

# ANNUAL REPORT 2023



**CHONG KIN GROUP HOLDINGS LIMITED**

**創建集團（控股）有限公司**

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

*Stock Code: 1609*

創建集團(控股)有限公司

# CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	5
Biographical Details of Directors and Senior Management	12
Corporate Governance Report	14
Environmental, Social and Governance Report	28
Directors' Report	52
Independent Auditors' Report	59
Consolidated Statement of Profit or Loss and Other Comprehensive Income	64
Consolidated Statement of Financial Position	66
Consolidated Statement of Changes in Equity	68
Consolidated Statement of Cash Flows	69
Notes to the Consolidated Financial Statements	71
Five-year Financial Summary	126

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhang Jinbing (*Chairman*)

Mr. Leung Chi Kwong, Joe

### Independent Non-Executive Directors

Mr. Tam Ping Kuen, Daniel

Ms. Chen Weijie

Mr. Zhao Hangen

### AUDIT COMMITTEE

Mr. Tam Ping Kuen, Daniel (*Chairman*)

Ms. Chen Weijie

Mr. Zhao Hangen

### REMUNERATION COMMITTEE

Mr. Tam Ping Kuen, Daniel (*Chairman*)

Ms. Chen Weijie

Mr. Zhao Hangen

### NOMINATION COMMITTEE

Mr. Zhang Jinbing (*Chairman*)

Mr. Tam Ping Kuen, Daniel

Mr. Zhao Hangen

### RISK MANAGEMENT COMMITTEE

Mr. Zhang Jinbing (*Chairman*)

Mr. Tam Ping Kuen, Daniel

Ms. Chen Weijie

### COMPANY SECRETARY

Ms. Lee Eva

### AUTHORISED REPRESENTATIVES

Mr. Zhang Jinbing

Ms. Lee Eva

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park, P.O. Box 1350

Grand Cayman, KY1-1108, Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 6808, 68th Floor, Central Plaza

18 Harbour Road, Wanchai, Hong Kong

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

Ocorian Trust (Cayman) Limited

Clifton House, 75 Fort Street

P.O. Box 1350,

Grand Cayman, KY1-1108, Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

### AUDITOR

ZHONGHUI ANDA CPA Limited

23/F, Tower 2, Enterprise Square Five,

38 Wang Chiu Road,

Kowloon Bay, Kowloon,

Hong Kong

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of Communications Co., Limited Hong Kong Branch

### STOCK CODE

01609

### WEBSITE

[www.chongkin.com.hk](http://www.chongkin.com.hk)

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Chong Kin Group Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), I am delighted to present the annual report of the Group for the year ended 31 March 2023 (the “**Year**”).

## BUSINESS REVIEW

During the Year, the Group continued to focus its business in provision of concrete placing and other ancillary services in Hong Kong (“**Concrete Placing Business**”) and provision of loan finance business in Hong Kong (“**Loan Finance Business**”).

In the Year, the revenue of the Group increased by HK\$145.3 million from approximately HK\$344.2 million for the year ended 31 March 2022 (the “**Previous Year**”) to HK\$489.5 million for the Year. The overall gross profit increased by HK\$9.3 million from gross profit of HK\$45.6 million for the Previous Year to gross profit of HK\$54.9 million for the Year. The increase in revenue was mainly due to increase in revenue from the Concrete Placing Business for the Year.

The Group recorded the profit attributable to the owners of the Company from continuing operations of HK\$21.1 million for the Year, as compared with the loss attributable to the owners of the Company from continuing operations of HK\$22.7 million for the Previous Year. The turn-around was mainly attributable to (i) an increase in segment revenue and segment profit recorded by the Group's concrete placing business of approximately HK\$149.8 million and HK\$5.3 million, respectively; (ii) the receipt of subsidies from the Hong Kong Government under the 2022 Employment Support Scheme of approximately HK\$6.5 million; and (iii) a net decrease in impairment loss of financial assets of approximately HK\$24.2 million regarding trade and other receivables, and loan and interest receivables for the Year as compared with the Previous Year.

## PROSPECT

It is believed that, the economic environment in Hong Kong and the PRC, as well as around the world, will gradually return to normal with the COVID-19 epidemic subsided. The Group looks forward to commencing more concrete placing and other ancillary projects in Hong Kong, which will help the Group to maintain a stable revenue stream in coming year. Facing the ever-changing world, the Group will keep abreast of the times and proactively embraced development hotpots.

The Group will continue to explore business opportunities in the market and keep improving its investment portfolio and business modules and provide investors with long-term and stable returns while enhancing the Group's intrinsic value.

# CHAIRMAN'S STATEMENT

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all Shareholders, customers, and business partners for their trust and support to the Group. I also appreciate our management and staff members for their persistent faith and significant contributions to the Group.

On behalf of the Board

**Zhang Jinbing**

*Chairman*

Hong Kong, 12 June 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the year ended 31 March 2023 (the “**Year**”), Chong Kin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**us**”) is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services (the “**Concrete Placing**”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“**Concrete Placing Business**”); and (ii) provision of loan finance business in Hong Kong.

During the Year, the Group continued to operate the Concrete Placing Business under a more efficient streamlined mode of operation to manage the profit margin, in a way of adopting a more asset-light strategy, by means of adjusting manpower and leasing of machineries according to the progress of the construction projects, to cater for the Concrete Placing Business of the Group.

As of the end of the Year, Chong Kin Construction Engineering Limited, an indirect wholly-owned subsidiary of the Company engaging in Concrete Placing Business, has been awarded 27 construction projects (which include 13 projects in the public sector), with total contract sum of approximately HK\$1,224.3 million, of which 25 projects have been commenced the construction work and generated revenue during the Year. After the end of the Year and up to the date of this report, the Group has been further awarded 2 construction projects with aggregate contract sum of approximately HK\$24.3 million, and it is expected that those projects will start generating revenue for the Group in next financial year.

As at the date of this report, the Group had also submitted tenders for 15 construction projects. The Group has been also in active discussion with various main contractors with a view to obtain more construction projects in the foreseeable future. The Group will continue to utilise its resources to actively provide concrete-related work to the public and private sectors in Hong Kong. The Group will also explore opportunities to expand value-added services for other concrete-related projects and continue to optimise the operating model of the Group’s Concrete Placing Business.

To broaden the income source of the Group, China Golden Holdings Limited, a direct wholly-owned subsidiary of the Company holding money lending licence in Hong Kong, had been engaging in loan finance business in Hong Kong (“**Loan Finance Business**”) and contributed revenue of approximately HK\$9.0 million to the Group. The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. The market of money lending business by licensed money lenders in Hong Kong is keen and competitive. In order to optimise the funding use in business but also to ensure the compliance of the related laws and regulations, the operation team has established a credit policy and loan approval process to minimise the credit risk.

## FINANCIAL REVIEW

### Revenue

For the Year, the Group recorded revenue from continuing operations of approximately HK\$489.5 million, compared to that of approximately HK\$344.2 million for the year ended 31 March 2022 (the “**Previous Year**”), representing an increase of 42.2%. The significant increase in revenue was mainly due to increase in revenue from Concrete Placing Business in Hong Kong for the Year.

The revenue from the Concrete Placing Business was approximately HK\$480.5 million for the Year, compared to that of approximately HK\$330.7 million for the Previous Year, representing an increase of 45.3%. The increase in revenue was due to the increase in project amount and the number of projects on hand.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Profit and Gross Profit Margin

The overall gross profit from continuing operations of the Group for the Year was approximately HK\$54.9 million compared to that of approximately gross profit of HK\$45.6 million for the Previous Year.

The gross profit margin for the Year was approximately 11.2% as compared to gross profit margin of 13.3% for the Previous Year.

## Other Income

Other income mainly comprises government grants and gain on disposal of financial assets at fair value through profit or loss. During the Year, other income amounted to approximately HK\$6.8 million as compared to approximately HK\$0.1 million for the Previous Year. The increase in other income was mainly attributable to increase in government grants and subsidies.

## Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Year decreased by 11.7% to approximately HK\$25.0 million as compared to that of approximately HK\$28.3 million for the Previous Year. The administrative and other operating expenses comprised mainly employees related costs, including the salaries of directors and staffs, retirement scheme contributions and employment related expenditure, depreciation of property, plant and equipment and right of use assets, and office expenses.

## Impairment Losses of Financial Assets

The impairment losses of financial assets are approximately HK\$11.2 million (Previous Year: HK\$35.4 million) for the Year. The impairment loss on financial assets was mainly attributable from loan and interest receivables and trade and other receivables, a credit rating analysis of the underlying debtors and borrowers was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and borrowers and the forward-looking information of the Group's receivables at the end of the Year.

## Finance Costs

Finance costs of the Group for the Year decreased by 25.0% to approximately HK\$0.3 million as compared to that of approximately HK\$0.4 million for the Previous Year. The finance costs comprised of interest on lease liabilities.

## Income Tax Expense

Income tax expense primarily consists of current income tax and deferred income tax from Hong Kong subsidiaries.

Income tax expense of the Group for the Year amounting to approximately HK\$4.1 million as compared to approximately HK\$4.4 million for the Previous Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit for the Year from Continuing Operations

The Group's profit for the Year from continuing operations was approximately HK\$21.1 million as compared with to the loss from continuing operations for the Previous Year of approximately HK\$22.7 million. The turn-around was mainly attributable from (i) an increase in segment revenue and segment profit recorded by the Group's concrete placing business of approximately HK\$149.8 million and HK\$5.3 million, respectively; (ii) the receipt of subsidies from the Hong Kong Government under the 2022 Employment Support Scheme of approximately HK\$6.5 million for the Year (Previous Year: Nil); and (iii) a net decrease in impairment loss of financial assets of approximately HK\$24.2 million regarding trade and other receivables, and loan and interest receivables for the Year as compared with the Previous Year.

## Final Dividend

The board of directors ("**Board**") does not recommend the payment of a final dividend for the Year (Previous Year: Nil).

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity, Financial Resources and Capital Structure

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank and other borrowings, internally generated cash flow and net proceeds received from the issue of the Company's shares.

As at 31 March 2023, the Group had cash and bank balances amounted to approximately HK\$203.5 million (2022: HK\$200.4 million).

As at 31 March 2023, the Group had loan and interest receivables amounting to approximately HK\$147.3 million (2022: HK\$162.9 million).

The Group had no borrowings as at 31 March 2023 (2022: HK\$Nil).

As at 31 March 2023, the share capital and equity attributable to the owners of the Company amounted to approximately HK\$11.0 million and HK\$604.2 million respectively (2022: HK\$11.0 million and HK\$583.3 million respectively).

The Company had no changes in capital structure during the Year.

The approach of the Board to manage liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

### Working Capital

As at 31 March 2023, the Group had current assets of approximately HK\$726.5 million (2022: HK\$693.6 million) and current liabilities of approximately HK\$131.7 million (2022: HK\$116.0 million). The current ratio, being the proportion of total current assets against current liabilities, was 5.5 (2022: 6.0). The Board considers that the present working capital level is conservatively sufficient to meet the upcoming operating needs.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the year end date and expressed as a percentage. Interest-bearing debts are defined to include payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 31 March 2023 was 0.7% (2022: 1.4%).

## CAPITAL MANAGEMENT

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

## COMMITMENTS

The Group did not have significant capital commitments as at 31 March 2023 (2022: Nil).

## FOREIGN EXCHANGE RISK

The functional currency of the Company and the presentation currency of the consolidated financial statements of the Company are in Hong Kong Dollars. The income and expenses, assets and liabilities of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into HK\$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 March 2023.

## LEGAL PROCEEDINGS

There were small claims and legal proceedings for or against several subsidiaries of the Company in relation to the ordinary course of its business, the relevant amounts of such legal proceedings have been duly considered and the Group does not expect that the outcome in these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations.

Save as disclosed above, the Group had no significant legal proceedings during the Year.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had 441 employees (2022: 293) situated mainly in Hong Kong. The related staff costs (including directors' emoluments) for the Year amounted to approximately HK\$153.7 million (Previous Year: approximately HK\$161.5 million).

The Group offers its employees competitive salary packages, as well as contribution to defined retirement plans, the employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee.

The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results and individual performance and subject to the approval by the Board.

# MANAGEMENT DISCUSSION AND ANALYSIS

## UPDATE ON THE LISTING STATUS

Trading in the shares (the “**Shares**”) of the Company on The Stock Exchange of Hong Kong Limited (“**The Stock Exchange**”) has been suspended since 13 May 2022.

On 4 June 2021, the Company received a letter from The Stock Exchange in relation to its decision (the “**Decision**”) on Rule 14.06B of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”) Listing Rules, under which The Stock Exchange considered that the Company’s principal business had been changed to the provision of logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services of its new energy vehicles (the “**NEV and Logistics and Finance Leasing Business**”) after the disposal of Chong Kin Group Limited by the Company to the former controlling shareholder of the Company in January 2021 (the “**Disposal**”), and all of which took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under Rule 8.05 of the Listing Rules. The Stock Exchange considered that the Disposal was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, the Disposal, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 (collectively, the “**Previous Acquisitions**”) and the related acquisition of a total of 1,847 new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under Rule 14.06 of the Listing Rules. The Company had sought a review of the Decision from the Listing Committee.

On 3 September 2021, the Company received the decision (the “**Listing Committee’s Decision**”) of the Listing Committee upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the Listing Committee’s Decision from the Listing Review Committee.

On 1 December 2021, the Company received a letter from the Listing Review Committee setting out its decision that the Listing Review Committee decided that the Company’s situation was materially different from its position at the time of the Listing Committee’s Decision and that it would be appropriate to first have a considered decision of the Listing Committee in respect of the changed circumstances, before the Listing Review Committee makes any conclusive and binding decision on its review. The Listing Review Committee therefore exercised its discretion to remit the matter back to the Listing Committee for a rehearing (the “**Rehearing**”) on an expedited basis.

On 14 February 2022, the Company received the decision of the Listing Committee (the “**LC Rehearing Decision**”) upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions of the NEV and Logistics and Finance Leasing Business should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the LC Rehearing Decision from the Listing Review Committee.

On 12 May 2022, the Company received a letter that the Listing Review Committee decided to uphold the LC Rehearing Decision and to suspend trading in the Shares under Rule 6.01(4) of the Listing Rules (the “**LRC Decision**”). The Company had sought leave from the Court of First Instance of the High Court of Hong Kong (the “**High Court**”) for a judicial review (the “**Application**”) of the LRC Decision.

On 16 May 2022, the High Court dismissed the Application by the Company.

On 2 June 2022, the Company received a letter from The Stock Exchange, setting out the guidance for the resumption of trading in the shares of the Company (the “**Resumption Guidance**”) as follows:

- (i) to comply with the requirements under Rule 14.54 of the Listing Rules; and
- (ii) to announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

# MANAGEMENT DISCUSSION AND ANALYSIS

At the direction of The Stock Exchange, trading in the Shares has been suspended with effect from 9:00 a.m. on 13 May 2022. For details, please refer to the announcements of the Company dated 7 June 2021, 5 September 2021, 2 December 2021, 14 February 2022, 13 May 2022, 17 May 2022, 2 June 2022, 12 August 2022, 11 November 2022, 13 February 2023 and 15 May 2023.

## MATERIAL ACQUISITION AND DISPOSALS

The Group had no material acquisition and disposal of subsidiaries or associated companies during the Year.

## SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Year.

## CONTINGENT LIABILITIES

Save as stated in the section headed “Legal Proceedings”, the Group had no material contingent liabilities as at 31 March 2023 (2022: Nil).

