2,577            | 4,254            |
| Contributions to defined contribution retirement plan | 45               | 71               |
|   | <b>4,537</b>     | <b>6,950</b>     |

Their emoluments were within the following bands:

|                                | 2024<br>No. of<br>individual | 2023<br>No. of<br>individual |
|--------------------------------|------------------------------|------------------------------|
| HK\$Nil to HK\$1,000,000       | 2                            | 1                            |
| HK\$1,500,001 to HK\$2,000,000 | -                            | 1                            |
| HK\$2,000,001 to HK\$2,500,000 | -                            | 2                            |
| HK\$2,500,001 to HK\$3,000,000 | 1                            | -                            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

- (c) During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments (2023: Nil). No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as bonuses, an inducement to join or upon joining the Group or compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group (2023: Nil).

## 11. INCOME TAX EXPENSE/(CREDIT)

### (a) Income tax

The amount of taxation in the consolidated statement of comprehensive income represents:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Current tax – Hong Kong Profits Tax        |                  |                  |
| – Over-provision in respect of prior years | –                | (2,548)          |
| Deferred tax                               |                  |                  |
| – Current year                             | 3,615            | (8,093)          |
| Income tax expense/(credit)                | 3,615            | (10,641)         |

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of a qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

Provision for the Enterprise Income Tax in the People's Republic of China (the "PRC") is calculated based on a statutory tax rate 25% (2023: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC.

A subsidiary in Malaysia has elected to pay a lump sum income taxation charge of Malaysian Ringgit ("RM") 20,000 per annum, if taxable profits arise. Another subsidiary in Malaysia's corporate income tax is calculated at the applicable rate in Malaysia.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. INCOME TAX CREDIT (Continued)

### (a) Income tax (Continued)

The income tax expense/(credit) for the year can be reconciled to the profit/(loss) before income tax per the consolidated statement of comprehensive income as follows:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Profit/(loss) before income tax  | 15,217           | (34,655)         |
| National tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned | 2,435            | (6,332)          |
| Effect of share of results of associates   | (452)            | (241)            |
| Effect of non-taxable revenue  | (3,764)          | (5,618)          |
| Effect of non-deductible expenses  | 7,698            | 3,163            |
| Effect of temporary differences not recognised   | (116)            | (3)              |
| Effect of tax losses not recognised  | 418              | 1,008            |
| Effect of utilisation of tax losses previously not recognised  | (2,604)          | (70)             |
| Over-provision in respect of prior years   | -                | (2,548)          |
| Income tax expense/(credit)  | 3,615            | (10,641)         |

### (b) Deferred tax

Details of the deferred tax assets recognised and movements during the year are as follows:

|  | Tax losses and<br>impairment<br>loss<br>HK\$'000 | Tax<br>depreciation<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|---------------------------------|-------------------|
| <b>At 1 April 2022</b>                   | 43,195   | 170                             | 43,365            |
| Credited to profit or loss for the year  | 8,093  | -                               | 8,093             |
| <b>At 31 March 2023 and 1 April 2023</b> | 51,288   | 170                             | 51,458            |
| Charged to profit or loss for the year   | (3,280)  | (335)                           | (3,615)           |
| <b>At 31 March 2024</b>                  | 48,008   | (165)                           | 47,843            |

As at 31 March 2024, the Group has unutilised estimated tax losses of approximately HK\$153,338,000 (2023: HK\$151,332,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unutilised estimated tax losses due to the unpredictability of future profit streams. The unutilised estimated tax losses of approximately HK\$132,884,000 (2023: HK\$147,689,000) can be carried forward indefinitely. Remaining tax losses in the PRC will expire after five years from the year of assessment to which they relate to.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2023: Nil).

## 13. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company and the weighted average number of shares in issued during the year, calculated as follows:

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| <b>Profit/(loss) attributable to owners of the Company</b>                    |                  |                  |
| Profit/(loss) attributable to owners of the Company                           | <b>8,387</b>     | (25,084)         |
|   |                  |                  |
|   | 2024<br>'000     | 2023<br>'000     |
| <b>Weighted average number of ordinary shares</b>                             |                  |                  |
| Issued ordinary shares at the beginning of the year                           | <b>2,385,668</b> | 2,385,668        |
| Effect of shares issued for settlement of amounts due to the scheme creditors | <b>554,046</b>   | -                |
| Effect of shares options exercised  | <b>42,448</b>    | -                |
| Effect of conversion of convertible bonds                                     | <b>65,567</b>    | -                |
| Weighted average number of ordinary shares at 31 March                        | <b>3,047,729</b> | 2,385,668        |

### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company and the weighted average number of shares in issued during the year, calculated as follows:

|   | 2024<br>HK\$'000 |
|---|------------------|
| <b>Profit attributable to owners of the Company (diluted)</b>                               |                  |
| Profit attributable to owners of the Company  | <b>8,387</b>     |
| Effect of change in FVTPL in relation to convertible bonds                                  | <b>(14,392)</b>  |
| Effect of amortisation of deferred day-one loss   | <b>8,638</b>     |
| Profit attributable to owners of the Company (diluted)                                      | <b>2,633</b>     |
|   |                  |
|   | 2024<br>'000     |
| <b>Weighted average number of ordinary shares (diluted)</b>                                 |                  |
| Weighted average number of shares for the purpose of calculating basic earnings per share   | <b>3,047,729</b> |
| Effect of dilutive potential shares on convertible bonds                                    | <b>53,587</b>    |
| Effect of dilutive potential shares on share options  | <b>45,930</b>    |
| Weighted average number of shares for the purpose of calculating diluted earnings per share | <b>3,147,246</b> |

For the year ended 31 March 2023, there was no dilutive effects on the impact of the exercise of the share options as they are anti-dilutive.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. PROPERTY, PLANT AND EQUIPMENT

|  | Right-of-use<br>assets<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Furniture,<br>fixtures and<br>office<br>equipment<br>HK\$'000 | Energy<br>saving<br>systems<br>HK\$'000 | Construction<br>in progress<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------------------|---------------------------------------|---|---|---|-------------------|
| <b>At 1 April 2022</b>                   |                                    |                                       |   |   |   |                   |
| Cost                                     | 6,745                              | 241                                   | 1,079   | 23,786                                  | 353                                     | 32,204            |
| Accumulated depreciation and impairment  | (1,980)                            | (95)                                  | (1,011)   | (22,139)                                | -                                       | (25,225)          |
| Net book amount                          | 4,765                              | 146                                   | 68  | 1,647                                   | 353                                     | 6,979             |
| <b>Year ended 31 March 2023</b>          |                                    |                                       |   |   |   |                   |
| Opening net book amount                  | 4,765                              | 146                                   | 68  | 1,647                                   | 353                                     | 6,979             |
| Additions                                | 388                                | -                                     | 83  | -                                       | -                                       | 471               |
| Lease termination                        | (28)                               | -                                     | -   | -                                       | -                                       | (28)              |
| Depreciation                             | (2,150)                            | (121)                                 | (71)  | (436)                                   | -                                       | (2,778)           |
| Written off                              | -                                  | -                                     | -   | -                                       | (338)                                   | (338)             |
| Exchange realignment                     | (92)                               | -                                     | (2)   | (82)                                    | (15)                                    | (191)             |
| Closing net book amount                  | 2,883                              | 25                                    | 78  | 1,129                                   | -                                       | 4,115             |
| <b>At 31 March 2023 and 1 April 2023</b> |                                    |                                       |   |   |   |                   |
| Cost                                     | 6,529                              | 247                                   | 1,174   | 18,189                                  | -                                       | 26,139            |
| Accumulated depreciation and impairment  | (3,646)                            | (222)                                 | (1,096)   | (17,060)                                | -                                       | (22,024)          |
| Net book amount                          | 2,883                              | 25                                    | 78  | 1,129                                   | -                                       | 4,115             |

|   | Right-of-use<br>assets<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Furniture,<br>fixtures<br>and office<br>equipment<br>HK\$'000 | Energy<br>saving<br>systems<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------------------------|---------------------------------------|---|---|-------------------|
| <b>Year ended 31 March 2024</b>         |                                    |                                       |   |   |                   |
| Opening net book amount                 | 2,883                              | 25                                    | 78  | 1,129                                   | 4,115             |
| Additions                               | 2,045                              | 203                                   | 132   | -                                       | 2,380             |
| Lease termination                       | (330)                              | -                                     | -   | -                                       | (330)             |
| Depreciation                            | (2,271)                            | (64)                                  | (93)  | (373)                                   | (2,801)           |
| Written off                             | -                                  | -                                     | -   | (686)                                   | (686)             |
| Exchange realignment                    | (79)                               | -                                     | (4)   | (60)                                    | (143)             |
| Closing net book amount                 | 2,248                              | 164                                   | 113   | 10                                      | 2,535             |
| <b>At 31 March 2024</b>                 |                                    |                                       |   |   |                   |
| Cost                                    | 7,300                              | 450                                   | 1,224   | 17,012                                  | 25,986            |
| Accumulated depreciation and impairment | (5,052)                            | (286)                                 | (1,111)   | (17,002)                                | (23,451)          |
| Net book amount                         | 2,248                              | 164                                   | 113   | 10                                      | 2,535             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

| <i>Right-of-use assets</i>                  | <b>Land and buildings leased for own use</b><br>HK\$'000 |
|---|--|
| <b>As at 1 April 2022</b>                   | 4,765  |
| Addition                                    | 388  |
| Depreciation                                | (2,150)  |
| Lease termination                           | (28)   |
| Exchange realignment                        | (92)   |
| <b>As at 31 March 2023 and 1 April 2023</b> | 2,883  |
| Addition                                    | 2,045  |
| Depreciation                                | (2,271)  |
| Lease termination                           | (330)  |
| Exchange realignment                        | (79)   |
| <b>As at 31 March 2024</b>                  | 2,248  |

The Group estimates the recoverable amounts of the property, plant and equipment based on higher of fair value less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount based on value in use and no impairment loss on property, plant and equipment has been recognised for the years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. INTERESTS IN ASSOCIATES

|                     | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---------------------|------------------|------------------|
| Share of net assets | 45,426           | 42,699           |
| Goodwill            | 24,594           | 24,594           |
|                     | <b>70,020</b>    | 67,293           |

Particulars of the associates, which are accounted for using the equity method in the consolidated financial statements as at 31 March 2024, are as follows:

| Name of companies   | Place and date of incorporation and operation | Issued share capital/registered capital | Percentage of equity interest attributable to the Group |          | Principal activities   |
|---|---|---|---|----------|--|
|   |   |   | Direct  | Indirect |  |
| <b>Kedah Synergy Limited ("Kedah Synergy") and its subsidiaries (collectively referred to as "Kedah Synergy Group")</b> |   |   |   |          |  |
| Kedah Synergy   | BVI<br>18 April 2016                          | United States Dollar<br>("US\$") 10,000 | 47.5%   | -        | Investment holding   |
| Kedah Synergy<br>Hong Kong Limited  | Hong Kong<br>4 December 2017                  | HK\$1                                   | -   | 47.5%    | Trading of energy saving products and provision of cost-saving energy management solutions |
| Kedah Synergy Corporation<br>(Pty) Ltd.   | South Africa<br>30 October 2017               | -                                       | -   | 47.5%    | Provision of cost-saving energy management solutions                                       |

All associates are unlisted corporate entities whose quoted market price is not available.