## 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.

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 28 April 2023, the Board resolved that a Buy-back Offer will be made to buy-back for cancellation of up to 120,000,000 Shares, representing approximately 10.96% of the issued share capital of the Company, subject to the Company’s Shareholders’ approval. It is proposed that each Share bought-back will be exchanged for one Adjusted Share of Kingdom Honour Holdings Limited (“**Kingdom**”), a wholly-owned subsidiary of the Company, under the Buy-back Offer.

Shares bought back will be cancelled. Accordingly, the issued share capital of the Company will be decreased by the nominal value of the Shares being bought back. Upon full acceptance of the Buy-back Offer, the entire shareholding in Kingdom will be in effect disposed of by the Company to the Shareholders who accepts the Buy-back Offer.

Please refer to the Company’s announcement on 28 April 2023 for details of the Buy-back Offer.

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

Reference is made to the announcement of the Company dated 7 December 2020 relating to the subscription of new ordinary shares of HK\$0.01 each (the “**Share**”) of the Company, the Company and no less than six subscribers (the “**Subscribers A**”) entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers A have conditionally agreed to subscribe for an aggregate of 109,726,000 new Shares of the Company under general mandate (the “**Subscription I**”) at the subscription price of HK\$2.3 per Share. The net proceeds of Subscription I after deduction of professional fees and other related expenses (“**Net Proceeds**”) were approximately HK\$252.22 million. On such basis, the net price of each Share under Subscription I is approximately HK\$2.299.

## MANAGEMENT DISCUSSION AND ANALYSIS

Reference is also made to the announcement of the Company dated 26 April 2021 and 30 April 2021 relating to the subscription of Share of the Company under general mandate (the “**Subscription II**”). The Company and 10 independent subscribers (the “**Subscribers B**”), entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers B have conditionally agreed to subscribe for 45,490,000 new shares of the Company at the subscription price of HK\$5.80 per Share. As at 31 March 2022, 7,902,000 new shares have been issued under the Subscription II, the Net Proceeds from the Subscription II were approximately HK\$45.8 million, on such basis, the net price of each Share is approximately HK\$5.80.

As disclosed in the announcement of the Company dated 17 December 2021, following the termination of the sale and purchase agreement dated 26 November 2021 for the acquisition of a land parcel in Grenada (the “**Termination**”), the overall plan on the intended use of proceeds from Subscription I and Subscription II has been updated on 17 December 2021 (“**Updated UOP Plan**”). The proceeds from Subscription II has been fully utilised as of 30 September 2022.

The net proceeds of Subscription I applied by the Group during the period from the completion date up to 31 March 2023:

	Originally planned use of proceeds	Actual use of proceeds before the Update UOP Plan	Refund from Termination	Updated UOP Plan	Actual use of proceed after the Updated UOP Plan	Unused amount	Expected timeline for utilising the remaining net proceeds (Note)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Subscription I</b>							
Land project in Grenada	227,000	(182,830)	156,000	(200,170)	–	–	
Concrete Placing Business	–	–	–	120,000	(17,562)	102,438	End of year 2023
Loan Finance Business	–	–	–	60,000	(26,608)	33,392	End of year 2023
General working capital	25,220	(25,220)	–	20,170	–	20,170	End of year 2023
<b>Total</b>	<b>252,220</b>	<b>(208,050)</b>	<b>156,000</b>	<b>–</b>	<b>(44,170)</b>	<b>156,000</b>	

Note: As announced by the Company on 28 April 2023, the Company proposed the Buy-back Offer which involve, among others, the possible disposal of the entire issued share capital of Kingdom. Subject to the Buy-back Offer becoming unconditional and the acceptance level of the Buy-back Offer, Kingdom may cease to be a subsidiary of the Company. In the event that Kingdom ceases to be a subsidiary of the Company, the Group will no longer receive the refund from the Termination and accordingly the unused amount of the Updated UOP Plan will no longer be applicable.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Director

**Mr. Zhang Jinbing (張金兵先生) (“Mr. Zhang”)**, aged 51, is an executive Director, Chairman of the Board and chairman of the nomination committee and risk management committee of the Company. Mr. Zhang is also the controlling shareholder (as defined in the Rules Governing the Listing of Securities in the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) of the Company. Mr. Zhang graduated with a Bachelor of Arts degree from Guangzhou Foreign Language Institute in 1994. He has extensive experience in corporate management. Mr. Zhang has served as Co-Chairman of the board of directors and non-executive Director of Apollo Future Mobility Group Limited (“**Apollo FMG**”), a company listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 860), for the period from 24 November 2017 to 19 March 2021. He was an executive Director of Apollo FMG for the period from January 2015 to 23 November 2017 and Chairman of Apollo FMG for the period from June 2015 to 23 November 2017. Mr. Zhang has also served as Chairman and executive Director of State Energy Group International Assets Holdings Ltd, a company listed on the Stock Exchange (stock code: 918), since October 2018. He was also an executive director of Synertone Communication Corporation, a company listed on the Stock Exchange (stock code: 1613), for the period from August 2012 to April 2014.

**Mr. Leung Chi Kwong, Joe (梁志光先生) (“Mr. Leung”)**, aged 63, is an executive Director since 18 June 2021. Mr. Leung has solid experiences of over 30 years in concrete placing work, formwork and concrete rebar placing work related industries. Mr. Leung set up Wing & Kwong Company Limited in September 1992 and has acted as its managing director and general manager. In 2016, Mr. Leung was one of the founders of Hong Kong Bar Bending & Fixing Industrial Association Ltd and acting as its director and president since then.

### Independent Non-Executive Directors

**Mr. Tam Ping Kuen, Daniel (譚炳權先生), (“Mr. Tam”)**, aged 59, is an independent non-executive Director, chairman of the audit committee and remuneration committee, member of nomination committee and risk management committee of the Company. Mr. Tam is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). He holds a Master of Science in Financial Economics degree from the University of London in 1995. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since 1996. Mr. Tam was an independent non-executive director of Apollo FMG for the period from May 2006 to March 2022. a company listed on the Stock Exchange (stock code : 0860)

**Ms. Chen Weijie (陳維潔女士) (“Ms. Chen”)**, aged 42, is an independent non-executive Director since 18 June 2021. Ms. Chen is a member of audit committee, remuneration committee and risk management committee of the Company. She obtained a bachelor of laws degree from Guangdong College of Commerce\* (廣東商學院) in June 2004 and a master of laws (international business law) degree from City University of Hong Kong in November 2005. Ms. Chen was qualified as a lawyer in the PRC in 2009.

Ms. Chen has over 10 years of experience in executive management, investment and corporate finance. She has served as a chief executive officer of Vision Finance (Securities) Limited since 15 May 2020 and acted as its responsible officer for Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571) (the “**SFO**”). For the period from August 2018 to December 2019, Ms. Chen had been appointed as an executive director and responsible officer in Type 6 (advising on corporate finance) regulated activity under the SFO of ZhongHua Finance Capital Company Limited, a company principally engaging in provision of financial services, where she was responsible for the overall business development and provision of financial advice to listed companies. She served as a chief operating officer of Legend Strategy International Holdings Group Limited, a company listed on the Stock Exchange (stock code: 1355) for the period from 1 November 2016 to 28 February 2018. Ms. Chen has been appointed as an independent non-executive director of Ye Xing Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1941) since 17 February 2020 and as an Executive Director of Finet Group Limited, a company listed on the Stock Exchange (stock code: 8317) since 4 October 2021.

\* For identification purpose only

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Zhao Hangen (趙漢根先生) (“Mr. Zhao”)**, aged 56, is appointed as an independent non-executive Director, member of audit committee, remuneration committee and risk management committee of the Company on 28 February 2022. Mr. Zhao obtained his bachelor’s degree in law majoring in economic law from the Renmin University of China Law School in July 1989. In January 2005, Mr. Zhao obtained his master’s degree in law majoring in economic law from Renmin University of China Law School. Mr. Zhao has substantial professional legal experience. He is proficient in civil law theory and jurisprudence, contract, corporate, finance, construction, real estate, investment, competition, intellectual property, international arbitration, labour law litigation and non-litigation matters. Mr. Zhao was a legal director at Nanyue Law Office of Guangdong and Guangdong Bowen Law Office, and management committee member of Guangdong Fazhishengbang Law Office. Mr. Zhao is currently a deputy director and senior partner at Kings Law Firm in Guangdong, an arbitrator at China International Economic and Trade Arbitration Commission, Arbitration Centre Across the Straits, China Guangzhou Arbitration Commission, Foshan Arbitration Commission and Shantou Arbitration Commission. He has been appointed as a Legal Arbitration Committee Officer of Guangdong Lawyers Association in May 2022.

Mr. Zhao served as an independent non-executive director of State Energy Group International Assets Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 918) for the period from October 2018 to December 2021.

### SENIOR MANAGEMENT

**Ms. Lee Eva (李綺華女士) (“Ms. Lee”)** is the company secretary of the Company (the “**Company Secretary**”). Ms. Lee is admitted as a solicitor in Hong Kong and focusing on capital markets and corporate finance work. Ms. Lee graduated from the London School of Economic and Political Science with Masters of Laws (Distinction).

### COMPANY SECRETARY

Ms. Lee Eva is the company secretary of the Company. Details of her qualifications and experience are set out in the paragraph headed “Senior management” in this section.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are crucial to improving the efficiency and performance of the Group and to safeguard the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and complies with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company.

## CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the ended 31 March 2023 (the "**Year**"). The Directors periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

## MODEL CODE FOR SECURITIES TRANSACTIONS

### Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the Year.

### Securities Transactions by Senior Management and Staff

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

## CORPORATE GOVERNANCE FUNCTIONS

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

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

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

# CORPORATE GOVERNANCE REPORT

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

## DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director shall receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In compliance with Code Provision A.6.5 of the CG Code, all the Directors have participated in continuous professional development organised in the form of in-house training and seminars to keep them refreshed of their knowledge and skill and understanding of the Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the Listing Rules and corporate governance practices from time to time.

The training of each Director received during the Year is summarised as below:

<b>Name of Director</b>	<b>Reading materials regarding regulatory update and corporate governance matters</b>	<b>Attending seminars/in-house training relevant to the Company's business, Listing Rules compliance and risk management</b>
<b>Executive Directors</b>		
Mr. Zhang Jinbing ( <i>Chairman</i> )	✓	✓
Mr. Leung Chi Kwong, Joe	✓	✓
<b>Independent non-executive Directors</b>		
Mr. Tam Ping Kuen, Daniel	✓	✓
Ms. Chen Weijie	✓	✓
Mr. Zhao Hangen	✓	✓

# CORPORATE GOVERNANCE REPORT

## THE BOARD

### Role and function

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**"), the remuneration committee (the "**Remuneration Committee**") and the risk management committee (the "**Risk Management Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. Further details of these committees are set out in the sections headed "Audit Committee", "Nomination Committee", "Remuneration Committee" and "Risk Management Committee" below.

### Composition

As at the date of this annual report, the Board currently comprises five members, consisting of two executive Directors, and three independent non-executive Directors. The List of Directors is set out in the section headed "Directors' Report" of this annual report.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 12 and 13 of this annual report.

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

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The implementation and effectiveness of the policy on board diversity is reviewed annually by the Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company and where appropriate, revisions will be made with the approval from the Board.

### Board Meetings

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

# CORPORATE GOVERNANCE REPORT

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held as at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. During the Year, a total of four Board meetings and one general meeting were held and the attendance records are as follows:

<b>Name of Director</b>	<b>Meetings attended/ Number of general meetings attended</b>	<b>Meetings attended/ Number of Board meetings</b>
<b>Executive Directors</b>		
Mr. Zhang Jinbing ( <i>Chairman</i> )	1/1	4/4
Mr. Leung Chi Kwong, Joe	–	4/4
<b>Independent non-executive Directors</b>		
Mr. Tam Ping Kuen, Daniel	1/1	4/4
Ms. Chen Weijie	1/1	4/4
Mr. Zhao Hangen	–	4/4

## Access to information

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

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Ma Chao as the chief executive officer (the "CEO") and co-Chairman of the Company on 29 November 2021, the office of the CEO has been vacated while the role of the chairman of the Company has been performing by Mr. Zhang. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post of the CEO as appropriate.

# CORPORATE GOVERNANCE REPORT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has currently appointed three independent non-executive Directors for a term of two years commencing from their respective dates of appointment. One of the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. No less than one-third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the amended and restated memorandum and articles of association of the Company.

## APPOINTMENTS AND RE-ELECTION OF DIRECTORS

### Nomination Policy

The Board has adopted the following policies for the nomination of directors.

### Selection Criteria

In determining the suitability of a candidate, the Nomination Committee and the Board shall consider the potential contributions that a candidate can bring to the Board and/or the Group.

The Nomination Committee would consider a candidate in terms of qualifications, skills, experience, independence and other factors. The following shows a non-exhaustive list of selection criteria:

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

# CORPORATE GOVERNANCE REPORT

## Nomination Procedures

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

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

- the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of candidates, including referrals from the Directors, shareholders, management, advisers of the Company;
- the Nomination Committee shall identify and ascertain the character, qualification, knowledge and experience of the candidate and perform adequate due diligence in respect of such candidate; and
- the Nomination Committee shall make recommendations by submitting the candidate's personal profile to the Board for its consideration.

According to the articles of association of the Company (the "**Articles of Association**"), any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Zhang Jinbing and Mr. Tam Ping Kuen, Daniel will retire from office at the forthcoming annual general meeting of the Company (the "**AGM**") and being eligible, offer themselves for re-election.

## BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with defined written terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely Mr. Tam Ping Kuen, Daniel (chairman), Ms. Chen Weijie and Mr. Zhao Hangen, all being independent non-executive Directors. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

The primary responsibilities of the Audit Committee include:

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

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

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

According to the current terms of reference, meetings of the Audit Committee shall be held at least twice a year. Two meetings were held during the Year, issues concerning the financial reporting and internal control were discussed, the attendance of each member is set out as follows:

<b>Audit Committee</b>	<b>Meeting attended/ Eligible to attend</b>
Mr. Tam Ping Kuen, Daniel ( <i>Chairman</i> )	2/2
Ms. Chen Weijie	2/2
Mr. Zhao Hangen	2/2

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises three members, namely Mr. Zhang Jinbing (chairman), Mr. Tam Ping Kuen, Daniel and Mr. Zhao Hangen. A majority of the members of the Nomination Committee namely Mr. Tam Ping Kuen Daniel and Mr. Zhao Hangen are independent non-executive Directors. Mr. Zhang Jinbing, the chairman of the Nomination Committee is also the Chairman and executive Director of the Company. Further details on the terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Nomination Committee include:

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

Meeting of the Nomination Committee shall be held at least once a year. One meeting was held during the Year, issues concerning revision of the structure size and composition of the Board and the board diversity policy were discussed, the attendance of each member is set out as follows:

<b>Nomination Committee</b>	<b>Meeting attended/ Eligible to attend</b>
Mr. Zhang Jinbing ( <i>Chairman</i> )	1/1
Mr. Tam Ping Kuen, Daniel	1/1
Mr. Zhao Hangen	1/1

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Tam Ping Kuen, Daniel (chairman), Ms. Chen Weijie and Mr. Zhao Hangen, all being independent non-executive Directors. Further details on the terms of reference of the Remuneration Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Remuneration Committee include:

- consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
- make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- make recommendations to the Board on the remuneration packages of individual executive Directors and senior management below Board level;
- make recommendations to the Board on the remuneration of independent non-executive Directors;
- consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- conform to any requirement, direction, and regulation that may from time to time be contained in the memorandum and articles of association of the Company or imposed by the Listing Rules or applicable law.

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

<b>Remuneration Committee</b>	<b>Meeting attended/ Eligible to attend</b>
Mr. Tam Ping Kuen, Daniel ( <i>Chairman</i> )	1/1
Ms. Chen Weijie	1/1
Mr. Zhao Hangen	1/1

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT COMMITTEE

As at the date of this report, the Risk Management Committee comprises three members, namely Mr. Zhang Jinbing (Chairman), Mr. Tam Ping Kuen, Daniel and Ms. Chen Weijie. A majority of the members of the Risk Management Committee namely Mr. Tam Ping Kuen, Daniel and Ms. Chen Weijie are independent non-executive Directors. Mr. Zhang Jinbing, the chairman of the Risk Management Committee is also the Chairman and executive Director of the Company. Further details on the terms of reference of the Risk Management Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Risk management Committee include:

- develop the Company's risk management strategies and make recommendations to the Board;
- review and advise on risk management policies and guidelines and financial policies;
- develop risk levels, risk appetite and related resource allocation and make recommendations to the Board;
- advise to the Board on major decisions affecting the Group's risk profile or exposure and give such directions as it considers appropriate;
- review the Group's approach to risk management and approve changes or improvements to key elements of its processes and procedures;
- review and report to the Board the identified key risks, risk register and related risk mitigating actions including crisis management;
- report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements); and
- make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the Company's website.

# CORPORATE GOVERNANCE REPORT

## AUDITORS' REMUNERATION

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

The remuneration paid or payable to the external auditor of the Group, ZHONGHUI ANDA CPA Limited or their affiliated firms, in respect of audit services and non-audit services for the year ended 31 March 2023 is set out below:

<b>Services rendered</b>	<b>Fees paid/ payable</b> HK'000
Audit services	1,440
Non-audit services	60
	1,500

## DIVIDEND POLICY

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

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

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

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

The Group does not have an internal audit department, an annual review was conducted to determine whether there is a need for an internal audit department that consists of full-trade recourses. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee and the Risk Management Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing their effectiveness. The Group engaged an external consultant, CityLinkers Corporate Advisory Services Limited, to perform annual review on risk management and assess the internal control systems, and to make recommendations on improving and strengthening the risk management and internal control systems. No significant area of concerns that may affect the financial, operational, compliance, control and risk management of the Group has been identified by the external consultant. The Board considered the Group's internal control systems to be effective and adequate. The Board has conducted an annual review, which included consideration on the changes, since the last annual review, in the nature and extent of significant risks (including environmental, social and governance risks), and the Company's ability to respond to changes in its business and the external environment.

## COMPANY SECRETARY

The Company has engaged Ms. Lee Eva ("**Ms. Lee**") as the Company Secretary. In compliance with Rule 3.29 of the Listing Rules, Ms. Lee has confirmed that she has undertaken no less than 15 hours of relevant professional training during the year in compliance with Rule 3.29 of the Listing Rules. Her biographical details are set out in the section headed "Biographies of Directors and Senior Management".

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the shareholders' communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and potential investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website at [www.chongkin.com.hk](http://www.chongkin.com.hk), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website in a timely fashion. The Board had reviewed the implementation and effectiveness of the shareholders' communication policy during the Year. Given the various means to enhance communication between the Company and its shareholders, the Company considered that such policy was effective.

The forthcoming AGM of the Company will be held on 4 August 2023 (Friday). The notice of the AGM, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to shareholders at least 21 days before the date of the AGM.

## SHAREHOLDERS' RIGHTS

### General meeting

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

At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the Chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands, in accordance with Article 72 of the Articles of Association. The Chairman will explain such rights and procedures during the AGM before voting on the resolutions.

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

- (1) any one or more Shareholders (the "**Requisitionist**") holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.
- (2) such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) shall be reimbursed by the Company.

# CORPORATE GOVERNANCE REPORT

## Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "**Proposal**") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong at Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong in the manner as set out above.

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

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

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

## Shareholders' enquiries

For matters in relation to the Board, Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary or relevant personnel by mail to the Company's principal place of business in Hong Kong at Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (Tel: +852 2123 8400, Fax: +852 2123 8402).

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividends warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong  
Tricor Investor Services Limited  
Address: 17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185

## SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

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

## LOOKING FORWARD

The Company will keep on reviewing its corporate governance standards on a timely basis and the Board endeavor to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Code introduced by the Stock Exchange.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SCOPE AND REPORTING PERIOD

This is the Environmental, Social and Governance (“**ESG**”) report (the “**Report**”) by the Group, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited. In addition to inclusion in the Annual Report of Chong Kin Group Holdings Limited (the “**Company**”) together with its subsidiaries (the “**Group**”), the Report is also accessible in electronic version from the website of the Group (<https://www.chongkin.com.hk>).

This ESG report covers the Group’s overall environmental and social performances of the two principal activities (“**key operations**”) of the Group from 1 April 2022 to 31 March 2023 (“**Reporting Period**” or “**2023**”), unless otherwise stated. The two business operations are as follows:

- i. provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects, in Hong Kong (“**Concrete Placing Business**”); and
- ii. provision of loan finance business (“**Loan Finance Business**”) in Hong Kong.

The abovesaid operations contributed to the Group’s major ESG concerns during the Reporting Period, thus are included in the reporting scope. Other operations that have no significant environmental and social impacts generated are excluded from the reporting scope.

There were no major operational changes in the scope of this report compared with that for the period from 1 April 2021 to 31 March 2022 (the “**Last Reporting Period**” or “**2022**”).

## REPORTING PRINCIPLES

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 to the Listing Rules of the Stock Exchange (the “**Guide**”). The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of “Comply or Explain” as well as four reporting principles of materiality, quantitiveness, balance and consistency required in the Guide.

*Materiality* – Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section “Stakeholder Engagement and Materiality” in the Report.

*Quantitiveness* – Key performance indicators (“**KPIs**”) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

*Balance* – The Report presents the Group’s performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

*Consistency* – Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## BOARD STATEMENT

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management are delegated the responsibility of coordinating the implementation of the Group's environment, employment and service quality assurance policies.

The Group will continue to focus on concrete placing business in Hong Kong. The Group believes that there will be many opportunities for construction industry in Hong Kong over the next 10 years, as expected the government will carry out many large-scale construction projects, such as Three-runway System at Hong Kong International Airport, Kai Tak development plan and the Northwest Metropolis projects, etc. in upcoming few years.

Through the above, the Group aims to maximise its market share in concrete placing business in Hong Kong, while also striving for long-term sustainable growth.

Looking ahead, to tackle future challenges, the Group will continue to drive sustainability performance and further incorporate sustainability into its core strategy. This Report sets out the Group's sustainability practices and approaches throughout the Reporting Period. The Board hopes this Report will provide stakeholders a comprehensive overview of the Group's sustainability performance.

## SUSTAINABILITY GOVERNANCE

The Board takes an overall lead in managing the Group's ESG policies and initiatives, providing directions and supervising their implementation and performance. Together with the risk management committee of the Company, they oversee any risk exposures that have not been identified and addressed.

The Board has delegated management of the Group to be responsible for coordinating the implementation of the Group's environment, employment and labour practices, operating practices, service quality assurance, and community investment policies.

Management regularly monitors and reviews communications with internal and external stakeholders to continuously improve its ESG management approach and strategy. Professionals and legal advisors are also consulted for any relevant and challenging issues, to ensure that all topics are covered and understood. When material issues are found, they are evaluated and assessed. The Board would also be informed of such assessments such that they have an overview of what the significant topics are and what progress is made against ESG-related goals and targets. Topics that are considered high-risk take priority when measures are being developed.

A transparent approach is taken when developing policies and undertaking evaluations to ensure that all decisions made are sustainable, effective, and practical. Communication with stakeholders is also maintained to keep constructive advice and stakeholder-oriented measures present.

## THE GROUP'S SUSTAINABILITY MISSION AND VISION

The Group is aware that climate change directly affects living standards and hinders social development around the globe. It also understands that the whole society has high expectation on public companies' sustainability performance. Therefore, it is committed to developing the business with minimum adverse impact on the environment, taking social and environmental impacts as central issues to address, and creating shared sustainable values with its stakeholders and community. It believes that upholding a high standard of such aspects can contribute to building a sustainable future.

Thus, sustainability will be given more consideration and responsible business practices will be carried out when the Group makes investment decisions in the future. This way, the Group will not be compromising development opportunities while still showing concern to sustainability. The Group endeavours to work together with all stakeholders to strive for a continual and sustained improvement in the long run.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group is committed to perfecting its business and improving the local community. To determine issues that are crucial, relevant and material to the Group's business in relation to sustainability, we wish to recognise stakeholders' crucial demands, expectations and concerns associated with our business operations. The Group has identified the key stakeholders, who affect our business or who are affected by our business, and maintain an open and transparent communication platform in our daily businesses. The Group expects continuous improvement of our communication system, to proactively facilitate idea exchange and knowledge sharing. Also, the Group is committed to maintaining a long-term partnership with our stakeholders and address their concerns with timely follow-up actions.

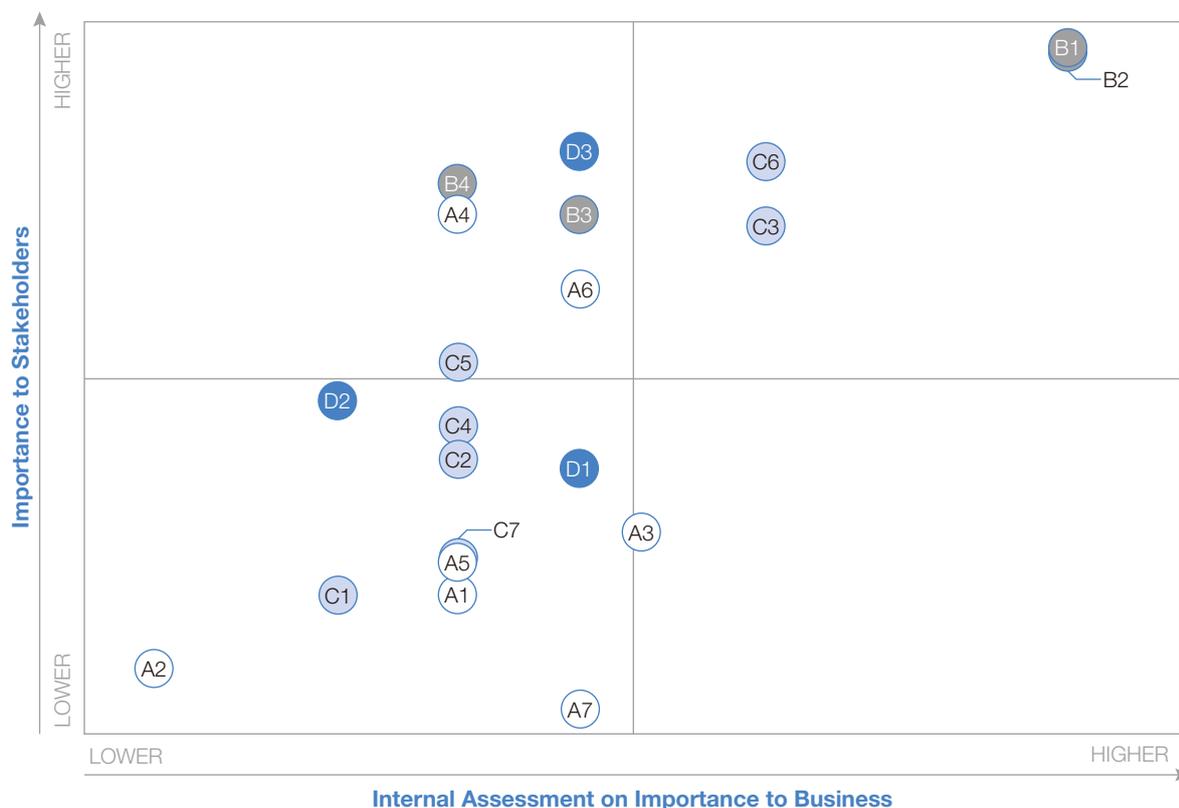
The Group has identified the key stakeholders: the government and regulatory authorities, shareholders, customers, business partners, employees, media and the community. We have maintained regular engagement with our key stakeholders, through various communication channels, for a better understanding of their needs and expectations in ESG, therefore formulating and enhancing our strategies. The below table demonstrated the adopted communication channels for engaging our stakeholders.

Stakeholders	Communication Channels	Stakeholders' Concerns and Expectations
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>Regular documentation submission</li> <li>Regular communication with regulatory authorities</li> <li>Forum, seminar and conference</li> </ul>	<ul style="list-style-type: none"> <li>Operation in compliance</li> <li>Fulfilment of tax obligations</li> <li>Creation of job opportunities</li> </ul>
<b>Shareholder</b>	<ul style="list-style-type: none"> <li>Company website</li> <li>Annual general meetings</li> <li>Corporate announcements, circulars and reports</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable investment returns and business development</li> <li>Transparent financial information</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer feedback and complaints</li> <li>Online commenting platform</li> </ul>	<ul style="list-style-type: none"> <li>Privacy protection</li> <li>Upholding high quality of services</li> </ul>
<b>Business Partners (Suppliers, Service Providers, and Contractors)</b>	<ul style="list-style-type: none"> <li>On-going direct engagement</li> <li>Procurement</li> <li>Public tendering</li> <li>Site inspection and assessment</li> <li>Supplier performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Business integrity</li> <li>Mutual cooperating relationship</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Email and suggestion box</li> <li>Employee meeting</li> <li>Annual performance review</li> <li>Employee training</li> <li>Team building activity</li> </ul>	<ul style="list-style-type: none"> <li>Career development</li> <li>Remuneration and benefits</li> <li>Occupational health and safety</li> <li>Corporate support</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Email and phone call</li> <li>Community activities</li> <li>Sponsorship and donation</li> </ul>	<ul style="list-style-type: none"> <li>Participation in local community</li> <li>Support for community welfare and investment</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group values input and feedback of its stakeholders as they have substantial contribution to the Group's business. Internal and external stakeholders have been involved in regular engagement activities to share views regarding the Group's operations and performances. The Group has specifically engaged the members of the Board of Directors, senior management, frontline staff, suppliers, and third-party professionals to gain further insights on ESG material aspects and challenges during the Reporting Period. Based on the feedback collected from different groups of stakeholders, a materiality matrix was developed.

**Materiality of Different Topics from Stakeholder Engagement**



## **A** Environmental

Energy  
Water  
Air Emission  
Waste and Effluent  
Other Raw Materials Consumption  
Environmental Protection Policies  
Climate Change

A1  
A2  
A3  
A4  
A5  
A6  
A7

## **C** Operational

Supply Chain Management  
Intellectual Property Rights  
Data Protection  
Customer Service  
Product/Service Quality  
Anti-corruption  
Community Investment

C1  
C2  
C3  
C4  
C5  
C6  
C7

## **B** Employees

Employment  
Occupational Health and Safety  
Development and Training  
Labour Standards

B1  
B2  
B3  
B4

## **D** Others

Risk Management  
Protection of Clients' Rights  
Prevention of Malpractice

D1  
D2  
D3

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the assessment, the top five material aspects identified for the Group's operations are:

1. Occupational Health and Safety
2. Employment
3. Anti-corruption
4. Data Protection
5. Prevention of Malpractice

Obtaining material topics via the above methods helps the Group address its key potential obstacles and be prepared for future challenges. Details on how such key issues are addressed will be discussed in the following sections.

## STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. If there are any comments or suggestions, the Group can be contacted via email at [info@chongkin.com.hk](mailto:info@chongkin.com.hk).

### A. ENVIRONMENTAL

The Group did not note any cases of material non-compliance relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste during the Reporting Period.