The summarised financial information of Kedah Synergy Group extracted from management accounts prepared in accordance with HKFRS is set out below:

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| <b>As 31 March:</b>                             |                  |                  |
| Non-current assets                              | 7                | 15               |
| Current assets                                  | 110,757          | 125,448          |
| Current liabilities                             | (15,129)         | (35,570)         |
| Net assets attributable to owners of associates | <b>95,635</b>    | 89,893           |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. INTERESTS IN ASSOCIATES (Continued)

|                                   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----------------------------------|------------------|------------------|
| <b>Year ended 31 March</b>        |                  |                  |
| Revenue                           | 5,064            | 12,705           |
| Profit for the year               | 5,762            | 3,080            |
| Other comprehensive (loss)/income | (20)             | 72               |
| Total comprehensive income        | 5,742            | 3,152            |

Reconciliation to the Group's interests in Kedah Synergy Group as at reporting dates:

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Net assets of Kedah Synergy Group                               | 95,635           | 89,893           |
| Percentage of equity interest attributable to the Group         | 47.5%            | 47.5%            |
| The Group's share of Kedah Synergy Group's net assets           | 45,426           | 42,699           |
| Goodwill  | 24,594           | 24,594           |
| Carrying amount of the Group's interests in Kedah Synergy Group | 70,020           | 67,293           |

Reconciliation to the Group's share of results of Kedah Synergy Group:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Percentage of equity interest attributable to the Group              | 47.5%            | 47.5%            |
| Group's share of profits of the associates                           | 2,737            | 1,463            |
| Group's share of other comprehensive (loss)/income of the associates | (10)             | 35               |
| Share of total comprehensive income of the associates                | 2,727            | 1,498            |

## 16. EQUITY INVESTMENT AT FVTPL

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Unlisted equity investment, at fair value | 10,800           | 25,878           |

The unlisted equity investment represented the Group's investment in InVinity. The Group has invested US\$3,200,000 (equivalent to approximately HK\$24,800,000) as investment and held 23.65% equity interest in InVinity accordingly.

The fair value of unlisted equity investment is a Level 3 recurring fair value measurement. The details of assessment are set out in note 39. HK\$15,078,000 fair value loss has been recognised under "other income and expenses, net" in the consolidated statement of comprehensive income for the year ended 31 March 2024 (2023: HK\$3,262,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. FINANCE LEASE RECEIVABLES

The Group provides financial leasing service of energy saving products. The Group's finance lease receivables are as follows:

|   | Minimum lease payments |                  | Present values of minimum lease payments |                  |
|---|------------------------|------------------|--|------------------|
|   | 2024<br>HK\$'000       | 2023<br>HK\$'000 | 2024<br>HK\$'000                         | 2023<br>HK\$'000 |
| Within one year                         | 8,325                  | 4,892            | 3,195                                    | 3,226            |
| In the second year                      | 8,162                  | 2,881            | 3,412                                    | 1,378            |
| In the third year                       | 7,801                  | 2,706            | 3,449                                    | 1,351            |
| In the fourth year                      | 7,801                  | 2,318            | 3,886                                    | 1,098            |
| In the fifth year                       | 7,794                  | 2,318            | 4,371                                    | 1,238            |
| Over fifth years                        | 33,822                 | 10,944           | 26,150                                   | 8,322            |
|   | 73,705                 | 26,059           |  |                  |
| Less: Unearned finance lease income     | (29,242)               | (9,446)          |  |                  |
| Present value of minimum lease payments | 44,463                 | 16,613           | 44,463                                   | 16,613           |
| Less: Provision for impairment loss     | (730)                  | (1,096)          | (730)                                    | (1,096)          |
|   | 43,733                 | 15,517           | 43,733                                   | 15,517           |
| Classified as:                          |                        |                  |  |                  |
| - Non-current assets                    |                        |                  | 40,685                                   | 12,889           |
| - Current assets                        |                        |                  | 3,048                                    | 2,628            |
|   |                        |                  | 43,733                                   | 15,517           |

The effective interest rates of the Group's finance leases are 12% per annum (2023: ranging from 5% to 16% per annum). There are no unguaranteed residual values of assets under finance leases. Finance lease receivables are secured over the energy saving products. No contingent rent arrangements were made during the years ended 31 March 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. FINANCE LEASE RECEIVABLES (Continued)

Included in finance lease receivables are the following amounts denominated in currencies other than the functional currencies:

|                           | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---------------------------|------------------|------------------|
| Indonesian Rupiah ("IDR") | –                | 1,387            |
| RM                        | 43,733           | 14,130           |

Further details on the Group's credit policy and credit risk arising from finance lease receivables are set out in note 39.

## 18. INVENTORIES

|                | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|----------------|------------------|------------------|
| Finished goods | 4,204            | 1,671            |

## 19. TRADE RECEIVABLES

|                                     | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-------------------------------------|------------------|------------------|
| Trade receivables                   | 497,652          | 479,019          |
| Less: Provision for impairment loss | (293,776)        | (313,908)        |
| Trade receivables, net              | 203,876          | 165,111          |
| Classified as:                      |                  |                  |
| – Non-current assets (Note)         | 10,223           | 9,719            |
| – Current assets                    | 193,653          | 155,392          |
|                                     | 203,876          | 165,111          |

Note:

The Group has offered settlement term to a customer attributed to the segment of trading of energy saving products, interest-bearing of 5% per annum with settlement schedule in 84 months ("**84-months Credit Term**"). As such, the fair value of the consideration attributable to the customer is determined by discounting the nominal amount of all future receipts using an imputed rate of interest of 5% per annum.

The Group's trading terms with its customers are mainly on credit. Generally, the credit period is ranging from cash on delivery to 365 days, except for a customer who has been granted the settlement schedules of 84 months from the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. TRADE RECEIVABLES (Continued)

The following table provides information about trade receivables from contracts with customers and other sources:

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Trade receivables from contracts with customers (note 6) | 185,194          | 145,639          |
| Trade receivables from other sources                     | 18,682           | 19,472           |
|  | <b>203,876</b>   | 165,111          |

Based on invoices date, ageing analysis of the Group's trade receivables (net of provision for impairment loss) is as follows:

|                 | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----------------|------------------|------------------|
| 0 to 30 days    | 19,716           | 20,595           |
| 31 to 90 days   | 2,985            | 10,078           |
| 91 to 180 days  | 10,623           | 6,493            |
| 181 to 365 days | 32,405           | 12,122           |
| Over 365 days   | 138,147          | 115,823          |
|                 | <b>203,876</b>   | 165,111          |

Included in net trade receivables amount are the following amounts denominated in currencies other than the functional currencies:

|                  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|------------------|------------------|------------------|
| US\$             | 104,420          | 72,759           |
| IDR              | 54,125           | 60,819           |
| RM               | 2,249            | 2,017            |
| Renminbi ("RMB") | 38               | 214              |

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 39.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

|                            | Notes         | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|----------------------------|---------------|------------------|--------------------------------|
| <b>Current assets:</b>     |               |                  |                                |
| Deposits                   | (a)           | 22,043           | 1,413                          |
| Prepayments                |               | 672              | 1,360                          |
| Other receivables          | (b), (c), (d) | 24,593           | 16,085                         |
|                            |               | <b>47,308</b>    | <b>18,858</b>                  |
| <b>Non-current assets:</b> |               |                  |                                |
| Deposits                   |               | 781              | 641                            |

Notes:

- (a) Deposits mainly represented the deposits paid to suppliers for purchase of goods.
- (b) Included in the other receivables as at 31 March 2024 represented (i) the amount due from InVinity, investee company and classified as "equity investment at FVTPL" (note 16) with principal of HK\$3,300,000 (2023: HK\$3,300,000). The balance is non-trade nature, unsecured, bore fixed interest rate of 12% per annum and repayable on demand; (ii) the amount due from a shareholder of approximately HK\$7,849,000 (2023: nil). The balance is non-trade nature, unsecured, interest free and repayable in December 2024; and (iii) amount due from a shareholder of approximately HK\$194,000 (2023: HK\$194,000). The balance is non-trade nature, unsecured, interest free with no fixed repayment terms.
- (c) During the year ended 31 March 2024, loss allowance of HK\$1,066,000 (2023: HK\$1,066,000) for the other receivables has been recognised as the Group considers the balance is credit impaired.
- (d) Synergy Lighting Limited ("**SLL**"), a wholly owned subsidiary of the Group, had placed a deposit (the "**Deposit**") to a then financial institution (the "**Institution**") in the Republic of Guinea ("**Guinea**") for the purpose of certain projects to start up in West Africa. As at 31 March 2023, the Deposit amounted to approximately US\$900,000 (equivalent to approximately HK\$6,982,000). Subsequent to the end of the reporting period, on 16 August 2024, SLL received a letter from the Institution (the "**Letter**") stating that (a) the status of the Institution as a financial institution in Guinea had been expired on 11 May 2022, following the withdrawal of the approval authorizing the Institution to legally operate as a bank in Guinea by the Central Bank of Guinea; and (b) SLL's bank account on the Institution would be closed; and (c) the Institution will arrange a full refund of the Deposit to SLL by 31 August 2024. The Deposit had been fully refunded to SLL up to the date of this report.

The management of the Group had classified the Deposit as under cash and cash equivalents in the consolidated statement of financial position as at 31 March 2023. Since the receipt of the Letter, the directors reassessed the accounting classification of the Deposit and determined that the Deposit no longer meet the definition as a cash and cash equivalents under HKAS 7 "Cash Flow Statements". Since the Deposit, in substance, is a receivable by SLL to a counterparty which is not a financial institution, the management believes that it is more appropriate to classify the Deposit as an other receivable in accordance with HKFRS 9 "Financial Instruments". Accordingly, the directors have reclassified the Deposit from "Cash and cash equivalents" to other receivables under "Deposits, prepayments and other receivables" in the consolidated statement of financial position as at 31 March 2023.

In the opinion of the directors, (a) the reclassification was not material; (b) the reclassification has no impact to the consolidated statement of financial position of the Group as at 1 April 2022; and (c) the reclassification has no impact to the consolidated net assets, consolidated net current assets and consolidated statement of profit or loss as at and for the year ended 31 March 2023, hence no prior year adjustments have been made to the comparative amounts. Certain comparative amounts have been reclassified to conform to the current years' presentation and accounting treatment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 21. AMOUNTS DUE FROM/TO AN ASSOCIATE/A RELATED COMPANY/A DIRECTOR

- (a) Amount due from an associate of approximately HK\$4,470,000 as at 31 March 2024 (2023: HK\$12,005,000) represented the net non-trading outstanding balances with Kedah Synergy Group which were unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK\$12,005,000 (2023: HK\$19,008,000).
- (b) Amount due to a related company of approximately HK\$1,514,000 as at 31 March 2024 (2023: HK\$352,000) represented the non-trading outstanding balance with a Company wholly owned by Mr. Mansfield Wong. The balances were unsecured, interest free, and repayable on demand.
- (c) Amount due to a director, Mr. Mansfield Wong, of approximately HK\$85,000 as at 31 March 2024 (2023: HK\$2,986,000) were non-trade nature, unsecured, interest-free and repayable on demand.

During the year ended 31 March 2023, as disclosed in note 28 to the consolidated financial statements, upon the effect of the Scheme, the relevant admitted claims of HK\$12,135,000 owned by the Company to the director has been discharged and released in full. All admitted claims has been recognised as amounts due to the scheme creditors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 22. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

|                             | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|-----------------------------|------------------|--------------------------------|
| Current assets:             |                  |                                |
| Cash and cash equivalents   | 31,908           | 11,091                         |
| Non-Current assets:         |                  |                                |
| Pledged deposits (note (a)) | 904              | -                              |
|                             | <b>32,812</b>    | 11,091                         |

Notes:

- (a) Pledged deposits represented time deposits secured to credit facilities set out in note 26. The interest rate of time deposits ranging from 3% to 4% per annum.
- (b) As at 31 March 2024, funds of the Group amounting to HK\$69,000 and HK\$72,000 (2023: HK\$31,000 and HK\$136,000) were deposited in bank accounts opened with banks in the PRC and Malaysia, respectively, which the remittance of funds is subject to foreign exchange control regulations.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the functional currencies:

|      | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|------|------------------|--------------------------------|
| US\$ | 265              | 5                              |
| RM   | 72               | 136                            |
| RMB  | 69               | 31                             |

The Group's cash at banks earns interest at floating rates based on daily bank deposit rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. TRADE PAYABLES

|                | <b>2024</b>     | 2023     |
|----------------|-----------------|----------|
|                | <b>HK\$'000</b> | HK\$'000 |
| Trade payables | <b>11,110</b>   | 8,698    |

Based on goods receipts date, ageing analysis of the Group's trade payables is as follows:

|                 | <b>2024</b>     | 2023     |
|-----------------|-----------------|----------|
|                 | <b>HK\$'000</b> | HK\$'000 |
| 0 to 30 days    | <b>3,378</b>    | 7,962    |
| 31 to 90 days   | <b>44</b>       | 192      |
| 91 to 180 days  | <b>4,931</b>    | 71       |
| 181 to 365 days | <b>460</b>      | -        |
| Over 365 days   | <b>2,297</b>    | 473      |
|                 | <b>11,110</b>   | 8,698    |

The Group generally made purchase with various terms, operating on cash on delivery or payment in advance terms.