The Group strictly complies with national and local laws and regulations related to environmental protection and pollution control, including but not limited to the following:

- Air Pollution Control Ordinance (Cap. 311)
- Waste Disposal Ordinance (Cap. 354)
- Water Pollution Control Ordinance (Cap. 358)
- Noise Control Ordinance (Cap. 400)
- Hazardous Chemicals Control Ordinance (Cap. 595)
- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611)

The Group aims to minimise the environmental impacts of its business operations. The Group strives to utilise raw materials and resources, particularly water and energy, more efficiently. The Group is also committed to improving its existing waste management system to further reduce waste generation and the burden on landfill. The Group will continue identifying areas to better manage and improve the overall control and monitoring measures for its operations.

Since the Group's Concrete Placing Business shares its premises with other independent entities, separate environmental data cannot be obtained for those operations. As such, the environmental data presented in this section only pertains to the Group's Loan Finance Business.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A1. Emissions

### A1.1 Air Emissions

#### *Gaseous Fuel Consumption*

Daily operations of the Group's Loan Finance Business did not consume any gaseous fuels (e.g. Towngas and liquefied petroleum gas) during the Reporting Period, hence no emission in relation to gaseous fuel consumption is presented in this Report.

#### *Vehicle Operation*

The Group-owned fossil-fuelled vehicle (passenger car) was used for daily business operations during the Reporting Period, which contributed to the emission of nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and respiratory suspended particles ("RSP").

Mobile source	2022 air emissions (non-GHG) from vehicle operations		
	NO <sub>x</sub> (kg)	RSP (kg)	SO <sub>x</sub> (kg)
Petrol	1.24	0.09	0.02

Mobile source	2023 air emissions (non-GHG) from vehicle operations		
	NO <sub>x</sub> (kg)	RSP (kg)	SO <sub>x</sub> (kg)
Petrol	1.14	0.08	0.02

*Note:* Emission factors for calculations on environmental parameters throughout this report were disclosed pursuant to Appendix 27 of the Main Board Listing Rules and documentation referred thereto, unless stated otherwise.

The intensity of air emissions by the Group was 2.99 g of NO<sub>x</sub>, 0.22 g of RSP, and 0.06 g of SO<sub>x</sub> per m<sup>2</sup> of office area of business operations of the Group's Loan Finance Business, or 2.58 g of NO<sub>x</sub>, 0.19 g of RSP, and 0.05 g of SO<sub>x</sub> per employee in 2023.

### A1.2 Greenhouse Gas Emissions

Direct GHG emissions are generated from the combustion of fuel in mobile sources. Indirect GHG emissions were generated from the consumption of purchased electricity, landfilling of waste papers, and business air travel by employees.

During the Reporting Period, the key operations of the Group contributed to a total of 24.68 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) of GHG, consisting of carbon dioxide, methane, and nitrous oxide. This represents a 1.00% decrease from Last Reporting Period. The emission intensity was 64.75 kgCO<sub>2</sub>e/m<sup>2</sup> of office area of business operations of the Group's Loan Finance Business, or 55.96 kgCO<sub>2</sub>e/employee.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Scope and Operation of Emissions	Emission Sources	2023 GHG Emissions (tCO <sub>2</sub> e)	2022 GHG Emissions (tCO <sub>2</sub> e)
<b>Scope 1 Direct Emission</b>		<b>4.18</b>	<b>4.40</b>
	Combustion of petrol in mobile sources	4.18	4.40
<b>Scope 2 Energy indirect emission</b>		<b>12.01</b>	<b>13.86</b>
	Purchased electricity	12.01	13.86
<b>Scope 3 Other indirect emission</b>		<b>8.49</b>	<b>6.67</b>
	Paper disposed at landfills	6.38	6.67
	Business air travel by employees	2.11	0.00
<b>Total</b>		<b>24.68</b>	<b>24.93</b>
<b>Area Intensity (kgCO<sub>2</sub>e/m<sup>2</sup> office area of Loan Finance Business operations)</b>		<b>64.75</b>	<b>65.43</b>
<b>Employee Intensity (kgCO<sub>2</sub>e/Group employee)</b>		<b>55.96</b>	<b>85.10</b>

## Notes:

- Emission factors were made reference to Appendix 27 to the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.
- According to HK Electric Investments Sustainability Report 2022 and HK Electric Investments Sustainability Report 2020: Emission factor of 0.68 tCO<sub>2</sub>e/MWh was used for purchased electricity from HKE in Hong Kong in 2022/23, whereas emission factor of 0.71 tCO<sub>2</sub>e/MWh was used for purchased electricity from CLP in Hong Kong in 2021/22.
- CO<sub>2</sub> emissions from the Group's business air travels were reported with accordance to the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.

## A1.3 Hazardous Waste

During the Reporting Period, daily business operations of the Group's Loan Finance Business had generated a small amount of hazardous waste, such as printer toner cartridges, ink boxes, and batteries. These wastes are collected regularly by qualified collectors who will dispose them in an environmental-friendly process.

Since the amount of hazardous waste generated was insignificant, the Group had not kept records of the disposal of such items during the Reporting Period.

## A1.4 Non-hazardous Waste

During the Reporting Period, daily business operations of the Group's Loan Finance Business had generated approximately 1,584 kg of non-hazardous waste, which mainly included domestic waste such as food waste and packaging, newspaper, and office wastepaper. This represents a 164.00% increase from Last Reporting Period.

The intensity was 4.16 kg of non-hazardous waste per m<sup>2</sup> of office area of business operations of the Group's Loan Finance Business, or 3.59 kg per employee.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A1.5 Emissions Mitigation Measures and Targets

The Group's operations resulted in insignificant emissions. The main source of emission was electricity consumption and paper waste from daily office operations. Please refer to Section 2.3 for electricity-saving measures that shall mitigate emissions.

In addition, the Group's use of fossil-fuelled vehicles has also contributed to the Group's total emissions. To mitigate emissions from fossil fuel usage, the Group has purchased a full-electric vehicle to reduce its consumption of fossil fuels. The Group also applies regular high-quality maintenance on its fossil-fuelled vehicles to further reduce emissions.

During the Last Reporting Period, the Group had set the target to achieve a 5% reduction in overall emissions intensity in 10 years from 2022, or by 2032. See below for the detail breakdown of the Group's progress towards its emission reduction target.

Type of Emission	2022 Figures	Reduction Target		% Change
		by 2032	2023 Figures	
Total Non-GHG Air Emissions Intensity (NO <sub>x</sub> , SO <sub>x</sub> , and RSP)	3.55 g/m <sup>2</sup> office area of Loan Finance Business operations	-5%	3.27 g/m <sup>2</sup> office area of Loan Finance Business operations	-7.89%
Total GHG Emissions Intensity (Scope 1, Scope 2, and Scope 3)	65.43 kgCO <sub>2</sub> e/m <sup>2</sup> office area of Loan Finance Business operations	-5%	64.75 kgCO <sub>2</sub> e/m <sup>2</sup> office area of Loan Finance Business operations	-1.04%

## A1.6 Wastes Reduction Initiatives and Targets

With an objective to minimise waste generation along its business operations, the Group has waste management policy in place, by the adoption of the '4-R Principles – Reduce, Reuse, Replace and Recycle', to achieve a green and paperless operation. The Group's waste management practice is compliant with laws and regulations relating to environmental protection in the region where it operates.

The Group has taken certain green office practices to encourage employees to share responsibilities in reducing waste generation. For instance, all employees are encouraged to reduce paper usage through duplex printing and reuse of single-sided printed paper, and widely apply digitalised communication application for material sharing or internal document circulation to avoid paper waste in photocopying. Recycling facilities are set up to better separation of waste streams for reuse and recycling. The Group maintains 100% recycling of used toner cartridges by collecting and returning all used cartridge to service providers, and minimises consumption of single-use disposable items in the workplaces. In addition, the Group endeavours to recycle electronic waste wherever practical, ultimately reducing the environmental costs involved in the disposal of these electrical components that would otherwise be scrapped and treated as hazardous waste. The Group has also encouraged employees to participate in workshops on how to reduce kitchen and food waste.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Last Reporting Period, the Group had set the target to achieve a 10% reduction in overall waste generation intensity in 10 years from 2022, or by 2032. See below for the detail breakdown of the Group's progress towards its waste generation reduction target.

Type of Waste	2022 Figures	Reduction Target by 2032	2023 Figures	% Change
Overall Non-Hazardous Waste Generation Intensity	1.57 kg/m <sup>2</sup> office area of Loan Finance Business operations	-10%	4.16 kg/m <sup>2</sup> office area of Loan Finance Business operations	+164.97%

Based on these results, the Group may consider re-evaluating its 10-year target for overall waste intensity reduction, if these increased waste generation figures are sustained for the next Reporting Period.

## A2. Use of Resources

### A2.1 Energy Consumption

A total of 32,891.81 kWh of energy was consumed by the Group for its operations during the Reporting Period, which represents a 7.51% decrease from the Last Reporting Period. Electricity was the major source of energy for the Group, consuming 17,657.00 kWh for its offices' lighting, office equipment, and other miscellaneous items necessary for maintaining the offices' daily operations. The rest of the Group's energy source was petrol used for fuelling its passenger car. 1,572 litres of petrol were used, which is approximately equal to 15,234.81 kWh of energy.

The overall intensity was 86.31 kWh per m<sup>2</sup> of office area of Loan Finance Business operations, or 74.58 kWh per employee.

### A2.2 Water Consumption

The Group had seen minimal water consumption during the Reporting Period. The water supply facilities are provided and managed by property managers on the Group's rented premises, and the usage have been included in the management fees. As such, water consumption data is not available for the Group's Loan Finance Business office operations in Hong Kong.

### A2.3 Energy Use Efficiency Initiatives and Targets

To enhance the energy efficiency and in turn reduce its carbon footprints, the Group has initiated policies to raise the awareness of energy conservation and implemented several energy-saving measures throughout its daily operations, including:

- Encouraging employees to switch off the office appliances (e.g. computers and monitors), lighting and air-conditioning when they are not in use;
- Maintain the room temperature at comfort level about 24–26°C;
- Procuring and adopting energy efficient electrical appliances (such as those with Grade 1 energy labels or with China Energy Label) and systems;

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Placing “Green Message” reminders on office equipment and workplace to further enhance employees’ environmental awareness;
- Adopting video conference calls to avoid unnecessary business-related travel;
- Organizing training session to increase employees’ awareness on energy efficiency and to engage staff to adopt the energy saving practices;
- Strictly monitoring resource usage in daily operations; and
- Replacing normal light bulbs with more energy-efficient light-emitting diode (“LED”) lighting.

During the Last Reporting Period, the Group had set the target to achieve a 5% reduction in overall energy use intensity in 10 years from 2022, or by 2032. See below for the detail breakdown of the Group’s progress towards its energy use reduction target.

Type of Energy Consumption	2022 Figures	Reduction Target		% Change
		by 2032	2023 Figures	
Electricity Consumption Intensity	51.23 kWh/m <sup>2</sup> office area of Loan Finance Business operations	-5%	46.33 kWh/m <sup>2</sup> office area of Loan Finance Business operations	-9.56%
Fuel Consumption Intensity (Petrol)	4.34 litres/m <sup>2</sup> office area of Loan Finance Business operations	-5%	4.13 litres/m <sup>2</sup> office area of Loan Finance Business operations	-4.84%
Overall Energy Use Intensity	93.31 kWh/m <sup>2</sup> office area of Loan Finance Business operations	-5%	86.31 kWh/m <sup>2</sup> office area of Loan Finance Business operations	-7.50%

## A2.4 Water Use Efficiency Initiatives and Targets

The Group abides by the rules and regulations in relation to water pollution control, and the Group has had no problem in sourcing water that is fit for purpose. While the Group has not set any targets for water consumption reduction due to its minimal impacts, the Group nonetheless promotes reasonable water use initiatives and water saving measures among its employees.

With respect to water consumption, the Group promotes water conservation and disseminates concepts in water conservation and responsibility in contributing water usage reduction to its employees. For instance, attaching water-saving signs in washroom and pantry to alert employees the importance and urgency of water conservation. Also, water taps are equipped with water-efficiency devices in the offices wherever possible as technical approach for reduction of water usage.

## A2.5 Packaging Materials

Given the business nature of the Group, business operations during the Reporting Period did not involve any regular use of packaging materials.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A3. The Environment and Natural Resources

### A3.1 Significant Impacts of Activities on the Environment

The Group is committed to conducting its business responsibly, ensuring that its business does not contribute to significant adverse impact on the environment and society while bringing sustainable growth and profit.

While the Group's business has no direct or significant impact on the environment and natural resources, the Group is committed to reducing its consumption of natural resources and minimising its use of business travel. In addition, the Group shall strive to implement policies and measures to further decrease its consumption of electricity, fresh water, and other raw materials.

## A4. Climate Change

Climate change poses a huge threat to all businesses, and that of the Group's is not an exception. In response to the global and national call to have carbon emissions peak before 2030 and achieve carbon neutrality before 2050 or 2060, the Group acknowledges the significance of addressing climate change in order to be more responsive to potential climate-related consequences. Subsequently, the Group has started to take into account the recommendations of Task Force on Climate-related Financial Disclosures ("TCFD") to enhance the governance processes and integrate the consideration of the climate-related risks and opportunities into our risk assessment.

The Group understands the risks and threats posed by climate change. The Group is aware of various carbon reduction targets that have been established by respective countries, and anticipates that more stringent policies will be implemented, which exposes the Group's business to policy and regulation risks. Accordingly, the Group has identified relevant climate-related risks and assessed their potential financial impacts. The climate risks identified, their time horizon, trend, and the potential financial impacts affecting the Group are shown below:

	Climate Risks	Time horizon	Trend	Potential financial impact
Physical Risks	Acute	Short term	Increase	Extreme weather events with increased severity during cyclones, hurricanes, storm surges and floods can cause supply chain interruption by bringing damage to local infrastructure, potential damage to offices and disruption to human resources.
	Chronic	Long term	Increase	Longer-term shifts in climate patterns can increase capital costs, operating costs, costs of human resources and increased insurance premium.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Climate Risks	Time horizon	Trend	Potential financial impact
Transition Risks	Technology	Long term	Increase	During the transitional period, the Group expects increased procurement expenditures to introduce new and alternative technologies, and the additional cost of adopting/deploying new practices and processes.
	Policy and Legal	Short to medium term	Increase	Implementation of tightened environmental laws, stringent requirements on climate disclosures and carbon pricing system increases operating costs.
	Market	Short term	Increase	During the transitional period, the Group might face a decrease in revenue due to higher environmental requirements of clients, if no strategy has been set accordingly.
	Reputation	Short to medium term	Increase	Stakeholders' concerns on climate-related issues of the Group might dampen the investment sentiment of investors, impacting the stock price and market capitalisation of the Group, and hence increasing the liquidity risk.

## A4.1 Significant Climate-related Issues

Despite climate-related risks not currently influencing business operations in significant manner, the Group recognises that extreme weather events arising from climate change may negatively impact daily operations and has accordingly prepared contingency plans for these situations. The Group has attached ordinate importance to climate change risk in order to respond readily via preparation plans, such as insurance against damages from extreme weather events.

The Group will continue to monitor the change of national policies, laws and regulations in connection to national response to climate change and proactively leverage our resources in advocating the development and growth of electrification. The Group has strictly followed all environmental-related rules and guidance from local and national authorities. However, the Group has yet to identify any opportunities which may arise from climate change.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL

### 1. Employment and Labour Practices

The Group is dedicated to ensuring fairness and equity and promoting workplace health and well-being in its operations. The Group provides diverse educational opportunities for employees' growth and development, and frequently listens to their concerns and expectations.

#### B1. Employment

The Group strictly complies with relevant laws and regulations concerning employment and labour practices, including but not limited to:

- Employment Ordinance (Cap. 57)
- Inland Revenue Ordinance (Cap. 112)
- Employees' Compensation Ordinance (Cap. 282)
- Sex Discrimination Ordinance (Cap. 480)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485)
- Personal Data (Privacy) Ordinance (Cap. 486)
- Disability Discrimination Ordinance (Cap. 487)
- Family Status Discrimination Ordinance (Cap. 527)
- Race Discrimination Ordinance (Cap. 602)
- Minimum Wage Ordinance (Cap. 608)

Employment is one of the most material topics identified in the stakeholder engagement process. The Group also recognises that its employees is the core to its operations, therefore, it holds employees' interests highly. Group policies are in place to ensure that employees' interests are safeguarded and respected.

#### *B1.1 Employee Benefits and Welfare*

The Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. To acknowledge the duties of the employees, work experience and the prevailing market practices, remuneration package and share options may be granted to eligible employees by reference to the business performance of the Group and the performance of individual employees. In terms of the leave management, the Group has offered a reasonable number of holidays for employees to comprehensive the additional working time.

There were no major changes in policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity and anti-discrimination during the Reporting Period. During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations in relation to employment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***B1.2 Recruitment, Promotion and Dismissal***

In view of ongoing corporate development and growth, the Group has proactively managed career development of its employees and recruited experienced talent to maintain the business performance. Since the Group is determined to grow continuously, at the same time set itself in a top position to maintain its business, the Group has formulated the recruitment policy in appreciating the principles of equal opportunities, diversity and anti-discrimination.

The Group encourages differences and individuality in its employees, in the hopes that employees could bring new ideas, dynamics and challenges to its business operations. In the recruitment process, the Group discourages all forms of discrimination regarding gender, age, family status, sexual orientation, disability, race and religion. The Group would like to maintain a family-friendly working environment in respecting their roles and responsibilities to their own family. Different job candidates are treated fairly and equally, while the Group also encourages the hiring of talented people with physical and mental disabilities, appreciating equal opportunity in employment. By bringing in new talents and provide training to employees to develop their long-term rewarding career with the Group, the Group could ensure employees and its business partners could comply with the laws, regulations, and ethical and formal business practices for the Group.

The Group acknowledges the hardworking attitude of employees. Under the promotion scheme, employees with diligence, outstanding performance abilities will receive priority promotion and development opportunities; in which the company also implements a competitive induction system to a certain extent to boost the employee performance. Since the Group is goal-oriented and performance evaluation-led in terms of assessing the job performance, the department heads could take part in evaluating the performance and goal achievement in the promotion assessment, to cultivate the comprehensive management capabilities of managers. For the termination of contracts, either party may terminate the contract with one month advancement in written notice or salary in lieu of notice.

There was no non-compliance with laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits or welfare that have a significant impact on the Group during the Reporting Period.

## ***B1.3 Equal Opportunity***

The Group strives to provide equal and fair opportunities for employees in respect of recruitment, training and development, job advancement, compensation, and benefits. During the Reporting Period, the Group did not note any cases of employees discriminated against or deprived of any opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy, or any other factors as prohibited by applicable laws.

## ***B1.4 Employee Relations and Channels of Communication***

The Group's employees are encouraged to use various communication channels for horizontal and vertical communication (such as email and suggestion box, employee meetings, annual performance reviews, etc.).

The Group is strongly convinced that a harmonious corporate culture among the employees and management are always the key drivers to the Group's healthy and prosperous growth. However, due to the ongoing COVID-19 pandemic, the Group did not hold any company events. The Group is committed to resuming regular activities to nourish a greater sense of belonging amongst employees once COVID-19 subsides.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B1.5 COVID-19 Arrangements

In view of the COVID-19 pandemic which was still ongoing during the Reporting Period, the Group has implemented special arrangements to alleviate concerns among its workforce. These include:

- No layoffs or dismissals; and
- No corporate downsizing or adjustment of wages.

## B1.6 Total Workforce

The Group had a total of 441 employees in Hong Kong as of 31 March 2023. See below for the detail breakdown of the workforce.

Total Workforce as of 31 March	2023		2022	
	Number of Employees	Employment Percentage	Number of Employees	Employment Percentage
<b>Employment Type</b>				
Full Time	16	3.63%	15	5.12%
Part Time	425	96.37%	278	94.88%
<b>Employee Category</b>				
Senior Management	27	6.12%	12	4.10%
Middle Management	50	11.34%	41	13.99%
Frontline and Other Staff	364	82.54%	240	81.91%
<b>Age Group</b>				
18–25	21	4.76%	17	5.80%
26–35	128	29.03%	73	24.91%
36–45	133	30.16%	82	27.99%
46–55	104	23.58%	71	24.23%
56 or above	55	12.47%	50	17.06%
<b>Gender</b>				
Male	428	97.05%	286	97.61%
Female	13	2.95%	7	2.39%
<b>Geographical Region</b>				
Hong Kong	441	100.00%	293	100.00%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B1.7 Turnover Rate

A total of 2 employees left the Group during the Reporting Period, which gave a turnover rate of 0.45%. Since the nature of construction work requires significant numbers of short-term workers, turnover of part-time employees who work at the construction site of the Group have not been taken into account. The Group regularly reviews salary remuneration and benefits to retain talents and stay attractive and competitive in the market. See below for the detail breakdown of turnover figures by employee group.

Turnover Figures as of 31 March	2023		2022	
	Number of Employees	Turnover Rate	Number of Employees	Turnover Rate
<b>Employment Type</b>				
Full Time	2	12.50%	3	20.00%
Part Time	N/A	N/A	N/A	N/A
<b>Employee Category</b>				
Senior Management	1	3.70%	2	16.67%
Middle Management	1	2.00%	1	2.44%
Frontline and Other Staff	0	0.00%	0	0.00%
<b>Age Group</b>				
18–25	0	0.00%	0	0.00%
26–35	0	0.00%	1	1.37%
36–45	0	0.00%	1	1.22%
46–55	0	0.00%	1	1.41%
56 or above	2	3.64%	0	0.00%
<b>Gender</b>				
Male	2	0.47%	3	1.05%
Female	0	0.00%	0	0.00%
<b>Geographical Region</b>				
Hong Kong	2	0.45%	3	1.02%

## B2. Health and Safety

Occupational health and safety are factors identified as the most material topic of the Group from stakeholder engagement. During the Reporting Period, the Group has complied with occupational health related laws and regulations to avoid any health risks from being imposed onto its employees, including but not limited to:

- Construction Sites (Safety) Regulations (Cap. 59)
- Employees' Compensation Ordinance (Cap. 282)
- Occupational Safety and Health Ordinance (Cap. 509)

There were no major changes in management practice in relation to occupational health and safety during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B2.1 COVID-19 Measures

When COVID-19 first broke out, the Group was highly cautious of the most up-to-date situations as employees' health and safety is the Group's priority. The Group has taken lead in setting up preventive measures and arrangements for employees, some practices include:

- Providing free rapid-test kits to employees and conducting testing every 2 days;
- Requiring employees undergo a daily body temperature to ensure they are fit to work before starting their work shift and maintain good personal hygiene;
- Maintaining adequate epidemic prevention materials in our operations (e.g., surgical mask, disinfectant, alcohol and hand sanitiser etc.);
- Adopting work from home measures as appropriate; and
- Offering free COVID-19 testing at private clinics.

## B2.2 Work Injuries and Work-related Fatalities

During the Reporting Period, 1,310 working days were lost due to self-reported work-related injury cases. No fatalities of the Group's employees have been recorded in the last three reporting years.

### Occupational Health and Safety Data in 2023

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Work related fatality	0
Fatality rate <sup>1</sup>	0.00%
Work injury cases >3 days	5
Work injury cases ≤3 days	0
Lost days due to work injury	1,310

### Occupational Health and Safety Data in 2022

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Work related fatality	0
Fatality rate <sup>1</sup>	0.00%

### Occupational Health and Safety Data in 2021

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Work related fatality	0
Fatality rate <sup>1</sup>	0.00%

*Note 1:* Fatality rate is given by number of fatalities as a result of work-related injury divided by number of workers.

During the Reporting Period, the Company did not receive any complaints or lawsuits regarding violations of health and safety-related laws.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **B3. Development and Training**

The Group believes that learning is a shared responsibility, and thus supports professional growth of its employees and encourages employees to take an active role in their career development. To drive business success and growth, the Group offers development and training opportunities aiming to sustain its success in the long run. The Group listens and responds to its community, identifies the training needs of our employees, and revises training programmes accordingly. The Group formulates employee training policy and employee performance appraisal policy, to maintain communication, review performance strategically in a fair and transparent mean, on a regular basis. The Group expects to create an environment of continuous learning, thus facilitate career progression and provide knowledge and skills for better fulfilment of roles and responsibilities. These designated training programmes will not only strengthen employees' personal and professional capabilities, but also help the Group in meeting its business objectives.

Given that different positions require unique professional and technical needs, the Group provides orientation training and mentoring to every new joiner – introducing its profile, corporate culture, rules and regulations, and code of conduct, to help them adapt to the new working environment. The Group organised internal training sessions and invited employees to attend external courses and seminars, to promote continuous learning and comprehensive training for specific skill development. On the other hand, the Group facilitates the career prospect of the employee, which the Group could fully support continuous learning by granting educational subsidies for eligible staff. It is to ensure that our employees could possess qualities and skillsets that relevant to our business. Besides, employees could also obtain appropriate professional qualifications, qualities and skillsets through these training opportunities.

For directors and senior management, the Group offered professional training sessions with the topics ranging from corporate governance, compliance and risk management to business development and strategy to strengthen and refresh their knowledge, leadership and management skills, which is expected to drive the team to grow for the best interest of the Group.

The Group encourages employee' affiliation with the community, both professional and the community at-large, as part of career development. This includes seeking out professional writing assignments, speaking at professional or civic events, and attending professional conferences and seminars. Employee should prepare materials and speeches that do not pertain directly to the Group's business on their personal time. Occasionally, with pre-approval, the Group will allow the use of office time and facilities for these outside activities. Furthermore, employees are eligible to join professional organisations and the Group may reimburse the cost of membership dues if approval has been given by their office director or human resources.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, 1,223 employees (inclusive of those who have left the Group), or 277.32% of all employees, received training as arranged by the Group, and the average training hours that each employee received (inclusive of those who did not receive training or have left the Group) was 2.77 hours. The percentage of trained employees and average training hours per gender and employee category during the Reporting Period are as follows:

	Percentage of Trained Employees	Average Training Hours
<b>By Gender</b>		
Female	200.00%	2.00 hours
Male	279.67%	2.80 hours
<b>By Employee Category</b>		
Senior Management	148.15%	3.25 hours
Middle Management	154.00%	4.50 hours
Frontline and Other Employees	303.85%	3.04 hours

Training topics covered hygiene, health and safety, environmental protection, professional and technical skills, customer satisfaction and quality service, and ISO 9001 and 18001 management systems.

## B4. Labour Standards

The Group is aware that the exploitation of child and forced labour that may violate human rights and international labour conventions. To respect and protect human and labour rights, the Group strictly prohibits the employment of any child and forced labour in its workplace. Job candidates and employees are required to provide true and accurate personal information, academic qualification, and job reference records, to verify the eligibility for work in related positions when they are onboard.

Employee contract is signed voluntarily. The Group strictly reviews the employment practice of our suppliers and contractors, and rejects to engage, or discontinues the business relationship with suppliers and contractors, when the use of child labour or forced labour in their operations is found.

Pursuant to the Employment Ordinance, Chapter 57 of the Laws of Hong Kong, there was no child nor forced labour in the Group's operation during the Reporting Period. If any case of non-compliance is discovered, the Group will immediately terminate employment and further investigate to avoid recurrence.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Operating Practices

### B5. Supply Chain Management

#### B5.1 Number of Suppliers

During the Reporting Period, the Group engaged with 25 long-term key suppliers for tools or services, of which details are as follows:

Supplier Region	Numbers	Type
Hong Kong	20	IT, Courier, Distilled Water, Copier, Stationary, Office Management
Macau	2	Legal Advisory, Tax Consulting
Mainland China	2	Internal Control Review Consulting and Industrial Reporting, Travel Agency
Cayman Islands	1	Legal Services

#### B5.2 Practices Relating to Engaging Suppliers

The Group values long-term cooperation and strategic partnership by managing the supply chain, to mutually sustain its competitive advantage in the industry. The Group has established a supply chain management system, to consider economic and commercial benefits during the tendering processes. The system also evaluates the suppliers' and contractors' track records with respect to legal and regulatory compliance, covering both environmental, social and governance aspects. The Group endeavours to operate with suppliers who share similar values and uphold a high standard of business ethics, quality-safety-environment management, and labour management.

#### B5.3 Practices Relating to Identifying Environmental and Social Risks along Supply Chain

With respect to businesses regarding loan finance services in Hong Kong, the Group has followed internal procedures for selecting suppliers and service providers, based on their performance in relation to their track records, quality of product or services delivered, prevailing market prices, delivery times, financial stability and reputation, to ensure their product and service quality and performance up to standard.

Through the above supply chain management system, the Group can minimise the potential environmental and social risks associated with its supply chain management.

#### B5.4 Practices Relating to Promoting Environmentally Conscious Supplier

As promoted by the Alliance of Green Consumption and Green Supply Chain co-founded by the Environmental Certification Centre of the Ministry of Environmental Protection, the China Environmental United Certification Centre and other research institutes and social organizations, the Group has adopted initiatives, to enhance the development of "green consumption" and "green supply chain". Business partners of the Group are also encouraged to adopt the best environmental and social practices and to disseminate the pursuit of sustainability into the core business, through developing energy-saving and consumption-reducing policies.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **B6. Product Responsibility**

The Group is aware of its responsibilities associated with the products and services it provides. Various policies and guidelines have been formulated for assuring quality of its products and services. No non-compliance with laws and regulations regarding product and service-related health and safety, advertising, labelling and privacy matters that have a significant impact on the Group was noted in the reporting period. These laws including but not limited to:

- Personal Data (Privacy) Ordinance (Cap. 486)
- Office of the Privacy Commission for Personal Data, Hong Kong
- Trade Marks Ordinance (Cap. 559)
- Patents Ordinance (Cap. 514)
- Copyright Ordinance (Cap. 528)

In terms of the health and safety, advertising, labelling and privacy matters and remedies of the products and services provided, there was no material non-compliance with relevant laws and regulations that would have a significant impact on the Group during the Reporting Period. To increase the efficacy of branding promotion and marketing activities, annual branding promotion and marketing plan is devised and the contents of the advertisements are required to approved by the business development and strategic development department before execution, by ensuring that there are no false and misleading messages in our advertisements and promotion activities.

In addition, there had been no products sold or shipped subject to recalls for safety and health reasons during the Reporting Period.

### ***B6.1 Complaint Handling***

The Group values customers' feedback on its services as it drives the Group to explore new opportunities for continuous improvement on service efficiency and quality. Comments and suggestions from customers are welcome. The Group provides a variety of communication channels, for instance, phone hotline, emails and websites. Regular communication channels and feedback systems are in place to gather information on satisfaction and suggestions for improvement from its customers.

For instance, to further understand the concerns and expectations of customers in its services, the Group consolidated and comprehensively analysed the customers' feedback and monitor the level of customer satisfaction. Follow-up actions, including internal evaluation and modification of training programs for employees, formulation of improvement plan and refining the existing management procedures, will be taken to address the identified issues. Feedback will additionally be provided to the customers in a timely manner. There were no cases of complaints received against the Group's services due to health and safety issues during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **B6.2 Intellectual Property Rights**

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right (“**IP rights**”) by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals. In order to ensure that the customer’s IP rights of products are properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement.