Included in trade payables are the following amounts denominated in currencies other than the functional currencies:

|      | <b>2024</b>     | 2023     |
|------|-----------------|----------|
|      | <b>HK\$'000</b> | HK\$'000 |
| US\$ | <b>454</b>      | 454      |
| RMB  | <b>10,594</b>   | 8,226    |

During the year ended 31 March 2023, trade payables of approximately HK\$31,554,000 was assigned to Mr. Mansfield Wong through debt assignment. As set out in note 28 to the consolidated financial statements, upon the effect of the scheme, the relevant admitted owed by the Company to the creditors had been discharged and released in full. All admitted claims had been recognised as amounts due to the scheme creditors.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 24. CONTRACT LIABILITIES

|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|------------------|------------------|
| Contract liabilities arising from:         |                  |                  |
| Trading of energy saving products (note 6) | 258              | 312              |

Contract liabilities represented advance payments received from customers for goods that the control of the products have not been transferred to the customers.

The Group expects to deliver the goods to satisfy the remaining obligations of these contract liabilities within one year or less.

Movements in contract liabilities are as follows:

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| <b>Balance as at the beginning of the year</b>  | <b>312</b>       | 546              |
| Revenue recognised that was included in the contract liabilities at the beginning of the year     | (54)             | (546)            |
| Increase in contract liabilities as a result of billing in advance of sales of goods              | -                | 1,027            |
| Revenue recognised that was not included in the contract liabilities at the beginning of the year | -                | (715)            |
| <b>Balance as at the end of the year</b>  | <b>258</b>       | 312              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 25. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

|                          | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------------------|-------|------------------|------------------|
| Non-current liabilities: |       |                  |                  |
| Deposits received        | (c)   | 802              | 1,713            |
| Current liabilities:     |       |                  |                  |
| Accruals                 |       | 14,188           | 15,081           |
| Other payables           | (a)   | 20,801           | 24,661           |
| Warranty provision       | (b)   | 2,054            | 2,016            |
| Deposits received        | (c)   | 818              | 1,178            |
|                          |       | <b>37,861</b>    | <b>42,936</b>    |

Notes:

- (a) Included in the other payables is the consideration payable for the investment in InVinity of approximately HK\$12,400,000 (2023: HK\$12,400,000) which will be paid when certain milestones are met.
- (b) The movements in the warranty provision are as follows:

|                          | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--------------------------|------------------|------------------|
| At beginning of the year | 2,016            | 1,921            |
| Provision for the year   | 182              | 142              |
| Unused amounts reversed  | (144)            | (47)             |
| At end of the year       | <b>2,054</b>     | <b>2,016</b>     |

The Group records its warranty liability at the time of sales rendered based on estimated costs. Warranty claims are reasonably predictable based on historical failure rate information. The warranty provision is reviewed yearly to verify it is properly reflecting the outstanding obligation over the warranty period.

- (c) The deposits received represented the receipt in advance from customers for leasing service.
- (d) Included in accruals and other payables are the following amounts denominated in currencies other than the functional currencies:

|      | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|------|------------------|------------------|
| US\$ | 1,606            | 1,606            |
| RM   | 4,556            | 6,202            |
| IDR  | 6,596            | 5,823            |
| RMB  | 35               | 641              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 26. BORROWINGS

|  | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|-------|------------------|------------------|
| Unsecured and guaranteed bank loans:               |       |                  |                  |
| Amounts repayable on demand                        | (a)   | 8,787            | 9,000            |
| Secured and guaranteed other loans:                |       |                  |                  |
| Amounts repayable on demand                        | (b)   | 8,630            | -                |
| Total borrowings classified as current liabilities |       | 17,417           | 9,000            |

Based on the schedule repayment dates set out in the bank loans and other loan agreements and without taking into consideration of any repayment on demand clause, the borrowings are repayable as follows:

|                                       | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| Within one year                       | 2,322            | 214              |
| After one year but within two years   | 2,633            | 873              |
| After two years but within five years | 7,190            | 3,815            |
| After five years                      | 5,272            | 4,098            |
|                                       | 17,417           | 9,000            |

Notes:

- As at 31 March 2024, the bank loan of HK\$8,787,000 (2023: HK\$9,000,000) was under personal guarantee from Mr. Mansfield Wong and the guarantee from the Government of HKSAR.
- As at 31 March 2024, other loans of HK\$8,630,000 (2023: Nil) was secured by the finance lease receivables of approximately HK\$13,088,000 (2023: Nil), trade receivables of approximately HK\$561,000 (2023: Nil), bank deposit of approximately HK\$904,000 (2023: Nil) and was under personal guarantee from Mr. Mansfield Wong.
- As at 31 March 2024, the Group's interest-bearing borrowings bore effective interest rate ranging from 3.6% to 10.8% per annum (2023: 3.5% per annum).
- As at 31 March 2024, the Group's credit facilities amounted to approximately HK\$24,000,000 (2023: HK\$24,000,000), of which HK\$17,417,000 (2023: HK\$9,000,000) have been utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 27. LEASE LIABILITIES

The amount included in the consolidated statement of financial position in respect of the carrying amounts of lease liabilities and the movements during the year is as follows:

|   | <b>Office</b><br>HK\$'000 | <b>Energy<br/>saving<br/>systems</b><br>HK\$'000 | <b>Total</b><br>HK\$'000 |
|---|---------------------------|--|--------------------------|
| <b>As at 1 April 2022</b>                   | 5,051                     | 453  | 5,504                    |
| Additions                                   | 388                       | -  | 388                      |
| Interest expenses                           | 123                       | 26   | 149                      |
| Lease payments                              | (2,339)                   | (234)  | (2,573)                  |
| Lease termination                           | (30)                      | -  | (30)                     |
| Exchange realignment                        | (93)                      | (21)   | (114)                    |
| <b>As at 31 March 2023 and 1 April 2023</b> | 3,100                     | 224  | 3,324                    |
| Additions                                   | 2,045                     | -  | 2,045                    |
| Interest expenses                           | 98                        | 13   | 111                      |
| Lease payments                              | (2,610)                   | (227)  | (2,837)                  |
| Lease termination                           | (344)                     | -  | (344)                    |
| Exchange realignment                        | (83)                      | (10)   | (93)                     |
| <b>As at 31 March 2024</b>                  | 2,206                     | -  | 2,206                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 27. LEASE LIABILITIES (Continued)

|  | Lease payments   |                  | Present value of lease payments |                  |
|--|------------------|------------------|---------------------------------|------------------|
|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 | 2024<br>HK\$'000                | 2023<br>HK\$'000 |
| Within one year  | 1,137            | 2,723            | 1,048                           | 2,650            |
| After one year but within two years  | 803              | 546              | 758                             | 628              |
| After two years but within five years  | 411              | 147              | 400                             | 46               |
|  | 2,351            | 3,416            |                                 |                  |
| Less: Future finance charges   | (145)            | (92)             |                                 |                  |
| Present value of lease liabilities   | 2,206            | 3,324            | 2,206                           | 3,324            |
| Less: Amount due for settlement within<br>12 months (shown under current<br>liabilities) |                  |                  | (1,048)                         | (2,650)          |
| Amount due for settlement after<br>12 months   |                  |                  | 1,158                           | 674              |
|  |                  |                  | 2024<br>HK\$'000                | 2023<br>HK\$'000 |
| Short term leases expenses   |                  |                  | 122                             | 48               |

### The total cash outflow for leases

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Amounts included in the consolidated<br>statement of cash flows for leases<br>comprise the following: |                  |                  |
| Within operating cash flow  | 122              | 48               |
| Within financing cash flow  | 2,837            | 2,573            |
|   | 2,959            | 2,621            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. AMOUNTS DUE TO THE SCHEME CREDITORS

|                         | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Current liabilities     | 29,768           | 133,779          |
| Non-current liabilities | 40,328           | 40,328           |
|                         | <b>70,096</b>    | 174,107          |

  

|                                       | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| Within one year                       | 29,768           | 133,779          |
| After one year but within two years   | 40,328           | 29,330           |
| After two years but within five years | -                | 10,998           |
|                                       | <b>70,096</b>    | 174,107          |

Note:

The Company initiated the debt restructuring scheme (the “**Scheme**”) in the previous years. All necessary statutory, regulatory, and creditors’ approvals have been obtained during the year ended 31 March 2023. The Scheme became effective and had been approved for further proceeding on 21 February 2023. All admitted claims owed by the Company to those creditors would be discharged and released in full as against the Company on the effective date of the Scheme. The duration of the Scheme shall be 30 months. Under the Scheme, there are two settlement options for scheme creditors to elect for the settlement preference.

Under cash option, the terms of the Scheme, as well as the date fixed by the Scheme Administrators for the first distribution date of the Scheme, outstanding balances would be settled on the following basis:

- (1) 5% of total outstanding principal on the effective date of the Scheme;
- (2) 40% of total outstanding principal prior to the first anniversary of the first distribution date of the Scheme, i.e. 3 July 2024 (the “**Second Dividend Distribution**”);
- (3) 40% of total outstanding principal prior to the second anniversary of the first distribution date of the Scheme, i.e. 3 July 2025; and
- (4) 15% of total outstanding principal at the end of the Scheme, i.e. 31 January 2026.

The first distribution took place on 3 July 2023, all outstanding interest would be discharged on the effective date of the Scheme and the outstanding balance would be charged at 2.5% per annum commencing on the first distribution date of the Scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. AMOUNTS DUE TO THE SCHEME CREDITORS (Continued)

Note: (Continued)

Under equity option, the Company would allot, issue and register in the name of scheme creditors such number of new shares, credited as fully paid at a premium of 25% of debts, to the average closing price of the Company as quoted on the Stock Exchange for the last five consecutive trading days prior to the effective date of the Scheme.

All scheme creditors have to elect the settlement option before 22 March 2023, in which certain scheme creditors with the total admitted claims balances of approximately HK\$104,398,000 as at 31 March 2023 had elected the equity option. For the remaining balances of approximately HK\$69,708,000, those balances would be settled by cash according to the abovementioned schedule.

During the year ended 31 March 2024, the abovementioned settlement shares had been approved by independent shareholders in an extraordinary general meeting on 15 June 2023 and become unconditional for allotment and issuance. On 28 June 2023, approximate 730,061,000 settlement shares were allotted and issued to the relevant scheme creditors and balances of approximately HK\$104,398,000 had been settled.

Details are set out in the Company's announcements dated 3 August 2022, 14 October 2022, 11 November 2022, 17 February 2023, 14 April 2023 and 15 June 2023.

Subsequent to the end of the reporting period, the Company had not settled the Second Dividend Distribution that was originally due on 3 July 2024. A Scheme Creditors' Committee meeting (the "**Meeting**") was held on 15 August 2024, whereby the Company provided an update to the Scheme Creditors' Committee on the status of the Company and to discuss the future treatment of the payments for the Second Dividend Distribution.