Internally, the Group enters standard employment contracts with its employees which contain provisions on intellectual property rights and confidentiality. Relevant employees of the Group have signed a written confirmation to (i) confirm that all intellectual property rights created or made during their employment with the Group shall belong to the Group; and (ii) agree not to use or disclose the confidential information relating to the product designs without authorisation of the Group.

Any assets of the Group, including materials and information for official purposes, shall not be taken or copied for personal purposes without authorisation. Such violation is an offence under the laws of Hong Kong, offender will be subject to disciplinary action or prosecution. The Group does not allow any infringement of its assets and intellectual property rights, and will take appropriate disciplinary actions against offenders.

During the Reporting Period, the Group was not aware of any dispute or infringement by (i) the Group of any intellectual property rights owned by third parties; or (ii) any third parties of any intellectual property rights owned or being applied by the Group.

## **B6.3 Quality Assurance**

For loan finance services as provided in Hong Kong, the Group only makes money lender to corporate customers. The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group has obtained the licence from the Commission of Police, which is responsible for enforcing the Money Lenders Ordinance, including carrying out examinations on applications for money lenders licences, renewal of licences and endorsements on licences; and investigations of complaints against money lenders. The Group conducts adequate background search and analysis, ensures borrowers’ financial strength and debt-servicing capacity by collateral and guarantees, before approving credits.

During the Reporting Period, there were no material complaints made against the Group. The Group has complied with relevant laws and regulations in relation to product and service liabilities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***B6.4 Confidential Information, Data Protection, and Privacy***

The Group acknowledges the concern of data privacy, therefore puts great effort to protect data privacy to safeguard the corporate interest and comply with the relevant laws and regulations. The Group outlines data privacy requirements and confidentiality obligations in its Corporate Governance and Internal Control Policy and Procedure Manual as well as employee contract, that employees should strictly follow and carefully manage the corporate confidential information, including but not limited to, customer business information and personal data, trade secrets and price-sensitive information during and after their employment period. The Group requires its employees to comply with the regulations in relation to collecting, holding, processing, disclosure and use of personal data where it operates. Employees shall respect privacy and keep confidential the personal data obtained during the business process in accordance with the relevant confidential requirement as set out in internal policies to protect the privacy of customers.

To safeguard the data privacy, information and data would be used exclusively for matters relating to the Group's operation only. Access control and security code has been implemented for data protection to ensure all collected data kept is free of accidental access, processing, erasure or other use. Employees are also prohibited to use, release and disclose any trade secret and confidential information to unauthorised persons without prior approval from the local top management. Employees for non-compliance with the requirements are subject to disciplinary actions including termination of employment contract.

## **B7. Anti-corruption**

### ***B7.1 Concluded Legal Cases Regarding Corrupt Practices***

The Group complies with all applicable laws on prohibiting corruption and bribery in Hong Kong, which includes but not limited to the Prevention of Bribery Ordinance (Cap. 201).

During the Reporting Period, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

### ***B7.2 Preventive Measures***

Sustainable business is built upon the business integrity and the trust of our stakeholders, the Group is committed to upholding the highest standard of business ethics and prohibiting any forms of bribery and corrupt practices. The Group has zero tolerance for corruption, fraud, money laundering, bribery and extortion.

As stipulated in the Corporate Governance and Internal Control Policy and Procedure Manual and code of conduct in employee handbook, the Group details the standards of behaviours required for employees on the prevention of bribery, fraud, corruption, conflicts of interest and confidentiality. The Group also requires its employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has also formulated the Whistle-blowing Policy, which is applicable to all employees and all related third parties who have business relationships with the Group, to encourage stakeholders to raise concerns about misconduct, malpractice or irregularity on any matters related to the Group. Various reporting channels are provided. The Group makes every effort to keep the identities of the whistle-blowers in strictest manner. All whistle-blowers who report in good faith are reasonably protected from retaliation or adverse consequence of their employment regardless of whether the allegation is substantiated, to avoid jeopardizing a fair investigation and follow-up treatment. The Group reserves the right to take disciplinary actions against employees who initiates, or threatens to initiate, any retaliation against the whistle-blower. Upon the receipt of the reporting case, the Group initiates internal investigation to verify the reported case(s) and remedial actions will be taken where necessary according to the investigation findings. The Group endeavours to handle the reports fairly and properly, to maintain positive corporate governance, emphasise accountability and enhance transparency, which enables its stakeholders to have continuous faith and trust in the Group.

## ***B7.3 Anti-corruption Training***

Anti-corruption training is provided to employees during induction training, and senior management and directors are encouraged to attend special anti-corruption courses organised by professional bodies such as the HKEX. During the Reporting Period, the Group provided anti-corruption training to its full-time employees in the form of a 1-hour training session, which covered topics such as whistle-blowing, business ethics, avoiding conflict-of-interest, and anti-bribery.

## **B8. Community Investment**

The Group is committed to giving back to societies where it operates, by actively engaging the community and leveraging its resources through various channels, including partnership with local non-profit organizations, social support, community services and sponsorship programs. However, COVID-19 has limited the Group's organisation and participation of public charity events during the Reporting Period. As such, the Group strives to resume its large-scale community engagement events for the Following Reporting Period.

As such, the Group strives to resume its large-scale community engagement events for the Following Reporting Period.

Going forward, the Group continues to seek opportunities to serve the community, in wider areas of social concern and to foster the culture of active participation in community services, encouraging its employees to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

# DIRECTORS' REPORT

The board of directors (the “**Board**”) is pleased to present their annual report together with the audited consolidated financial statements of Chong Kin Group Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”) for the year ended 31 March 2023 (the “**Year**”).

## PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands with limited liability on 31 May 2016. The Company is domiciled in Hong Kong and has a principal place of business at Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 19 to the consolidated financial statements.

## BUSINESS REVIEW

The business review and outlook of the Group during the year are set out in the section headed “Management Discussion and Analysis” on pages 5 to 11 of 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 our operational activities in order to minimise these impacts if possible.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees are also discussed under section headed “Environmental, Social and Governance Report” on pages 28 to 51.

The Group is committed to support environmental sustainability and to maintain sustainable working practices. The Group strives to become an environmental-friendly corporation by adopts multiple initiatives to achieve a greener transportation and logistics operation in the PRC. The Group also endeavours to reduce emissions of air pollutants and noxious odours from our concrete placing operation to complies with the environmental protection laws of Hong Kong covering greenhouse gas and water emissions, solid waste management and noise pollution.

## Compliance with the relevant laws and regulations

During the year ended 31 March 2023 and up to the date of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on our businesses and operations.

## Key relationships with employees, customers and suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2023, there was no material and significant dispute between the Group and its employees, customers and suppliers.

## RESULTS AND APPROPRIATIONS

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

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be scheduled for 4 August 2023 (Friday) (the "**AGM**"), the Register of Members of the Company (the "**Register of Members**") will be closed from 1 August 2023 (Tuesday) to 4 August 2023 (Friday), both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 31 July 2023 (Monday).

## PRINCIPAL KEY RISKS AND UNCERTAINTIES

Description of the principal risk and uncertainties that the Group is facing can be found in the "Management Discussion and Analysis" on page 5 to 11. Also, the financial risk management objectives and policies of the Group can be found in Note 5 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 17 to the consolidated financial statements.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year are set out in Note 19 to the consolidated financial statements.

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 68 of this annual report.

As at 31 March 2023, the Company has reserves amounted to approximately HK\$569.02 million available for distribution (2022: approximately HK\$563.08 million).

## DIRECTORS

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

### Executive Directors

Mr. Zhang Jinbing (*Chairman*)  
Mr. Leung Chi Kwong, Joe

### Independent Non-Executive Directors

Mr. Tam Ping Kuen Daniel  
Ms. Chen Weijie  
Mr. Zhao Hangen

# DIRECTORS' REPORT

## DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for a term of two or three years commencing from their respective dates of appointment, unless terminated by not less than one month's notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into an appointment contract with the Company for a term of two years commencing from their respective dates of appointment.

Save as disclosed above, none of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without the payment of compensation (other than statutory compensation).

## MANAGEMENT CONTRACTS

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

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

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the 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 have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follows:

### Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Zhang Jinbing ("Mr. Zhang")	interests in controlled corporation ( <i>Note 1</i> )	609,100,000	55.61%
	beneficial owner	24,500,000	2.24%
		Total:	633,600,000 57.85%

*Note:*

- 1) The 609,100,000 Shares are held by Prestige Rich Holdings Limited ("Prestige Rich"). Mr. Zhang beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 56% of the shareholding in the Company. Mr. Zhang is the Chairman and executive Director of the Company and the chairman of the Nomination Committee and the Risk Management Committee. Mr. Zhang is also a director of Prestige Rich.

# DIRECTORS' REPORT

## Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 31 March 2023, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/interested in	Percentage of shareholding
Prestige Rich	Beneficial owner	609,100,000	55.61%

## ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed under the sections headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the "Related Party Transactions" in Note 33 to the consolidated financial statements, there were no transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2023 or any time during the Year, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

## PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors currently in force.

## CONNECTED TRANSACTIONS

During the Year, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in Note 33 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

# DIRECTORS' REPORT

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year, turnover of the Group's five largest customers accounted for 77% (2022: 80%) of the total sales for the Year and sales to the largest customer included therein amounted to 57% (2022: 33%).

During the Year, purchase from the Group's five largest suppliers accounted for 42% (2022: 92%) of the total purchase for the Year and purchase to the largest supplier included therein amounted to 25% (2022: 62%).

To the best of the knowledge of the Directors, none of the Directors, their associates or any management shareholder who own more than 5% of the Company's issued share capital had material interests in the Group's five largest customers and suppliers.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group recognises employees as its valuable assets. The Group provides competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve the Group. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of the Group's decisions with respect to salary raises and promotions.

The Group recognises the importance of maintaining a good relationship with its suppliers and customers in order to meet its immediate and long term goals. During the Year, there are no material or significant disputes between the Group and its suppliers and customers.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float under the Listing Rules during the Year.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time during the Year and up to the date of this annual report.

## SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 27 September 2016, the Company adopted a share option scheme (the "**Share Option Scheme**") with effect from 27 September 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in the prospectus dated 30 September 2016 of the Company. The main purpose of the Share Option Scheme is to motivate employees to optimise their performance efficiency for the benefit of the Company, to attract and retain high quality staff, to provide additional incentive to employees (full time or part time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote success of the business of the Group.

## DIRECTORS' REPORT

The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption date (i.e. 27 September 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the Shareholders in general meeting.

No share options had been granted under the Share Option Scheme since its adoption. During the period between 17 October 2016 and the date of this annual report, no share option has been granted, exercised, cancelled or lapsed. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 76,480,000, representing 10% of the then entire issued share capital of the Company at the date of its adoption on 27 September 2016. Details of the Share Option Scheme are set out in Note 30 to the consolidated financial statements.

### EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into for the Year.

### BORROWINGS

As at 31 March 2023, the Group has no bank borrowings.

### CHARITABLE DONATIONS

During the Year, the Group made charitable donations approximately HK\$Nil (2022: approximately HK\$1,500,000).

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing Shareholders.

### RETIREMENT BENEFITS SCHEMES

The Group applies a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employers and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

# DIRECTORS' REPORT

## EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the Year are set out in Note 12 to the consolidated financial statements.

## EMOLUMENT POLICY

Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

## AUDIT COMMITTEE

The Audit Committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statement for the Year.

## AUDITORS

KTC Partners CPA Limited ("**KTC**") was appointed as auditor of the Company on 2 May 2018. For details, please refer to the announcement of the Company dated 3 May 2018. KTC resigned as auditor of the Company on 18 March 2022. ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**") was appointed as auditor of the Company on 18 March 2022. For details, please refer to the announcements of the Company dated 18 March 2022 and 4 April 2022. Save as disclosed above, there was no change in auditor during the past three years.

The consolidated financial statements for the Year have been audited by ZHONGHUI who will retire at the conclusion of the 2023 annual general meeting and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the shareholders at the forthcoming annual general meeting to re-appoint ZHONGHUI as the independent auditor.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Group is aware, there were no material breach of or non-compliance with applicable laws and regulations that has a significant impact on the business and operation of the Group.

On behalf of the Board

**Chong Kin Group Holdings Limited**

**ZHANG Jinbing**

*Chairman and Executive Director*

Hong Kong, 12 June 2023

# INDEPENDENT AUDITORS' REPORT



## TO THE SHAREHOLDERS OF CHONG KIN GROUP HOLDINGS LIMITED

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

### OPINION

We have audited the consolidated financial statements of Chong Kin Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 64 to 125, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2023, 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 (the “**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 AUDITORS' REPORT

## KEY AUDIT MATTERS

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

### (i) Revenue and profit recognition and contract balances

Refer to Notes 8 and 23 to the consolidated financial statements.

The Group's carrying value of the construction contract balances as well as the revenue and profit recognised are based on estimates of costs to complete. These estimates are significant to our audit because the contract assets and liabilities of approximately HK\$79,438,000 and HK\$4,823,000 respectively as at 31 March 2023 and the construction revenue of approximately HK\$480,543,000 for the year then ended are material to the consolidated financial statements. In addition, the Group's estimates involve application of judgement and can be affected by a variety of uncertainties that depend on the outcome of future events resulting in revisions throughout the contract period.

Our audit procedures included, among others:

- Evaluating the Group's estimation process;
- Agreeing contract sums and budgeted costs to signed contracts and approved budgets;
- Challenging the reasonableness of key judgements and assumptions inherent in the approved budgets;
- Assessing the reliability of the approved budgets by comparing the actual outcome against estimates; and
- Checking arithmetical accuracy of the related calculations.

We consider that the Group's estimates of the construction contract balances as well as the revenue and profit recognised are supported by the available evidence.

# INDEPENDENT AUDITORS' REPORT

## KEY AUDIT MATTERS (CONTINUED)

### (ii) Trade and other receivables and loan and interest receivables

Refer to Notes 22 and 21 to the consolidated financial statements.

The Group tested the amounts of trade and other receivables and loan and interest receivables for impairment. This impairment test is significant to our audit because the balances of trade and other receivables of approximately HK\$291,560,000 and loan and interest receivables of approximately HK\$147,274,000 as at 31 March 2023 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers and borrowers;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers;
- Performing background search of the underlying borrowers;
- Assessing the fair value of the collaterals for the borrowings;
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements;
- Assessing the competence, independence and integrity of the external valuer engaged by client;
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence; and
- Checking arithmetical accuracy of the valuation model.

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

# INDEPENDENT AUDITORS' REPORT

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information 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.

## 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 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.

# INDEPENDENT AUDITORS' REPORT

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

### **Wan Ho Yuen**

*Audit Engagement Director*

Practising Certificate Number P04309

Hong Kong, 12 June 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	8	489,525	344,173
Cost of services		(434,582)	(298,556)
<b>Gross profit</b>		54,943	45,617
Other income	9	6,752	78
Administrative and other operating expenses		(25,035)	(28,296)
Impairment losses of financial assets	11	(11,164)	(35,358)
Finance costs	10	(276)	(366)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		25,220	(18,325)
Income tax expense	13	(4,117)	(4,384)
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	11	21,103	(22,709)
<b>DISCONTINUED OPERATIONS</b>			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	15	–	(136,470)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		21,103	(159,179)
<b>Other comprehensive expenses for the year, net of tax:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(246)	256
Share of exchange translation difference of an associate		–	32
Exchange differences reclassified to profit or loss on disposal of subsidiaries		–	(15,192)
<b>OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX</b>		(246)	(14,904)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR</b>		20,857	(174,083)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:</b>		
<b>Owners of the Company</b>		
Profit/(loss) from continuing operations	21,103	(22,709)
Loss from discontinued operations	–	(135,574)
<b>Profit/(loss) attributable to owners of the Company</b>	<b>21,103</b>	<b>(158,283)</b>
<b>Non-controlling interests</b>		
Loss from continuing operations	–	–
Loss from discontinued operations	–	(896)
<b>Loss attributable to owners of non-controlling interests</b>	<b>–</b>	<b>(896)</b>
	<b>21,103</b>	<b>(159,179)</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR ATTRIBUTABLE TO:</b>		
Owners of the Company	20,857	(173,486)
Non-controlling interests	–	(597)
	<b>20,857</b>	<b>(174,083)</b>
	<b>HK cents</b>	<b>HK cents</b>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
16		
<b>From continuing and discontinued operations</b>		
– Basic and diluted	2.12	(14.71)
<b>From continuing operations</b>		
– Basic and diluted	2.12	(2.11)
<b>From discontinued operations</b>		
– Basic and diluted	N/A	(12.60)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	1,065	1,909
Right-of-use assets	18	3,682	7,697
Loan and interest receivables	21	3,900	–
Deferred tax assets	27	1,068	–
		9,715	9,606
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	20	–	2,061
Loan and interest receivables	21	143,374	162,906
Trade and other receivables	22	300,193	272,566
Contract assets	23	79,438	55,715
Bank and cash balances	24	203,498	200,372
		726,503	693,620
<b>CURRENT LIABILITIES</b>			
Trade and other payables	25	110,437	87,535
Contract liabilities	23	4,823	16,747
Lease liabilities	26	3,624	4,028
Current income tax liabilities		12,865	7,680
		131,749	115,990
<b>NET CURRENT ASSETS</b>		594,754	577,630
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		604,469	587,236
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	26	310	3,934
		310	3,934
<b>NET ASSETS</b>		604,159	583,302

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>CAPITAL AND RESERVES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	28	10,954	10,954
Reserves	29	593,205	572,348
<b>TOTAL EQUITY</b>		<b>604,159</b>	<b>583,302</b>

The consolidated financial statements on pages 64 to 125 were approved and authorised for issue by the board of directors on 12 June 2023 and are signed on its behalf by:

Approved by:

\_\_\_\_\_  
**Zhang Jinbing**  
Director

\_\_\_\_\_  
**Leung Chi Kwong Joe**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company					Subtotal	Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	10,875	1,103,569	15,187	(338)	(327,919)	801,374	14,520	815,894
Loss for the year	-	-	-	-	(158,283)	(158,283)	(896)	(159,179)
Other comprehensive (expense)/income for the year	-	-	(15,203)	-	-	(15,203)	299	(14,904)
Total comprehensive expense for the year	-	-	(15,203)	-	(158,283)	(173,486)	(597)	(174,083)
Issue of shares (Note 28)	79	45,753	-	-	-	45,832	-	45,832
Adjustment upon disposal of a subsidiary (Note 31a)	-	-	-	338	-	338	(13,923)	(13,585)
Transfer from other receivable from profit guarantee arrangement	-	(90,756)	-	-	-	(90,756)	-	(90,756)
At 31 March 2022	10,954	1,058,566	(16)	-	(486,202)	583,302	-	583,302
At 1 April 2022	10,954	1,058,566	(16)	-	(486,202)	583,302	-	583,302
Profit for the year	-	-	-	-	21,103	21,103	-	21,103
Other comprehensive expense for the year	-	-	(246)	-	-	(246)	-	(246)
Total comprehensive (expense)/income for the year	-	-	(246)	-	21,103	20,857	-	20,857
At 31 March 2023	10,954	1,058,566	(262)	-	(465,099)	604,159	-	604,159

Note: The other reserve represents the difference between the fair value of consideration paid to increase the shareholding in a subsidiary, Hartman Education Service Limited ("**Hartman Education**"), and the amount of adjustment to non-controlling interests during the year ended 31 March 2021. During the year ended 31 March 2022, the Group disposed its entire interests in Hartman Education, as such the other reserve was derecognised upon the completion of the disposal.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax from continuing operations	25,220	(18,325)
Loss from discontinued operations	–	(136,470)
Adjustments for:		
Depreciation of property, plant and equipment	970	4,074
Depreciation of right-of-use assets	3,640	7,138
Interest income	(32)	(564)
Finance costs	276	584
Loss on disposal of property, plant and equipment	–	4
Impairment loss on properties under development	–	61,038
Impairment loss on trade receivables	6,472	–
Impairment loss on prepayments and other receivables	4,622	27,437
Impairment loss on loan and interest receivables	70	739
Impairment loss on other receivable from profit guarantee arrangement	–	11,217
Loss on disposal of subsidiaries	–	48,556
(Gain)/loss on derecognition of leases	(49)	328
Share of result of an associate	–	86
Gain on disposal of financial assets at fair value through profit or loss	(102)	–
Fair value (gain)/loss on financial assets at fair value through profit or loss, net	(541)	1,105
Operating cash flows before movements in working capital	40,546	6,947
Change in inventories	–	8,857
Change in trade and other receivables	(38,349)	(161,669)
Change in finance lease receivables	–	18,742
Change in loan and interest receivables	15,562	(43,645)
Change in contract assets	(23,723)	(55,715)
Change in trade and other payables	22,860	84,712
Change in contract liabilities	(11,924)	16,747
Cash generated from/(used in) operations	4,972	(125,024)
Income tax paid	–	(66)
Lease interest paid	(276)	(584)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>4,696</b>	<b>(125,674)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2023 HK\$'000	2022 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property, plant and equipment	(124)	(6,021)
Proceeds from disposal of property, plant and equipment	–	2,062
Additions of property under development	–	(33,526)
Proceeds from redemption of financial assets at fair value through profit or loss	2,704	–
Interest received	32	564
Net cash inflow on disposal of subsidiaries	–	181,531
<b>Net cash flows generated from investing activities</b>	<b>2,612</b>	<b>144,610</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	–	45,832
Repayment of bank borrowings	–	(66)
Repayment to a former director	–	(1)
Repayment of lease liabilities	(3,604)	(8,525)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(3,604)</b>	<b>37,240</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of year	200,372	147,549
Net foreign exchange difference	(578)	(3,353)
<b>Cash and cash equivalents at end of year</b>	<b>203,498</b>	<b>200,372</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	203,498	200,372

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 17 October 2016. The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Suite 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of concrete placing and other ancillary services (the “**Concrete Placing**”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“**Concrete Placing Business**”) and (ii) provision of loan finance business in Hong Kong.

In the opinion of the directors of the Company, as at 31 March 2023, Prestige Rich Holdings Limited (“**Prestige Rich**”), a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate and ultimate parent; Mr. Zhang Jinbing is the ultimate controlling shareholder of the Company.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

### New/Revised HKFRSs

HKFRS 17	Insurance Contracts <sup>+</sup>
HKAS 1	Amendments in relation to Disclosure of Accounting Policies <sup>+</sup>
HKAS 8	Amendments in relation to Definition of Accounting Estimates <sup>+</sup>
HKAS 12	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>+</sup>
HKFRS 16	Amendments in relation to Lease Liability in a Sale and Leaseback <sup>^</sup>
HKAS 1	Amendments in relation to Classification of Liabilities as Current or Non-current <sup>^</sup>
HKAS 1	Amendments in relation to Non-current Liabilities with Covenants <sup>^</sup>
HK-int 5	Amendments in relation to Amendments to HKAS 1 <sup>^</sup>
HKFRS 10 and HKAS 28	Amendments in relation to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>#</sup>

<sup>+</sup> Effective for accounting period beginning on or after 1 January 2023

<sup>^</sup> Effective for accounting period beginning on or after 1 January 2024

<sup>#</sup> No mandatory effective date yet determined but available for adoption

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

These consolidated financial statements have been prepared under the historical cost convention, as modified by the investments and derivatives which are carried at their fair values/fair values less costs to sell.

The preparation of consolidated 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 consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

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

### Consolidation

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

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 currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Consolidation (Continued)

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.

### Foreign currency translation

#### (i) Functional and presentation currency

Items included in the consolidated 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 functional and presentation currency.

#### (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Foreign currency translation (Continued)

#### (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 translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss 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.

### Property, plant and equipment

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

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable. The principal annual rates/useful lives are as follows:

Machinery and equipment	20%
Leasehold improvements	2–5 years
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases

#### The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives are as follows:

Machinery and equipment	5 years
Leased properties	Over lease term

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

#### The Group as lessor

##### (i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### (ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 is recognised in profit or loss.

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

### 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 category:

#### – 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 expected credit losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses, on financial assets at amortised cost and contract assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### Financial liabilities

Financial liabilities 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. The accounting policies adopted for specific financial liabilities are set out below.

### Trade and other payables

Trade and other payables are stated initially at their 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 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Equity instruments

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

### Revenue from contracts with customers

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.

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.

### Other revenue

Interest income is recognised using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Employee benefits

#### (i) Employee leave entitlements

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

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

#### (ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

#### (iii) Termination benefits

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

### Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

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

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

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

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

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

### Segment reporting

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Related parties

A related party is a person or entity that is related to the Group.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except deferred tax assets, investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Provisions and contingent liabilities

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

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

### Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 4. KEY ESTIMATES

### Key sources of estimation uncertainty

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

#### (a) Construction contracts

The Group recognises revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of construction works. The progress is determined by the aggregated cost for the individual contract incurred at the end of the reporting year compared with the estimated budgeted cost. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and budgeted revenue. Because of the nature of the activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses.

#### (b) Provision of ECL for trade and other receivables and contract assets

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

The information about the ECL and the Group's trade and other receivables and contract assets are disclosed in Notes 22 and 23.

#### (c) Provision of ECL for loan and interest receivables

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

The information about the ECL and the Group's loan and interest receivables are disclosed in Note 21.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 4. KEY ESTIMATES (CONTINUED)

### Key sources of estimation uncertainty (Continued)

#### (d) Useful lives and impairment of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing; (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

## 5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Interest rate risk

Other than bank balances with variable interest rate and finance lease receivables and loan receivables with fixed interest rates, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulting from the changes in interest rates, because the interest rates of deposits and prepayments for life insurance policies and bank balances are not expected to change significantly.

### (c) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables, loan and interest receivables, contract assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies are closely monitored by the directors.

The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk (Continued)

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

#### 31 March 2023

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Total HK\$'000
Trade and other payables	88,705	–	88,705
Lease liabilities	3,733	312	4,045
	92,438	312	92,750

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Liquidity risk (Continued)

31 March 2022

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Total HK\$'000
Trade and other payables	57,985	–	57,985
Lease liabilities	4,303	4,348	8,651
	62,288	4,348	66,636

### (e) Categories of financial instruments

	2023 HK\$'000	2022 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost		
– Trade and other receivables	291,560	269,978
– Loan and interest receivables	147,274	162,906
– Bank and cash balances	203,498	200,372
	642,332	633,256
Financial assets at fair value through profit or loss	–	2,061
	642,332	635,317
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
– Trade and other payables	88,705	57,985
– Lease liabilities	3,934	7,962
	92,639	65,947

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

The gearing ratio is calculated as total debt divided by total equity.

The gearing ratios as at the end of the reporting periods were as follows:

	Note	2023 HK\$'000	2022 HK\$'000
Debts	(i)	3,934	7,962
Total capital		604,159	583,302
Gearing ratio		0.7%	1.4%

Note:

(i) Debts are defined as borrowings including lease liabilities.

The Group is not subjected to any externally imposed capital requirements. The Group's overall strategy remains unchanged during the year ended 31 March 2023 and 2022.

### (g) Fair values

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

### (a) Disclosures of level in fair value hierarchy

Description	Fair value measurements using:	
	Level 1 HK\$'000	Total HK\$'000
<b>Recurring fair value measurements at 31 March 2022</b>		
Financial assets at fair value through profit or loss		
Listed securities in Hong Kong	27	27
Listed securities in the United States	2,034	2,034
Total recurring fair value measurements	2,061	2,061

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION

Information reported to the chief executive of the Company, being the chief operating decision maker (“**CODM**”) of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For both years ended 31 March 2023 and 2022, the Group’s operating and reportable segments were: (i) provision of concrete placing services and other ancillary services in Hong Kong (“**Concrete placing**”) and (ii) provision of loan finance in Hong Kong (“**Loan finance**”). The CODM considered the Group had two operating and reportable segments which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

During the year ended 31 March 2022, the operating segments, including (i) NEV and Logistics and finance leasing services, (ii) Remittance and foreign currency exchange services and (iii) Real estate development were disposed and discontinued. The segment information reported does not include any amounts for these discontinued operations, which are described in detail in Note 15.

### (a) Segment revenue and results

An analysis of the Group’s revenue and results by reportable and operating segments is as follows:

#### For the year ended 31 March 2023

	Continuing operations			Discontinued operations				Total HK\$'000
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	
Revenue from external customers	480,543	8,982	489,525	-	-	-	-	489,525
Segment profit	32,910	8,912	41,822	-	-	-	-	41,822
Unallocated other income			6,752				-	6,752
Unallocated expenses			(18,454)				-	(18,454)
Impairment losses of financial assets			(4,624)				-	(4,624)
Finance costs			(276)				-	(276)
Profit before taxation			25,220				-	25,220

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (CONTINUED)

### (a) Segment revenue and results (Continued)

For the year ended 31 March 2022

	Continuing operations			Discontinued operations				Total HK\$'000
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	
Revenue from external customers	330,724	13,449	344,173	12,611	44	961	13,616	357,789
Segment profit/(loss)	27,591	12,710	40,301	(10,732)	(4,494)	(70,868)	(86,094)	(45,793)
Unallocated other income			78				-	78
Unallocated expenses			(23,806)				(1,820)	(25,626)
Impairment losses of financial assets			(34,532)				-	(34,532)
Loss on disposal of subsidiaries			-				(48,556)	(48,556)
Finance costs			(366)				-	(366)
Loss before taxation			(18,325)				(136,470)	(154,795)

Segment revenue represents the revenue derived by each segment from external customers. There was no revenue derived from transactions with other operating segments of the Group.