It was agreed between the Company and the Scheme Creditors subsequent to the Meeting, that (i) the interest will continue to accrue at the scheme interest rate at 2.5% for the unsettled principal amount until the Second Dividend Distribution is settled and such interest will be settled together with the Second Dividend Distribution; (ii) an additional interest equal to 1% per month (the "**Extra Interest**") on the principal amount of the Second Dividend Distribution to accrue until the Second Dividend Distribution is settled and the interest to be settled together with the Second Dividend Distribution; (iii) if the Company cannot fulfill the payment obligation of (i) and (ii) by 30 September 2024, another Scheme Creditors' meeting will be held with the Scheme Creditors accordingly to discuss further actions.

Furthermore, subsequent to the end of the reporting period, on 30 August 2024, Abundance Development Limited, a company wholly owned by Mr. Mansfield Wong, executive Director and the controlling shareholder of the Company, had reached an agreement with one of the scheme creditors in transferring all the rights on the amounts outstanding due by the Company to the then scheme creditor amounted to approximately HK\$43.7 million. Abundance Development Limited becomes the beneficial owner of that portion of the amounts due under the Scheme thereon.

## 29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| Redeemable preference shares, at fair value | -                | 3,558            |

A subsidiary of the Group issued 2,000,000 redeemable preference shares to an independent third party at RM1.00 each with the total amount of RM2,000,000 (equivalents to HK\$3,615,000). According to the supplemental agreement signed on 2 July 2022, the redeemable preference shares shall be redeemed in full on 24 February 2024.

The preference shares would be redeemed in cash at an amount equal to the subscription price at RM1.00 per share plus interest at the rate of 12% per annum to the holder of the preference shares.

The management had designated the redeemable preference shares as financial liabilities at FVTPL as it was managed and its performance was evaluated on a fair value basis. For the year ended 31 March 2023, no fair value change of the redeemable preference shares was recognised.

On 25 September 2023, the financial liabilities at FVTPL was fully redeemed and settled. No fair value gain or loss of the redeemable preference shares was recognised for the year ended 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. CONVERTIBLE BONDS

On 29 September 2023, the Company issued convertible bonds (the "**Bonds**") in an aggregate principal amount of US\$10,000,000 with a maturity of 24 months (the "**Maturity Date**"). The Bonds shall bear interest at 8% per annum but no interest shall be payable thereon if and to the extent conversion right is exercised. Holders of the Bonds (the "**Bondholders**") shall have the rights to convert all or part of the principal amount of its convertible bonds into shares of the Company at HK\$0.33 per share (the "**Conversion Price**") at any time during the period commencing from the issuance date of the Bonds to the Maturity Date. In addition, if the average closing price per share as stated in the daily quotation sheet issued by the Stock Exchange for 20 consecutive trading days during the period commencing from the issuance date of the Bonds to the Maturity Date is equal to or exceeds 150% of the Conversion Price, the Bondholders must exercise the mandatory conversion right of the Bonds.

The principal amount of the Bonds which remains outstanding on the Maturity Date shall be automatically redeemed by the Company on the Maturity Date (the "**Mandatory Conversion**") of the Bonds at its outstanding principal amount, plus interest calculated at the rate of 8% per annum on the principal amount from the date of issue of the Bonds up to and including the day the Company fully pays the redemption price to the Bondholders.

The shares to be allotted and issued upon conversion of the Bonds will be duly and validly issued as fully paid and free from any encumbrance and will rank at least pari passu with all other shares then in issue. The Bonds are secured by charge over certain receivables of a subsidiary of the Company to secure the performance of the Bonds.

The Bonds are hybrid contracts that contain liability component and embedded derivative component. The Company designated the entire Bonds as at fair value through profit or loss. The fair value as of the issue date of the Bonds was approximately US\$19,698,000 (equivalent to approximately HK\$152,659,000).

The fair value of the Bonds is a level 3 recurring fair value measurement and is determined using valuation model for which involved unobservable inputs. The details of assessment are set out in note 39. The day-one loss of approximately HK\$75,159,000, which represented the difference between the nominal value and the fair value of the Bonds at the issue date, is not recognised in profit or loss immediately but is deferred. The deferred day-one loss will be amortised over the term of the Bonds and included in "other income and expenses, net" in profit or loss.

On 17 November 2023, the Bonds with an aggregate principal amount of US\$7,500,000 (equivalent to approximately HK\$58,125,000) were converted into approximately 177,273,000 newly issued shares of the Company upon Mandatory Conversion (note 31 (c)).

Subsequent to the end of the reporting period, on 31 May 2024, Bonds with an aggregate principal amount of US\$2,500,000 (equivalent to approximately HK\$19,375,000) were converted into approximately 59,091,000 newly issued shares of the Company upon Mandatory Conversion.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. CONVERTIBLE BONDS (Continued)

The movements of the convertible bonds is as follows:

|   | <b>Financial liabilities at FVTPL</b> | <b>Deferred day-one loss</b> | <b>Total</b>  |
|---|---------------------------------------|------------------------------|---------------|
|   | HK\$'000                              | HK\$'000                     | HK\$'000      |
| At 1 April 2023                                       | –                                     | –                            | –             |
| Issuance of convertible bonds                         | 152,659                               | (75,159)                     | 77,500        |
| Amortisation of deferred day-one loss (note 7)        | –                                     | 8,638                        | 8,638         |
| Conversion of convertible bonds                       | (111,356)                             | 52,533                       | (58,823)      |
| Change in fair value through profit and loss (note 7) | (14,392)                              | –                            | (14,392)      |
| <b>At 31 March 2024</b>                               | <b>26,911</b>                         | <b>(13,988)</b>              | <b>12,923</b> |

## 31. SHARE CAPITAL

|   | <b>Number of shares</b> | <b>Amount</b>     |
|---|-------------------------|-------------------|
|   | Notes                   | '000              |
|   |                         | HK\$'000          |
| Authorised:   |                         |                   |
| Ordinary shares of HK\$0.01 each                                      |                         |                   |
| <b>At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024</b> |                         | <b>50,000,000</b> |
| Issued and fully paid:  |                         |                   |
| <b>At 1 April 2022, 31 March 2023 and 1 April 2023</b>                |                         | <b>2,385,668</b>  |
| Issue of shares for settlement of amounts due to the scheme creditors | (a)                     | 730,061           |
| Issue of shares under share option scheme                             | (b)                     | 56,412            |
| Issue of share upon conversion of convertible bonds                   | (c)                     | 177,273           |
| <b>At 31 March 2024</b>   |                         | <b>3,349,414</b>  |

Notes:

- (a) On 15 June 2023, the Company has completed issuance of approximate 730,061,000 new shares at HK\$0.143 each to certain scheme creditors, who are also the shareholders of the Company, for settlement of debts (the "Settlement"). The consideration has been fully satisfied by the corresponding amount of debts. Upon the completion, approximately HK\$7,300,000 and HK\$97,098,000 were credited against share capital and share premium, respectively. In the opinion of the Company's directors, the Settlement was considered to be a transaction with owners in their capacity of owners. The difference between the carrying amount of the financial liabilities extinguished and the fair value of issued shares at the date of derecognition has been recognised as distribution to shareholders in capital reserves.
- (b) On 30 June 2023 and 6 December 2023, the Company issued total 56,412,000 shares under the share option scheme at HK\$0.01 each. Net proceeds of HK\$9,703,000 were raised, comprising share capital of HK\$564,000, share premium of HK\$12,663,000 and share option reserve HK\$3,525,000.
- (c) On 17 November 2023, Bonds of US\$7,500,000 have been converted to share capital of the Company amounted to approximately 177,273,000 shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 32. RESERVES

### (a) Group

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

### (b) Company

|   | Share premium<br>HK\$'000 | Share option reserve<br>HK\$'000 | Capital reserves<br>HK\$'000 | Contributed surplus<br>HK\$'000<br>(note) | Accumulated losses<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------------|----------------------------------|------------------------------|---|--------------------------------|-------------------|
| <b>At 1 April 2022</b>  | 565,198                   | 99                               | -                            | 3,236                                     | (419,727)                      | 148,806           |
| Equity-settled share option arrangements  | -                         | 5,347                            | -                            | -   | -                              | 5,347             |
| Loss for the year and total comprehensive loss for the year                         | -                         | -                                | -                            | -   | (55,039)                       | (55,039)          |
| <b>At 31 March 2023 and 1 April 2023</b>  | 565,198                   | 5,446                            | -                            | 3,236                                     | (474,766)                      | 99,114            |
| Issue of shares for settlement of amounts due to the scheme creditors (note 31 (a)) | 379,632                   | -                                | (282,534)                    | -   | -                              | 97,098            |
| Issue of shares under share option scheme (note 31 (b))                             | 12,663                    | (3,525)                          | -                            | -   | -                              | 9,138             |
| Issue of shares upon conversion of convertible bonds (note 31 (c))                  | 57,050                    | -                                | -                            | -   | -                              | 57,050            |
| Transaction costs on issue of shares (notes 31 (a) & (c))                           | (5,132)                   | -                                | -                            | -   | -                              | (5,132)           |
| Equity-settled share option arrangements  | -                         | 8,462                            | -                            | -   | -                              | 8,462             |
| Release of share option reserve upon the forfeiture or lapse of share options       | -                         | (99)                             | -                            | -   | 99                             | -                 |
| Profit for the year and total comprehensive income for the year                     | -                         | -                                | -                            | -   | 14,768                         | 14,768            |
| <b>At 31 March 2024</b>   | 1,009,411                 | 10,284                           | (282,534)                    | 3,236                                     | (459,899)                      | (280,498)         |

Note:

The contributed surplus of the Company represented the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to a group reorganisation completed during the year ended 31 March 2015.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 32. RESERVES (Continued)

### (c) Nature and purpose of reserves

#### Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.

#### Share option reserve

The share option reserve comprises the portion of grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3(v).

#### Capital reserves

Capital reserves represent (i) the capital contributions made by a shareholder of Synergy Group Worldwide Limited before a group reorganisation completed during the year ended 31 March 2015 and (ii) the distribution of the shareholders arising from settlement of financial liabilities due to shareholders with equity instruments during the year ended 31 March 2024.

#### Merger reserve

Merger reserve of the Group represented the difference between the nominal value of the Company's shares issued, pursuant to the reorganisation and the nominal value of the aggregate share capital and the share premium of a subsidiary.

#### Foreign exchange reserves

The foreign exchange reserves comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(b).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. OPERATING LEASE ARRANGEMENT

### As lessor

As at 31 March 2024, future minimum lease rental receivables under non-cancellable operating leases of the Group in respect of energy saving systems are as follows:

|  | <b>2024</b>     | 2023     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| Within one year                                      | <b>1,565</b>    | 1,874    |
| Later than one year and not later than two years     | <b>676</b>      | 1,313    |
| Later than two years and not later than three years  | <b>283</b>      | 722      |
| Later than three years and not later than four years | <b>189</b>      | 303      |
| Later than four years and not later than five years  | <b>-</b>        | 201      |
|  | <b>2,713</b>    | 4,413    |

The Group leases energy saving systems under operating leases. The leases run for an initial period of 2 to 7 years (2023: 2 to 7 years). In addition to the minimum lease payments, the Group is entitled to receive contingent rents based on the actual saved energy amount less the guaranteed saved energy amount multiplied by pre-determined charged formula mutually agreed with lessees as stated in the relevant agreements. During the year, the Group did not receive contingent rents recognised as leasing service (2023: HK\$1,272,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|   | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|---|------------------|------------------|
| <b>ASSETS AND LIABILITIES</b>                       |                  |                  |
| <b>Non-current assets</b>                           |                  |                  |
| Investment in a subsidiary                          | 47,738           | 16,138           |
| Pledged deposits                                    | 904              | -                |
|   | <b>48,642</b>    | 16,138           |
| <b>Current assets</b>                               |                  |                  |
| Prepayments and other receivables                   | 287              | 653              |
| Amounts due from subsidiaries                       | 364,044          | 295,144          |
| Cash and cash equivalents                           | 1,707            | 1                |
|   | <b>366,038</b>   | 295,798          |
| <b>Current liabilities</b>                          |                  |                  |
| Accruals and other payables                         | 8,754            | 13,188           |
| Borrowings  | 8,630            | -                |
| Amounts due to a related company                    | 200              | -                |
| Amount due to a director                            | 85               | 1,670            |
| Amounts due to the scheme creditors                 | 29,768           | 133,779          |
| Convertible bonds                                   | 12,923           | -                |
|   | <b>60,360</b>    | 148,637          |
| <b>Net current assets</b>                           | <b>305,678</b>   | 147,161          |
| <b>Total assets less current liabilities</b>        | <b>354,320</b>   | 163,299          |
| <b>Non-current liabilities</b>                      |                  |                  |
| Amounts due to the scheme creditors                 | 40,328           | 40,328           |
| <b>Net assets</b>                                   | <b>313,992</b>   | 122,971          |
| <b>EQUITY</b>                                       |                  |                  |
| <b>Equity attributable to owners of the Company</b> |                  |                  |
| Share capital                                       | 33,494           | 23,857           |
| Reserves  | 280,498          | 99,114           |
| <b>Total equity</b>                                 | <b>313,992</b>   | 122,971          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 35. INTERESTS IN SUBSIDIARIES

Details of subsidiaries as at 31 March 2024 are as follows:

| Company name   | Place and date of incorporation | Particulars of issued share capital/registered capital | Attributable equity interest held by the Company |          | Principal activities   | Principal place of operation |
|--|---------------------------------|--|--|----------|--|------------------------------|
|  |                                 |  | Direct   | Indirect |  |                              |
| Synergy Group Worldwide Limited                            | BVI<br>8 August 2008            | US\$22,608   | 100%   | -        | Investment holding   | Hong Kong                    |
| Synergy Lighting Limited                                   | Hong Kong<br>3 December 2008    | HK\$100  | -  | 100%     | Leasing, consultancy services and trading of energy saving products                    | Hong Kong                    |
| Synergy Energy Saving Company Limited                      | Malaysia<br>17 October 2016     | US\$1  | -  | 100%     | Trading of energy saving products  | Malaysia                     |
| Unity Energy Efficiency Technology (China) Company Limited | Hong Kong<br>2 March 2017       | HK\$100  | -  | 100%     | Investment holding   | Hong Kong                    |
| 廣州先能馳節能科技有限公司*   | PRC<br>27 June 2017             | RMB10,000,000  | -  | 100%     | Trading of energy saving products and provision of energy management systems solutions | PRC                          |
| 深圳先能馳節能科技有限公司**  | PRC<br>28 March 2018            | RMB10,000,000  | -  | 100%     | Trading of energy saving products and provision of energy management systems solutions | PRC                          |
| Unity Green Development Limited                            | BVI<br>31 October 2017          | US\$10,000   | -  | 100%     | Investment holding   | Hong Kong                    |
| Unity Green Development (H.K.) Limited                     | Hong Kong<br>9 November 2017    | HK\$10,000   | -  | 100%     | Inactive   | Hong Kong                    |
| Synergy Cooling Management Limited ("SCML")                | BVI<br>1 April 2011             | US\$18,400   | -  | 63.04%   | Investment holding   | Hong Kong                    |
| Synergy Cooling Management (H.K.) Limited                  | Hong Kong<br>21 April 2011      | HK\$1  | -  | 63.04%   | Leasing and maintenance services of cooling systems                                    | Hong Kong                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 35. INTERESTS IN SUBSIDIARIES (Continued)

| Company name  | Place and date of incorporation | Particulars of issued share capital/registered capital | Attributable equity interest held by the Company |          | Principal activities   | Principal place of operation |
|---|---------------------------------|--|--|----------|--|------------------------------|
|   |                                 |  | Direct   | Indirect |  |                              |
| Synergy Cooling Management (Malaysia) Limited                 | BVI<br>11 November 2013         | US\$100  | -  | 63.04%   | Investment holding   | Malaysia                     |
| Synergy ESCO (Malaysia) Sdn. Bhd. ("Synergy ESCO (Malaysia)") | Malaysia<br>17 April 2014       | RM 950,000   | -  | 63.04%   | Provision of energy management systems solutions                                     | Malaysia                     |
| Shine Plus Group Sdn. Bhd.                                    | Malaysia<br>2 June 2023         | RM100  | -  | 63.04%   | Investment holding   | Malaysia                     |
| Shine Box Sdn. Bhd.   | Malaysia<br>6 June 2023         | RM100  | -  | 50.43%   | Renting and selling of vending machine   | Malaysia                     |
| Shine Urban Digital Farming Sdn. Bhd.                         | Malaysia<br>14 July 2023        | RM100  | -  | 63.04%   | Plantation and cultivation of fruits and vegetables using digital farming technology | Malaysia                     |
| Unity Group (Middle East) Limited                             | Hong Kong<br>9 August 2023      | HK\$10,000   | -  | 100%     | Inactive   | Hong Kong                    |
| Unity Renewables Limited                                      | BVI<br>26 April 2022            | US\$100  | -  | 100%     | Investment holding   | Hong Kong                    |
| Unity Renewables (H.K.) Limited                               | Hong Kong<br>17 May 2022        | HK\$1,000  | -  | 100%     | Investment in renewable projects   | Hong Kong                    |
| Unity ESG Sdn. Bhd.   | Malaysia<br>14 March 2024       | RM100  | -  | 100%     | Provision of ESG solutions   | Malaysia                     |

\* Registered as a wholly foreign-owned enterprise under the laws of the PRC

\*\* Registered as a limited liability company under the laws of the PRC

None of the subsidiaries had issued any debt securities at the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 35. INTERESTS IN SUBSIDIARIES (Continued)

The following table lists out the information relating to SCML and its subsidiaries ("SCML Group"), the subsidiary of the Group which has material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

|  | SCML Group       |                  |
|--|------------------|------------------|
|  | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
| <b>Non-controlling interests percentage</b>  | <b>36.96%</b>    | 36.96%           |
| <b>As at 31 March</b>  |                  |                  |
| Current assets   | <b>10,467</b>    | 6,534            |
| Non-current assets   | <b>41,242</b>    | 15,502           |
| Current liabilities  | <b>(71,596)</b>  | (49,332)         |
| Non-current liabilities  | <b>(855)</b>     | (2,644)          |
| Net liabilities  | <b>(20,742)</b>  | (29,940)         |
| Accumulated non-controlling interests (including non-controlling interests of a non-wholly owned subsidiary of SCML Group) | <b>(7,794)</b>   | (11,066)         |
| <b>For the year ended 31 March</b>   |                  |                  |
| Revenue  | <b>39,182</b>    | 20,052           |
| Profit for the year attributable to:   |                  |                  |
| Owners of the SCML Group   | <b>8,906</b>     | 2,896            |
| Non-controlling interests of a non-wholly owned subsidiary of SCML Group   | <b>(94)</b>      | -                |
|  | <b>8,812</b>     | 2,896            |
| Total comprehensive income attributable to:  |                  |                  |
| Owners of the SCML Group   | <b>9,056</b>     | 2,896            |
| Non-controlling interests of a non-wholly owned subsidiary of SCML Group   | <b>(92)</b>      | -                |
|  | <b>8,964</b>     | 2,896            |
| Profit allocated to non-controlling interests of the Group   | <b>3,215</b>     | 1,070            |
| Dividends paid to non-controlling interests  | -                | -                |
| Cash flows generated from operating activities   | <b>5,353</b>     | 1                |
| Cash flows used in investing activities  | <b>(84)</b>      | (61)             |
| Cash flows used in financing activities  | <b>(5,297)</b>   | (563)            |
| Net cash outflow   | <b>(28)</b>      | (623)            |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 36. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in these financial statements, the Group had the following material related party transactions during the year:

|  | Notes | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|--|-------|------------------|------------------|
| Sales to associates  | (i)   | -                | 1,077            |
| Computer software consultancy service fees paid to a related company | (ii)  | 336              | 336              |

Notes:

- (i) No sales of goods was contributed from Kedah Synergy Group during the year (2023: approximately HK\$1,077,000). The transactions with Kedah Synergy Group were negotiated and carried out in the ordinary course of business and at terms agreed between the parties.
- (ii) The Group has paid computer software consultancy service fees of HK\$336,000 during the year (2023: HK\$336,000) to a related company, which is wholly owned by Mr. Mansfield Wong. The transactions with the related company were negotiated and carried out in the ordinary course of business and at terms agreed between parties. The non-trading outstanding balances due to this related company as at 31 March 2024 and 2023 are detailed in note 21 (b).

### (b) Other related party transactions

Mr. Mansfield Wong provided personal guarantees to a subsidiary of the Group for borrowings as detailed in note 26 as at 31 March 2024 and 2023.

### (c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

|                                     | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-------------------------------------|------------------|------------------|
| Short-term employee benefits        | 4,810            | 4,583            |
| Equity-settled share option expense | 6,710            | 3,259            |
|                                     | 11,520           | 7,842            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year ended 31 March 2024, as detailed in note 28 to the consolidated financial statements, on 28 June 2023, approximately 730,061,000 settlement shares had been allotted and issued for the settlement of amounts due to the scheme creditors for the balances of approximately HK\$104,398,000.

As detailed in note 30 to the consolidated financial statements, on 17 November 2023, convertible bonds with an aggregate principal amount of US\$7,500,000 was converted into approximately 177,273,000 newly issued shares of the Company.

During the year ended 31 March 2023, upon the effect of the Scheme, an aggregate balance of approximately HK\$29,314,000 payable to creditors had been discharged and released in full. As disclosed in note 28 to the consolidated financial statements, upon the effect of the Scheme, the relevant admitted claims amounted to approximately HK\$177,723,000 had been recognised as amounts due to the scheme creditors. As a result, gain on extinguishment of financial liabilities of approximately HK\$51,591,000 was recognised in the profit and loss during the year ended 31 March 2023.

Save as disclosed elsewhere in these financial statements, there were no other material non-cash transactions during the year ended 31 March 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

|   | Borrowings<br>HK\$'000 | Lease<br>liabilities<br>HK\$'000 | Convertible<br>bonds<br>HK\$'000 | Amount<br>due to<br>a director<br>HK\$'000 | Amounts<br>due to the<br>scheme<br>creditors<br>HK\$'000 | Financial<br>liabilities<br>at FVTPL<br>HK\$'000 |
|---|------------------------|----------------------------------|----------------------------------|--|--|--|
| <b>At 1 April 2023</b>  | <b>9,000</b>           | <b>3,324</b>                     | <b>-</b>                         | <b>2,986</b>                               | <b>174,107</b>   | <b>3,558</b>                                     |
| Changes from financing cash flows:                                    |                        |                                  |                                  |  |  |  |
| Interest paid   | (1,384)                | -                                | -                                | -  | -  | -  |
| Interest element on lease payments                                    | -                      | (111)                            | -                                | -  | -  | -  |
| Capital element of lease payments                                     | -                      | (2,726)                          | -                                | -  | -  | -  |
| Proceeds from issue of convertible bonds                              | -                      | -                                | 77,500                           | -  | -  | -  |
| Proceeds from borrowings  | 10,433                 | -                                | -                                | -  | -  | -  |
| Repayment of borrowings   | (2,016)                | -                                | -                                | -  | -  | -  |
| Repayment of amounts due to the scheme creditors                      | -                      | -                                | -                                | -  | (871)  | -  |
| Advance from a director   | -                      | -                                | -                                | 4,797                                      | -  | -  |
| Repayments to a director  | -                      | -                                | -                                | (7,698)                                    | -  | -  |
| Redemption of financial liabilities at FVTPL                          | -                      | -                                | -                                | -  | -  | (3,568)  |
| <b>Total changes from financing cash flows</b>                        | <b>7,033</b>           | <b>(2,837)</b>                   | <b>77,500</b>                    | <b>(2,901)</b>                             | <b>(871)</b>   | <b>(3,568)</b>                                   |
| Non-Cash changes:   |                        |                                  |                                  |  |  |  |
| Interest expenses   | 1,384                  | 111                              | -                                | -  | 1,259  | -  |
| Amortisation of deferred day-one loss                                 | -                      | -                                | 8,638                            | -  | -  | -  |
| Change in FVTPL in relation to convertible bonds                      | -                      | -                                | (14,392)                         | -  | -  | -  |
| Issue of shares for settlement of amounts due to the scheme creditors | -                      | -                                | -                                | -  | (104,398)  | -  |
| Issue of shares upon conversion of convertible bonds                  | -                      | -                                | (58,823)                         | -  | -  | -  |
| Addition  | -                      | 2,045                            | -                                | -  | -  | -  |
| Lease termination   | -                      | (344)                            | -                                | -  | -  | -  |
| Exchange realignment  | -                      | (93)                             | -                                | -  | (1)  | 10   |
| <b>Total non-cash changes</b>   | <b>1,384</b>           | <b>1,719</b>                     | <b>(64,577)</b>                  | <b>-</b>                                   | <b>(103,140)</b>   | <b>10</b>  |
| <b>At 31 March 2024</b>   | <b>17,417</b>          | <b>2,206</b>                     | <b>12,923</b>                    | <b>85</b>                                  | <b>70,096</b>  | <b>-</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

|  | Other payables<br>HK\$'000 | Borrowings<br>HK\$'000 | Lease liabilities<br>HK\$'000 | Note payable<br>HK\$'000 | Amount due to a director<br>HK\$'000 | Amounts due to the scheme creditors<br>HK\$'000 | Financial liabilities at FVTPL<br>HK\$'000 |
|--|----------------------------|------------------------|-------------------------------|--------------------------|--------------------------------------|---|--|
| At 1 April 2022                                  | 103,303                    | 32,999                 | 5,504                         | 54,997                   | 12,135                               | -   | 3,717                                      |
| Changes from financing cash flows:               |                            |                        |                               |                          |                                      |   |  |
| Interest paid                                    | (4,971)                    | (469)                  | -                             | -                        | -                                    | -   | -  |
| Interest element on lease payments               | -                          | -                      | (149)                         | -                        | -                                    | -   | -  |
| Capital element of lease payments                | -                          | -                      | (2,424)                       | -                        | -                                    | -   | -  |
| Proceeds from borrowings                         | -                          | 9,000                  | -                             | -                        | -                                    | -   | -  |
| Repayment of borrowings                          | -                          | (5,674)                | -                             | -                        | -                                    | -   | -  |
| Repayment of amounts due to the scheme creditors | -                          | -                      | -                             | -                        | -                                    | (3,666)   | -  |
| Repayments to a director                         | -                          | -                      | -                             | -                        | (3,772)                              | -   | -  |
| Advances from a director                         | -                          | -                      | -                             | -                        | 6,758                                | -   | -  |
| Total changes from financing cash flows          | (4,971)                    | 2,857                  | (2,573)                       | -                        | 2,986                                | (3,666)   | -  |
| Non-cash changes:                                |                            |                        |                               |                          |                                      |   |  |
| Interest expense                                 | 13,769                     | 7,537                  | 149                           | 1,330                    | -                                    | 50  | -  |
| Gain on derecognition of financial liabilities   | (51,591)                   | -                      | -                             | -                        | -                                    | -   | -  |
| Decrease in interest payables                    | (8,798)                    | (7,068)                | -                             | (1,330)                  | -                                    | -   | -  |
| Increase in amounts due to the scheme creditors  | (51,712)                   | (27,325)               | -                             | (54,997)                 | (12,135)                             | 177,723   | -  |
| Addition   | -                          | -                      | 388                           | -                        | -                                    | -   | -  |
| Lease termination                                | -                          | -                      | (30)                          | -                        | -                                    | -   | -  |
| Exchange realignment                             | -                          | -                      | (114)                         | -                        | -                                    | -   | (159)                                      |
| Total non-cash changes                           | (98,332)                   | (26,856)               | 393                           | (54,997)                 | (12,135)                             | 177,773   | (159)                                      |
| At 31 March 2023                                 | -                          | 9,000                  | 3,324                         | -                        | 2,986                                | 174,107   | 3,558                                      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme (the “**Share Option Scheme**”) was approved by its shareholders to adopt on 5 March 2015 and was amended on 26 October 2016.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 5 March 2015. Under the Share Option Scheme, the directors may in its absolute discretion offer to grant to any qualified participant an option to subscribe for the number of shares at an exercise price determined by the directors, being at least the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange’s daily quotation sheets on the date of the offer of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares of the Company. The offer of a grant of options may be accepted within 20 business days from the date of the offer. HK\$1.00 per option is payable by any qualified participant to the Company on acceptance of the option offer as consideration for the grant. Qualified participants include any director or employee (whether full time or part time) of the Company and its subsidiaries and associated companies (as defined under Hong Kong Companies Ordinance, Cap. 622).

The options granted may be exercised in whole or in part by the grantees. The exercise period of the options granted shall be a period of time to be notified by the directors to grantees, which the directors may in its absolute discretion determine, save that such period shall not be more than 10 years commencing on the date of the offer of grant.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share options schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to the Company’s shareholders’ approval in a general meeting.

The maximum number of shares in respect of which options may be granted under this Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the listing date of the Company’s shares. Any further grant of share options in excess of this limit is subject to the Company’s shareholders’ approval in a general meeting.

Share options do not confer rights to the holders to dividends or to vote at shareholders’ meetings.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### (a) The terms and conditions of the grants are as follows:

#### (i) Share options on 2 April 2020

On 2 April 2020, the Company has granted a total of 36,560,000 share options to subscribe for an aggregate of 36,560,000 ordinary shares of HK\$0.01 each in the capital of the Company, comprising (i) 11,150,000 share options to five Directors; and (ii) 25,410,000 share options to certain qualified participants, being employees of the Group.

| Date of grant                 |            | Number of options granted | Vesting conditions                | Contractual life of options |
|-------------------------------|------------|---------------------------|-----------------------------------|-----------------------------|
| Options granted to directors: |            |                           |                                   |                             |
| 2 April 2020                  | Tranche 1  | 11,000,000                | Date of grant                     | 2 years                     |
| 2 April 2020                  | Tranche 2  | 75,000                    | Date of grant                     | 1 year                      |
| 2 April 2020                  | Tranche 3a | 18,750                    | 1.25 years from the date of grant | 1.75 years                  |
| 2 April 2020                  | Tranche 3b | 18,750                    | 1.5 years from the date of grant  | 1.5 years                   |
| 2 April 2020                  | Tranche 3c | 18,750                    | 1.75 years from the date of grant | 1.25 years                  |
| 2 April 2020                  | Tranche 3d | 18,750                    | 2 years from the date of grant    | 1 year                      |
|                               |            | 11,150,000                |                                   |                             |
| Options granted to employees: |            |                           |                                   |                             |
| 2 April 2020                  | Tranche 1  | 16,510,000                | Date of grant                     | 2 years                     |
| 2 April 2020                  | Tranche 2  | 4,450,000                 | Date of grant                     | 1 year                      |
| 2 April 2020                  | Tranche 3a | 1,112,500                 | 1.25 years from the date of grant | 1.75 years                  |
| 2 April 2020                  | Tranche 3b | 1,112,500                 | 1.5 years from the date of grant  | 1.5 years                   |
| 2 April 2020                  | Tranche 3c | 1,112,500                 | 1.75 years from the date of grant | 1.25 years                  |
| 2 April 2020                  | Tranche 3d | 1,112,500                 | 2 years from the date of grant    | 1 year                      |
|                               |            | 25,410,000                |                                   |                             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### (a) The terms and conditions of the grants are as follows: (Continued)

#### (ii) Share options on 12 December 2022

On 12 December 2022, the Company has granted a total of 90,068,000 share options to subscribe for an aggregate of 90,068,000 ordinary shares of HK\$0.01 each in the capital of the Company, comprising (i) 1,000,000 share options to four Directors; and (ii) 89,068,000 share options to certain qualified participants, being employees of the Group.

| Date of grant                 |            | Number of options granted | Vesting conditions            | Contractual life of options |
|-------------------------------|------------|---------------------------|-------------------------------|-----------------------------|
| Options granted to directors: |            |                           |                               |                             |
| 12 December 2022              | Tranche 1a | 500,000                   | Date of grant                 | 2 years                     |
| 12 December 2022              | Tranche 2a | 500,000                   | 1 year from the date of grant | 2 years                     |
|                               |            | 1,000,000                 |                               |                             |
| Options granted to employees: |            |                           |                               |                             |
| 12 December 2022              | Tranche 1b | 80,318,000                | Date of grant                 | 2 years                     |
| 12 December 2022              | Tranche 2b | 8,750,000                 | 1 year from the date of grant | 2 years                     |
|                               |            | 89,068,000                |                               |                             |

#### (iii) Share options on 20 March 2023

On 20 March 2023, the Company has granted a total of 28,356,680 share options to subscribe for an aggregate of 28,356,680 ordinary shares of HK\$0.01 each in the capital of the Company, comprising (i) 23,856,680 share options to an executive Director; and (ii) 4,500,000 share options to a qualified participant, being an employee of the Group.

| Date of grant                |            | Number of options granted | Vesting conditions            | Contractual life of options |
|------------------------------|------------|---------------------------|-------------------------------|-----------------------------|
| Options granted to director: |            |                           |                               |                             |
| 20 March 2023                | Tranche 1a | 23,856,680                | 1 year from the date of grant | 3 years                     |
| Options granted to employee: |            |                           |                               |                             |
| 20 March 2023                | Tranche 1b | 4,500,000                 | 1 year from the date of grant | 3 years                     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### (a) The terms and conditions of the grants are as follows: (Continued)

#### (iv) Share options on 8 December 2023

On 8 December 2023, the Company has granted a total of 62,212,000 share options to subscribe for an aggregate of 62,212,000 ordinary shares of HK\$0.01 each in the capital of the Company, comprising (i) 23,856,600 share options to a non-executive Director; and (ii) 38,356,000 share options to certain qualified participants, being employees of the Group.

| Date of grant                 |            | Number of options granted | Vesting conditions             | Contractual life of options |
|-------------------------------|------------|---------------------------|--------------------------------|-----------------------------|
| Options granted to director:  |            |                           |                                |                             |
| 8 December 2023               | Tranche 1a | 23,856,600                | 1 year from the date of grant  | 4 years                     |
| Options granted to employees: |            |                           |                                |                             |
| 8 December 2023               | Tranche 1b | 28,656,000                | 1 year from the date of grant  | 4 years                     |
| 8 December 2023               | Tranche 1c | 4,800,000                 | 2 years from the date of grant | 4 years                     |
| 8 December 2023               | Tranche 1d | 4,900,000                 | 3 years from the date of grant | 4 years                     |
|                               |            | 38,356,000                |                                |                             |

### (b) The number and weighted average exercise prices of share options are as follows:

|                                      | 2024                                 |              | 2023                                 |             |
|--------------------------------------|--------------------------------------|--------------|--------------------------------------|-------------|
|                                      | Weighted average exercise price HK\$ | Number       | Weighted average exercise price HK\$ | Number      |
| Outstanding at beginning of the year | 0.17                                 | 119,313,680  | 0.29                                 | 889,000     |
| Granted during the year              | 0.60                                 | 62,212,000   | 0.16                                 | 118,424,680 |
| Exercised during the year            | 0.17                                 | (56,412,000) | -                                    | -           |
| Lapsed during the year               | 0.29                                 | (889,000)    | -                                    | -           |
| Outstanding at end of the year       | 0.38                                 | 124,224,680  | 0.17                                 | 119,313,680 |
| Exercisable at end of the year       | 0.16                                 | 62,012,680   | 0.17                                 | 81,728,000  |

The weighted average exercise price of options outstanding at the end of the year was HK\$0.38 (2023: HK\$0.17) and their weighted average remaining contractual life was approximately 2.48 years (2023: 2.02 year).

The weighted average share price at the date of exercise for options exercised during the year ended 31 March 2024 was HK\$0.51. No option was exercised during the year ended 31 March 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### (b) The number and weighted average exercise prices of share options are as follows: (Continued)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimation of the fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

### (c) Fair value of share options and assumptions

#### (i) Share options on 12 December 2022

|                              | Tranche 1a | Tranche 1b | Tranche 2a | Tranche 2b |
|------------------------------|------------|------------|------------|------------|
| Share price (HK\$)           | 0.162      | 0.162      | 0.162      | 0.162      |
| Exercise price (HK\$)        | 0.172      | 0.172      | 0.172      | 0.172      |
| Expected volatility          | 115.4%     | 115.4%     | 115.4%     | 115.4%     |
| Expected option life         | 2 years    | 2 years    | 2 years    | 2 years    |
| Expected dividend            | 0%         | 0%         | 0%         | 0%         |
| Risk-free rate               | 4.072%     | 4.072%     | 4.072%     | 4.072%     |
| Fair value per option (HK\$) | 0.083      | 0.062      | 0.091      | 0.085      |

#### (ii) Share options on 20 March 2023

|                              | Tranche 1a | Tranche 1b |
|------------------------------|------------|------------|
| Share price (HK\$)           | 0.133      | 0.133      |
| Exercise price (HK\$)        | 0.139      | 0.139      |
| Expected volatility          | 111.28%    | 111.28%    |
| Expected option life         | 3 years    | 3 years    |
| Expected dividend            | 0%         | 0%         |
| Risk-free rate               | 2.973%     | 2.973%     |
| Fair value per option (HK\$) | 0.079      | 0.072      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### (c) Fair value of share options and assumptions (Continued)

#### (iii) Share options on 8 December 2023

|                              | Tranche 1a | Tranche 1b | Tranche 1c | Tranche 1d |
|------------------------------|------------|------------|------------|------------|
| Share price (HK\$)           | 0.600      | 0.600      | 0.600      | 0.600      |
| Exercise price (HK\$)        | 0.601      | 0.601      | 0.601      | 0.601      |
| Expected volatility          | 95.60%     | 95.60%     | 95.60%     | 95.60%     |
| Expected option life         | 4 years    | 4 years    | 4 years    | 4 years    |
| Expected dividend            | 0%         | 0%         | 0%         | 0%         |
| Risk-free rate               | 3.463%     | 3.463%     | 3.463%     | 3.463%     |
| Fair value per option (HK\$) | 0.35       | 0.30       | 0.35       | 0.39       |

The expected volatility is based on the historic volatility (calculated based on the expected remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the grants of the share options.

The closing prices of shares immediately before the grant date of the share options granted on 12 December 2022, 20 March 2023, and 8 December 2023 are HK\$0.158, HK\$0.139 and HK\$0.600.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The board of directors meets periodically to analyse and formulate measures to manage and monitor the Group's exposure to market risk including principally changes in interest rates risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risks is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of the directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

### Interest rate risk

The Group's interest rate risk arises primarily from borrowings and lease liabilities. Borrowings and lease liabilities issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The interest rates of the Group's borrowings and lease liabilities are disclosed in notes 26 and 27 respectively. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expenses.

The following table details the interest rate profile of the Group's borrowings and lease liabilities at the end of the reporting period.

|                              | 2024                        |               | 2023                        |               |
|------------------------------|-----------------------------|---------------|-----------------------------|---------------|
|                              | Effective interest rate (%) | HK\$'000      | Effective interest rate (%) | HK\$'000      |
| Floating rate borrowings     | 3.60% to 10.80%             | 17,417        | 3.50%                       | 9,000         |
| Fixed rate lease liabilities | 2.5% to 11.5%               | 2,206         | 2.5% to 11.5%               | 3,324         |
|                              |                             | <b>19,623</b> |                             | <b>12,324</b> |

At 31 March 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's results for the year by approximately HK\$87,000 (2023: HK\$45,000). No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings and lease liabilities in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for year ended 31 March 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Foreign currency risk

The Group is exposed to foreign currency risk primarily through foreign currency sales and purchases. As at 31 March 2024, the Group's assets and liabilities denominated in currencies other than functional currencies are disclosed in respective notes to the consolidated financial statements. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group is mainly exposed to the foreign currency risk of RMB, US\$, RM and IDR. As HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate and this is excluded from the sensitivity analysis below as in the opinion of directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates as at the reporting dates.

The following table details the Group's sensitivity of the Group's results for the year in regards to a 5% appreciation in the underlying functional currencies against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's best assessment of the reasonably possible change in foreign exchange rates. A 5% depreciation in the underlying functional currencies against the relevant foreign currencies would have the same but opposite magnitude on the Group's results for the year.

|     | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-----|------------------|------------------|
| RMB | 521              | 370              |
| RM  | (2,087)          | (507)            |
| IDR | (2,376)          | (3,110)          |

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk. The analysis is performed on the same basis for the year ended 31 March 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

As at 31 March 2024, the Group's maximum exposure to credit risk is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position.

The Group enters into trading transaction with the recognised third parties. Before accepting any new lease contract, the Group assesses the credit quality of each potential leasee and might demand certain customers to place deposits with the Group at the time the lease arrangement is entered into. In addition, the Group monitors and controls the trade receivables regularly to mitigate the risk of significant exposure from bad debts, reviews the recoverable amount of each individual trade receivables at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 22.0% (2023: 25.01%) and 87.69% (2023: 84.35%) of total gross amount of trade receivables was due from the Group's largest trade debtor and the five largest trade debtors.

The Group closely monitors the credit risk on individual customers based on their credit worthiness, assessments on the customer's past payments history and current ability to pay and take into account information specific to customers as well as pertaining to the economic environment in which the customers operate.

The Group measures loss allowances for trade receivables and finance lease receivables at an amount equal to lifetime ECLs, except for debtors with significant outstanding balances or insignificant balances with specific risks, the Group determines the ECLs using a provision matrix. The loss allowances are assessed based on the default rates and loss given default with reference to market data, adjusted for forward-looking factors specific to the debtors and the economic environment. As the Group's credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance is not further distinguished between the Group's different customer bases.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, based on its aging, as at 31 March 2024 and 2023:

|                            | Expected<br>loss rate<br>% | Gross<br>carrying<br>amount<br>HK\$'000 | Loss<br>allowance<br>HK\$'000 | Net carrying<br>amount<br>HK\$'000 |
|----------------------------|----------------------------|---|-------------------------------|------------------------------------|
| <b>As at 31 March 2024</b> |                            |   |                               |                                    |
| Not past due               | 2.45%                      | 48,325                                  | (1,184)                       | 47,141                             |
| 1 to 30 days past due      | 5.75%                      | 17,174                                  | (987)                         | 16,187                             |
| 31 to 90 days past due     | 11.12%                     | 6,853                                   | (762)                         | 6,091                              |
| 91 to 180 days past due    | 19.37%                     | 12,840                                  | (2,487)                       | 10,353                             |
| 181 to 365 days past due   | 23.92%                     | 8,531                                   | (2,041)                       | 6,490                              |
| Over 365 days past due     | 70.88%                     | 403,929                                 | (286,315)                     | 117,614                            |
|                            |                            | <b>497,652</b>                          | <b>(293,776)</b>              | <b>203,876</b>                     |
| <b>As at 31 March 2023</b> |                            |   |                               |                                    |
| Not past due               | 9.54%                      | 42,409                                  | (4,045)                       | 38,364                             |
| 1 to 30 days past due      | 5.71%                      | 1,560                                   | (89)                          | 1,471                              |
| 31 to 90 days past due     | 11.89%                     | 3,769                                   | (448)                         | 3,321                              |
| 91 to 180 days past due    | 19.16%                     | 3,868                                   | (741)                         | 3,127                              |
| 181 to 365 days past due   | 27.34%                     | 67,663                                  | (18,502)                      | 49,161                             |
| Over 365 days past due     | 80.63%                     | 359,750                                 | (290,083)                     | 69,667                             |
|                            |                            | <b>479,019</b>                          | <b>(313,908)</b>              | <b>165,111</b>                     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Credit risk (Continued)

The Group rebuts the presumption of default under ECL for trade receivables over 90 days past due to over 1 year past due based on the repayment records of those customers and continuous business relationship with the Group.

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

| <b>As at 31 March 2024</b>               | <b>Expected<br/>loss rate<br/>%</b> | <b>Gross<br/>carrying<br/>amount<br/>HK\$'000</b> | <b>Loss<br/>allowance<br/>HK\$'000</b> | <b>Net carrying<br/>amount<br/>HK\$'000</b> |
|--|-------------------------------------|---|--|---|
| Not past due or within 365 days past due | 1.46%                               | 44,112  | (642)                                  | 43,470                                      |
| Within 1-2 years past due                | 25.07%                              | 351   | (88)                                   | 263   |
|  |                                     | <b>44,463</b>                                     | <b>(730)</b>                           | <b>43,733</b>                               |

  

| <b>As at 31 March 2023</b>               | <b>Expected<br/>loss rate<br/>%</b> | <b>Gross<br/>carrying<br/>amount<br/>HK\$'000</b> | <b>Loss<br/>allowance<br/>HK\$'000</b> | <b>Net carrying<br/>amount<br/>HK\$'000</b> |
|--|-------------------------------------|---|--|---|
| Not past due or within 365 days past due | 5.53%                               | 15,725  | (870)                                  | 14,855                                      |
| Within 1-2 years past due                | 25.00%                              | 512   | (128)                                  | 384   |
| Within 2-3 years past due                | 26.06%                              | 376   | (98)                                   | 278   |
|  |                                     | <b>16,613</b>                                     | <b>(1,096)</b>                         | <b>15,517</b>                               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Credit risk (Continued)

For other receivables and amount due from an associate, management makes periodic as individual assessment on the recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. Management believes that there is no material credit risk inherent in the Group's outstanding balance of amount due from an associate. For other receivables, the management assessed that amounts due from an individual of HK\$1,066,000 (2023: HK\$1,066,000) are credit impaired and impairment loss of HK\$1,066,000 (2023: HK\$1,066,000) is fully provided as at 31 March 2024.

The credit risk for bank balances is mitigated as cash is deposited in bank of high credit rating. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

No significant changes to estimation techniques or assumptions were made during the year.

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

|                                      | Lifetime ECL<br>(credit-impaired) |                  |
|--------------------------------------|-----------------------------------|------------------|
|                                      | 2024<br>HK\$'000                  | 2023<br>HK\$'000 |
| Balance at the beginning of the year | 313,225                           | 264,725          |
| Impairment losses reversed           | (27,370)                          | (20,169)         |
| Impairment losses recognised         | 5,532                             | 69,163           |
| Exchange realignment                 | (145)                             | (494)            |
| Balance at the end of the year       | 291,242                           | 313,225          |

|                                      | Lifetime ECL<br>(not-credit-impaired) |                  |
|--------------------------------------|---------------------------------------|------------------|
|                                      | 2024<br>HK\$'000                      | 2023<br>HK\$'000 |
| Balance at the beginning of the year | 683                                   | 1,959            |
| Impairment losses reversed           | (233)                                 | (5,924)          |
| Impairment losses recognised         | 2,127                                 | 4,741            |
| Exchange realignment                 | (43)                                  | (93)             |
| Balance at the end of the year       | 2,534                                 | 683              |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Credit risk (Continued)

Movement in the loss allowance account in respect of finance lease receivables during the year is as follows:

|   | Lifetime ECL<br>(not credit-impaired) |                  |
|---|---------------------------------------|------------------|
|   | 2024<br>HK\$'000                      | 2023<br>HK\$'000 |
| <b>Balance at the beginning of the year</b> | <b>1,096</b>                          | 3,980            |
| Impairment losses reversed                  | (1,015)                               | (3,138)          |
| Impairment losses recognised                | 695                                   | 287              |
| Exchange realignment                        | (46)                                  | (33)             |
| <b>Balance at the end of the year</b>       | <b>730</b>                            | 1,096            |

The repayment of existing trade receivables and finance lease receivables result in a decrease in loss allowance during the year ended 31 March 2024.

### Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on internally generated funding and borrowings as significant sources of liquidity.

The maturity profile of the Group's financial liabilities, based on the contractual undiscounted payments and the earliest date that the Group is required to pay, are as follows:

|                                     | Carrying amount<br>HK\$'000 | Total contractual undiscounted cash flow<br>HK\$'000 | Within 6 months or on demand<br>HK\$'000 | Within                  | Within                | Within                |
|-------------------------------------|-----------------------------|--|--|-------------------------|-----------------------|-----------------------|
|                                     |                             |  |  | 6-12 months<br>HK\$'000 | 1-2 years<br>HK\$'000 | 2-3 years<br>HK\$'000 |
| <b>At 31 March 2024</b>             |                             |  |  |                         |                       |                       |
| Trade payables                      | 11,110                      | 11,110   | 11,110                                   | -                       | -                     | -                     |
| Accruals and other payables         | 34,989                      | 34,989   | 34,989                                   | -                       | -                     | -                     |
| Borrowings                          | 17,417                      | 17,417   | 17,417                                   | -                       | -                     | -                     |
| Lease liabilities                   | 2,206                       | 2,351  | 568                                      | 569                     | 803                   | 411                   |
| Amount due to a related company     | 1,514                       | 1,514  | 1,514                                    | -                       | -                     | -                     |
| Amount due to a director            | 85                          | 85   | 85                                       | -                       | -                     | -                     |
| Amounts due to the scheme creditors | 70,096                      | 71,948   | 30,329                                   | 652                     | 40,967                | -                     |
| Convertible bonds                   | 12,923                      | 22,620   | -  | -                       | 22,620                | -                     |
|                                     | <b>150,340</b>              | <b>162,034</b>                                       | <b>96,012</b>                            | <b>1,221</b>            | <b>64,390</b>         | <b>411</b>            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Liquidity risk (Continued)

|                                     | Carrying amount<br>HK\$'000 | Total contractual undiscounted cash flow<br>HK\$'000 | Within 6 months or on demand<br>HK\$'000 | Within 6-12 months<br>HK\$'000 | Within 1-2 years<br>HK\$'000 | Within 2-3 years<br>HK\$'000 |
|-------------------------------------|-----------------------------|--|--|--------------------------------|------------------------------|------------------------------|
| At 31 March 2023                    |                             |  |  |                                |                              |                              |
| Trade payables                      | 8,698                       | 8,698  | 8,698                                    | -                              | -                            | -                            |
| Accruals and other payables         | 39,742                      | 39,742   | 39,742                                   | -                              | -                            | -                            |
| Borrowings                          | 9,000                       | 9,000  | 9,000                                    | -                              | -                            | -                            |
| Lease liabilities                   | 3,324                       | 3,416  | 1,511                                    | 1,212                          | 546                          | 147                          |
| Amount due to a related company     | 352                         | 352  | 352                                      | -                              | -                            | -                            |
| Amounts due to directors            | 2,986                       | 2,986  | 2,986                                    | -                              | -                            | -                            |
| Amounts due to the scheme creditors | 174,107                     | 176,991  | 105,319                                  | 30,203                         | 30,339                       | 11,130                       |
| Financial liabilities at FVTPL      | 3,558                       | 3,985  | 3,985                                    | -                              | -                            | -                            |
|                                     | 241,767                     | 245,170  | 171,593                                  | 31,415                         | 30,885                       | 11,277                       |

The table that follows summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

|                  | Within one year<br>HK\$'000 | After one year but within two years<br>HK\$'000 | After two years but within five years<br>HK\$'000 | After five years<br>HK\$'000 | Total<br>HK\$'000 |
|------------------|-----------------------------|---|---|------------------------------|-------------------|
| At 31 March 2024 | 2,640                       | 2,951   | 7,932   | 5,672                        | 19,195            |
| At 31 March 2023 | 529                         | 1,167   | 4,668   | 4,379                        | 10,743            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement

The fair values of the Group's current portion of financial assets and liabilities measured at amortised cost are not materially different from their carrying amounts because of the immediate or short term maturity. The fair value of the non-current portion of financial assets and liabilities measured at amortised cost are not disclosed because the values are not materially different from their carrying amounts.

The following table provides an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Disclosure of level in fair value hierarchy at 31 March:*

| Description   | 2024                |                     |                     |                   |
|---|---------------------|---------------------|---------------------|-------------------|
|   | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
| <b>Recurring fair value measurements:</b>           |                     |                     |                     |                   |
| <b>Equity investment at FVTPL</b>                   |                     |                     |                     |                   |
| Unlisted equity investment                          | -                   | -                   | 10,800              | 10,800            |
| <b>Financial liabilities of FVTPL</b>               |                     |                     |                     |                   |
| Convertible bonds (excluding deferred day-one-loss) | -                   | -                   | (26,911)            | (26,911)          |
|   | -                   | -                   | (16,111)            | (16,111)          |

| Description                               | 2023                |                     |                     |                   |
|---|---------------------|---------------------|---------------------|-------------------|
|   | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
| <b>Recurring fair value measurements:</b> |                     |                     |                     |                   |
| <b>Equity investment at FVTPL</b>         |                     |                     |                     |                   |
| Unlisted equity investment                | -                   | -                   | 25,878              | 25,878            |
| <b>Financial liabilities at FVTPL</b>     |                     |                     |                     |                   |
| Redeemable preference shares              | -                   | -                   | (3,558)             | (3,558)           |
|   | -                   | -                   | 22,320              | 22,320            |

There were no transfers between different levels during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

#### Information about level 3 fair value measurements

The fair value of the unlisted equity investment in InVinity is estimated using asset-based method.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

|                          | Unlisted equity investment |                  |
|--------------------------|----------------------------|------------------|
|                          | 2024<br>HK\$'000           | 2023<br>HK\$'000 |
| At beginning of the year | 25,878                     | 29,140           |
| Fair value adjustment    | (15,078)                   | (3,262)          |
| At end of the year       | 10,800                     | 25,878           |

One of key significant unobservable inputs to determine the fair value of unlisted equity investment is the discount on age and condition of receivables. The higher discount on these factors would result in the lower in the fair value measurement of the fair value of unlisted equity investment, and vice versa.

The fair value of the convertible bonds (excluding deferred day-one loss) is estimated using Binomial Tree model and Monte Carlo Simulation model.

Reconciliation for financial instruments carried at fair value base on significant unobservable inputs (Level 3) are disclosed in note 30 to the consolidated financial statements.

One of key significant unobservable inputs to determine the fair value of convertible bonds is the expected volatility of the underlying stock. The higher the expected volatility would result in a higher in the fair value of convertible bonds, and vice versa. As at 31 March 2024, expected volatility used in the fair value measurement is 83.58% and it is estimated that a 5% increase/(decrease) in the volatility, holding all other variable constant, would increase or decrease the carrying amount of the convertible bonds by HK\$72,000 or HK\$14,000, respectively.

The fair value of redeemable preference shares is estimated using a discounted cash flow method.

|                            | Redeemable preference shares |                  |
|----------------------------|------------------------------|------------------|
|                            | 2024<br>HK\$'000             | 2023<br>HK\$'000 |
| At beginning of the year   | 3,558                        | 3,717            |
| Redemption during the year | (3,371)                      | -                |
| Exchange difference        | (187)                        | (159)            |
| At end of the year         | -                            | 3,558            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

#### Information about level 3 fair value measurements (Continued)

One of key significant unobservable inputs to determine the fair value of redeemable preference shares is the discount rate. A higher discount rate would result in a decrease in the fair value of redeemable preference shares, and vice versa. As at 31 March 2023, the discount rate used in the fair value measurement was 10.65% and it was estimated that a 1% increase/(decrease) in discount rate, holding all other variable constant, would decrease or increase the carrying amount of the redeemable shares by approximately HK\$29,500 and HK\$30,100, respectively.

There is no change on the valuation method during the year.

Fair value adjustments of unlisted equity investment, convertible bonds and redeemable preference shares were recognised in the line item "other income and expenses, net" on the face of the consolidated statement of comprehensive income.

## 40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments are as follows:

### Financial assets

|                              | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|------------------------------|------------------|--------------------------------|
| Financial assets at FVTPL    |                  |                                |
| Equity investment at FVTPL   | 10,800           | 25,878                         |
| At amortised cost            |                  |                                |
| Trade receivables            | 203,876          | 165,111                        |
| Finance lease receivables    | 43,733           | 15,517                         |
| Other receivables            | 24,593           | 16,085                         |
| Amount due from an associate | 4,470            | 12,005                         |
| Pledged deposits             | 904              | -                              |
| Cash and cash equivalents    | 31,908           | 11,091                         |
|                              | <b>309,484</b>   | 219,809                        |

### Financial liabilities

|                                     | 2024<br>HK\$'000 | 2023<br>HK\$'000 |
|-------------------------------------|------------------|------------------|
| Financial liabilities at FVTPL      | -                | 3,558            |
| Convertible bonds                   | 12,923           | -                |
| At amortised cost                   |                  |                  |
| Trade payables                      | 11,110           | 8,698            |
| Accruals and other payables         | 34,989           | 39,742           |
| Borrowings                          | 17,417           | 9,000            |
| Amount due to a related company     | 1,514            | 352              |
| Amount due to a director            | 85               | 2,986            |
| Amounts due to the scheme creditors | 70,096           | 174,107          |
| Lease liabilities                   | 2,206            | 3,324            |
|                                     | <b>137,417</b>   | 238,209          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 41. CAPITAL MANAGEMENT

The Group's capital management objectives include:

- (i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group's stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose net debt is defined as borrowings, amounts due to the scheme creditors, lease liabilities, financial liabilities at FVTPL and convertible bonds less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt to equity ratio at the end of reporting period was as follows:

|                                     | 2024<br>HK\$'000 | 2023<br>HK\$'000<br>(Restated) |
|-------------------------------------|------------------|--------------------------------|
| Borrowings                          | 17,417           | 9,000                          |
| Amounts due to the scheme creditors | 70,096           | 174,107                        |
| Lease liabilities                   | 2,206            | 3,324                          |
| Financial liabilities at FVTPL      | -                | 3,558                          |
| Convertible bonds                   | 12,923           | -                              |
| Less: Cash and cash equivalents     | (31,908)         | (11,091)                       |
| Net debt                            | 70,734           | 178,898                        |
| Total equity                        | 314,110          | 126,652                        |
| Net debt to equity ratio            | 23%              | 141%                           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 42. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, on 24 August 2024, Synergy ESCO (Malaysia) (the “**Borrower**”), a subsidiary of the Company, has entered into an all combo facility agreement with Malayan Banking Berhad (the “**Lender**”), whereas the Lender agreed to provide a banking facility of up to RM50,000,000 (equivalent to approximately HK\$90,000,000) (the “**Banking Facility**”). The purpose of the Banking Facility is to part finance or reimburse the purchase, instalment and/or procurement of the Ultra LED equipment. The Banking Facility bears an annual interest rate of 6.65%, being the base lending rate in Malaysia, and is guaranteed (a) by the Company at the amount of RM50,000,000 (equivalent to approximately HK\$90,000,000); (b) by the assignment over the lease contracts entered into the leasing of the Ultra LED equipment financed by the relevant Banking Facility; and (b) by the assignment over the lease revenue in relation to the leasing of the Ultra LED equipment financed by the relevant Banking Facility.

Saved as disclosed above and elsewhere in the notes to the consolidated financial statements, the Group has no disclosable material events after the reporting period.

## 43. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s presentation. The changes included the reclassification of certain deposits previously classified under cash and cash equivalents to deposits, prepayments and other receivables. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

## 44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 6 September 2024.





UNITY GROUP

知行集團

Unity Group Holdings International Limited

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