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of certain administrative and other operating expenses, other income, (loss)/gain on disposal of subsidiaries, impairment loss of financial assets, finance costs and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (CONTINUED)

### (b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable and operating segments is as follows:

#### For the year ended 31 March 2023

	Continuing operations			Discontinued operations				Total HK\$'000
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	
<b>ASSETS</b>								
Segment assets	252,190	183,508	435,698	-	-	-	-	435,698
Unallocated corporate assets								300,520
Consolidated total assets								736,218
<b>LIABILITIES</b>								
Segment liabilities	63,351	330	63,681	-	-	-	-	63,681
Unallocated corporate liabilities								68,378
Consolidated total liabilities								132,059

#### For the year ended 31 March 2022

	Continuing operations			Discontinued operations				Total HK\$'000
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	
<b>ASSETS</b>								
Segment assets	196,590	185,840	382,430	-	-	-	-	382,430
Unallocated corporate assets								320,796
Consolidated total assets								703,226
<b>LIABILITIES</b>								
Segment liabilities	55,695	347	56,042	-	-	-	-	56,042
Unallocated corporate liabilities								63,882
Consolidated total liabilities								119,924

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (CONTINUED)

### (c) Other segment information

For the year ended 31 March 2023

	Continuing operations			Discontinued operations			Subtotal HK\$'000	Unallocated HK\$'000	Total HK\$'000
	Concrete placing HK\$'000	Loan finance HK\$'000	Subtotal HK\$'000	NEV and logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000			
Amounts included in the measurement of segment profit or loss or segment assets:									
Additions to non-current assets (Note)	43	81	124	-	-	-	-	-	124
Depreciation of property, plant and equipment	(12)	(616)	(628)	-	-	-	-	(342)	(970)
(Impairment loss)/reversal of impairment loss on trade and other receivables	(6,472)	2	(6,470)	-	-	-	-	(4,624)	(11,094)
Impairment loss on loan and interest receivables	-	(70)	(70)	-	-	-	-	-	(70)
Interest income	16	16	32	-	-	-	-	-	32
Interest expense	-	-	-	-	-	-	-	(276)	(276)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:									
Income tax expense	(4,117)	-	(4,117)	-	-	-	-	-	(4,117)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (CONTINUED)

### (c) Other segment information (Continued)

For the year ended 31 March 2022

	Continuing operations			Discontinued operations			Subtotal	Unallocated	Total
	Concrete placing	Loan finance	Subtotal	NEV and logistics and finance leasing services	Remittances and foreign currency exchange services	Real estate development			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measurement of segment profit or loss or segment assets:									
Additions to non-current assets (Note)	40	460	500	4,595	-	202	4,797	724	6,021
Depreciation of property, plant and equipment	(5)	(529)	(534)	(3,171)	(6)	(158)	(3,335)	(205)	(4,074)
Loss on disposal of property, plant and equipment	-	-	-	(4)	-	-	(4)	-	(4)
Impairment loss on properties under development	-	-	-	-	-	(61,038)	(61,038)	-	(61,038)
Reversal of impairment loss on finance lease receivables	-	-	-	5,536	-	-	5,536	-	5,536
Impairment loss on trade and other receivables	-	(87)	(87)	(8,605)	(966)	-	(9,571)	(23,315)	(32,973)
Impairment loss on loan and interest receivables	-	(739)	(739)	-	-	-	-	-	(739)
Impairment loss on other receivable from profit guarantee arrangement	-	-	-	-	-	-	-	(11,217)	(11,217)
Interest income	-	-	-	564	-	-	564	-	564
Interest expense	-	-	-	(200)	-	(18)	(218)	(366)	(584)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:									
Income tax expense	(4,384)	-	(4,384)	-	-	-	-	-	(4,384)

Note: As at 31 March 2023 and 2022, non-current assets included property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (CONTINUED)

### (d) Geographical information

Information about the Group's revenue from external customers is presented based on the destination of shipment for sales of products or location of services rendered/operations. Information about the Group's non-current assets, excluding financial assets and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Continuing operations</b>				
Hong Kong	489,525	344,173	4,747	9,606

### (e) Revenue from major customers

	2023 HK\$'000	2022 HK\$'000
<b>Concrete placing</b>		
Customer A	196,494	N/A*
Customer B	81,173	39,012
Customer C	N/A*	112,662
Customer D	N/A*	64,590

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 8. REVENUE

	2023 HK\$'000	2022 HK\$'000
Concrete placing services and other ancillary services	480,543	330,724
Revenue from contracts with customers	480,543	330,724
Loan interest income	8,982	13,449
Total revenue	489,525	344,173

### Disaggregation of revenue from contracts with customers

Segments	2023	
	Concrete Placing HK\$'000	Total HK\$'000
<b>Geographical markets</b>		
Hong Kong	480,543	480,543
Total	480,543	480,543
<b>Major products/service</b>		
Concrete placing services and other ancillary services	480,543	480,543
Total	480,543	480,543
<b>Timing of revenue recognition</b>		
At a point in time	–	–
Over time	480,543	480,543
Total	480,543	480,543

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 8. REVENUE (CONTINUED)

### Disaggregation of revenue from contracts with customers (Continued)

Segments	2022	
	Concrete Placing HK\$'000	Total HK\$'000
<b>Geographical markets</b>		
Hong Kong	330,724	330,724
Total	330,724	330,724
<b>Major products/service</b>		
Concrete placing services and other ancillary services	330,724	330,724
Total	330,724	330,724
<b>Timing of revenue recognition</b>		
At a point in time	–	–
Over time	330,724	330,724
Total	330,724	330,724

### Concrete placing services and other ancillary services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 9. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Bank interest income	32	–
Government grants ( <i>Note</i> )	6,537	–
Gain on sales of financial assets at fair value through profit or loss	102	–
Others	81	78
	6,752	78

*Note:* During the year ended 31 March 2023, the Group recognised government grants in respect of COVID-19-related subsidies, of which approximately HK\$6,537,000 relates to Employment Support Scheme provided by the Hong Kong Government.

## 10. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on lease liabilities	276	366
	276	366

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 11. PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit/(loss) for the year from continuing operations is arrived at after charging:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Auditors' remuneration		
– Audit services	1,440	1,770
– Non-audit services	60	110
	<b>1,500</b>	1,880
Depreciation of property, plant and equipment	970	739
Depreciation of right-of-use assets	3,640	3,924
Impairment losses of financial assets:		
Impairment of trade and other receivables	11,094	23,402
Impairment of loan and interest receivables	70	739
Impairment of other receivable from profit guarantee arrangement	–	11,217
	<b>11,164</b>	35,358
Staff costs including directors' remuneration:		
Wages and salaries	150,334	144,320
Pension scheme contributions	3,448	2,401
	<b>153,782</b>	146,721

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 HK\$'000	2022 HK\$'000
Fees	360	360
Other emoluments:		
Salaries, allowances and benefits in kind	1,200	1,133
Pension scheme contribution	18	25
	1,218	1,158
	1,578	1,518

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

For the year ended 31 March 2023

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contribution HK\$'000	Total HK\$'000
<b>Independent non-executive directors</b>					
Mr. Tam Ping Kuen, Daniel	120	–	–	–	120
Mr. Zhao Hangen	120	–	–	–	120
Ms. Chen Weijie	120	–	–	–	120
	360	–	–	–	360
<b>Executive directors</b>					
Mr. Zhang Jinbing	–	–	–	–	–
Mr. Leung Chi Kwong Joe	–	1,200	–	18	1,218
	–	1,200	–	18	1,218
	360	1,200	–	18	1,578

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

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

For the year ended 31 March 2022

	Notes	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contribution HK\$'000	Total HK\$'000
<b>Independent non-executive directors</b>						
Mr. Tam Ping Kuen, Daniel		120	–	–	–	120
Dr. Li Yifei	(i)	110	–	–	–	110
Mr. Yan Haiting	(ii)	26	–	–	–	26
Mr. Zhao Hangen		10	–	–	–	10
Ms. Chen Weijie		94	–	–	–	94
		360	–	–	–	360
<b>Executive directors</b>						
Mr. Zhang Jinbing		–	–	–	–	–
Mr. Ma Chao	(iii)	–	80	–	4	84
Mr. Qiu Peiyuan	(i)	–	110	–	6	116
Mr. Leung Chi Kwong Joe		–	943	–	15	958
		–	1,133	–	25	1,158
<b>Non-executive director</b>						
Dr. Gao Gunter	(iv)	–	–	–	–	–
		–	–	–	–	–
		360	1,133	–	25	1,518

Notes:

- (i) Resigned on 28 February 2022.
- (ii) Resigned on 18 June 2021.
- (iii) Resigned on 29 November 2021.
- (iv) Resigned on 8 June 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (CONTINUED)

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

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments and the non-executive director's emoluments shown above were for their services as directors of the Company.

During the year ended 31 March 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2023 (2022: Nil).

### (b) Five highest paid individual emoluments

The five highest paid individuals of the Group included one (2022: one) director, details of whose remuneration are set out above. The emoluments of the remaining four (2022: four) highest paid employees are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and benefits in kind	3,062	2,406
Discretionary bonuses	69	69
Pension scheme contribution	63	54
	3,194	2,529

Emoluments of these employees were within the following bands:

Emolument band	Number of employees	
	2023	2022
HK\$1 to HK\$1,000,000	3	4
HK\$1,000,001 to HK\$1,500,000	1	–
	4	4

During the year ended 31 March 2023, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2022: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 13. INCOME TAX EXPENSE

	2023 HK\$'000	2022 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,185	4,384
Deferred taxation ( <i>Note 27</i> )	(1,068)	–
Income tax expense	4,117	4,384

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity in Hong Kong are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the other group entities in Hong Kong are taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved in the implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years.

The Group's subsidiary in the Grenada is subject to Corporation Tax in the Grenada ("**Corporation Tax**"). Corporation Tax is calculated at 10% of the estimated assessable profits for the year ended 31 March 2023 (2022: 10%).

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

Reconciliation between income tax expenses and accounting (loss)/profit at applicable tax rates:

	2023 HK\$'000	2022 HK\$'000
Profit/(loss) from continuing operations before taxation	25,220	(18,325)
Tax calculated at weighted average tax rate	2,668	(5,191)
Tax effect of non-taxable income	(325)	(193)
Tax effect of expenses not deductible for tax purposes	152	3,343
Tax effect of tax losses not recognised	1,787	6,600
Tax concession	(165)	(165)
One-off tax reduction	–	(10)
Taxation for the year	4,117	4,384

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 14. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 31 March 2023 and 2022.

## 15. DISCONTINUED OPERATIONS

The loss for the year from the discontinued operations is analysed as follows:

	2022 HK\$'000
Loss from discontinued operations	
– NEV and Logistics and finance leasing services	(67,065)
– Remittances and foreign currency exchange services	(6,596)
– Real estate development	(62,809)
	(136,470)

The Group's discontinued operations for the year ended 31 March 2022 represented the businesses involving (a) sale of new energy vehicles ("**NEVs**"), leasing of NEVs and provision of logistics operated by Stand East Investment Limited and its subsidiaries ("**Stand East Group**") and the provision of finance leasing services operated by Blossom Field Trading Develop Limited, Hua Yao Industrial (Shenzhen) Limited and Hua Yao Finance Lease (Shenzhen) Limited ("**Hua Yao Group**"); (b) remittances and foreign currency exchange services operated by Newport Service (UK) Limited ("**Newport UK**"); and (c) real estate development operated by Hartman Education Service Limited and its subsidiary ("**Hartman Group**").

### (a) NEV and Logistics and finance leasing services

On 22 October 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East Group and Hua Yao Group at a total consideration of HK\$180,000,000. The Stand East Group and Hua Yao Group represent the whole NEV and Logistics and finance leasing services segment of the Group upon the completion of the disposal, the Group's NEV and Logistics and finance leasing services would be discontinued. The disposal was completed on 4 November 2021, the date on which the control of Stand East Group and Hua Yao Group was passed to the acquirer.

### (b) Remittances and foreign currency exchange services

On 15 December 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Newport UK at a total consideration of HK\$11,000,000. Newport UK, represents the whole remittances and foreign currency exchange services segment of the Group upon completion of the disposal, the Group's segment on remittances and foreign currency exchange services would be discontinued. The disposal was completed on 17 December 2021, the date on which the control of Newport UK was passed to the acquirer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 15. DISCONTINUED OPERATIONS (CONTINUED)

### (c) Real estate development

On 28 February 2022, the Group through its direct wholly-owned subsidiary, Kingdom Honour Holdings Limited, entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Hartman Group at a total consideration of approximately HK\$638,000. The disposal was completed on 28 February 2022, the date on which the control of Hartman Group was passed to the acquirer.

The result of the discontinued operations of Stand East Group and Hua Yao Group, Newport UK and Hartman Group for the period from 1 April 2021 to their respective dates of disposal, which have been included in consolidated profit or loss, are as follows:

	2022			
	NEV and logistics and finance leasing services HK\$'000	Remittances and foreign currency exchange services HK\$'000	Real estate development HK\$'000	Total HK\$'000
Revenue	12,611	44	961	13,616
Cost of sales	(11,570)	(48)	–	(11,618)
Gross profit/(loss)	1,041	(4)	961	1,998
Other income	6,477	529	4	7,010
Other gains and losses, net	(314)	–	–	(314)
Selling and distribution expenses	(1,018)	–	–	(1,018)
Administrative and other operating expenses	(15,383)	(4,053)	(10,777)	(30,213)
(Loss)/gain on disposal of subsidiaries	(54,513)	(2,102)	8,059	(48,556)
Impairment	(3,069)	(966)	(61,038)	(65,073)
Share of results of an associate	(86)	–	–	(86)
Finance costs	(200)	–	(18)	(218)
Loss before income tax from discontinued operations	(67,065)	(6,596)	(62,809)	(136,470)
Income tax expense	–	–	–	–
Loss for the year from discontinued operations	(67,065)	(6,596)	(62,809)	(136,470)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 15. DISCONTINUED OPERATIONS (CONTINUED)

During the year ended 31 March 2022, the disposed subsidiaries received approximately HK\$33,415,000 in respect of operating activities, paid approximately HK\$36,263,000 in respect of investing activities and paid approximately HK\$4,478,000 in respect of financing activities.

No tax charge or credit arose on (loss)/gain on disposal of the discontinued operation for the year ended 31 March 2022.

## 16. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Profit/(loss) attributable to owners of the Company	21,103	(158,283)
	<b>Number of shares</b> <b>2023</b> <b>'000</b>	2022 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	993,415	1,075,713

### (b) From continuing operations

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Profit/(loss) attributable to owners of the Company	21,103	(22,709)
	<b>Number of shares</b> <b>2023</b> <b>'000</b>	2022 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	993,415	1,075,713

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 16. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

### (c) From discontinued operation

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Loss attributable to owners of the Company	N/A	(135,574)

	<b>Number of shares</b>	
	<b>2023</b>	2022
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	N/A	1,075,713

The diluted earnings/(loss) per share for both 2023 and 2022 were the same as basic earnings/(loss) per share as there were no potential ordinary share in issue during the years ended 31 March 2023 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 April 2021	2,671	5,262	24,297	32,230
Additions	–	407	5,614	6,021
Disposals	–	(19)	(3,427)	(3,446)
Disposal of a subsidiary	(643)	(4,575)	(23,190)	(28,408)
Exchange realignment	10	74	344	428
At 31 March 2022 and 1 April 2022	2,038	1,149	3,638	6,825
Additions	–	124	–	124
Exchange realignment	–	–	1	1
At 31 March 2023	2,038	1,273	3,639	6,950
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
At 1 April 2021	2,463	1,871	8,211	12,545
Provided during the year	142	710	3,222	4,074
Disposals	–	(7)	(1,375)	(1,382)
Disposal of a subsidiary	(577)	(2,080)	(7,956)	(10,613)
Exchange realignment	10	229	53	292
At 31 March 2022 and 1 April 2022	2,038	723	2,155	4,916
Provided during the year	–	241	729	970
Exchange realignment	–	–	(1)	(1)
At 31 March 2023	2,038	964	2,883	5,885
<b>CARRYING AMOUNT</b>				
At 31 March 2023	–	309	756	1,065
At 31 March 2022	–	426	1,483	1,909

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 18. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>At 31 March</b>		
Right-of-use assets		
– Leased properties	3,682	7,697
	<b>3,682</b>	<b>7,697</b>

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
– Less than 1 year	3,733	4,303
– 1–2 years	312	4,348
	<b>4,045</b>	<b>8,651</b>
<b>Year ended 31 March</b>		
Depreciation charge of right-of-use assets		
– Leased properties	3,640	5,886
– Motor vehicles	–	1,252
	<b>3,640</b>	<b>7,138</b>
Lease interests	276	366
Expenses related to short-term leases	–	421
Total cash outflow for leases ( <i>Note 31(b)</i> )	<b>3,880</b>	<b>9,530</b>
Additions to right-of-use assets	–	12,712

The Group leases various offices under leases expiring from 1 to 2 years (2022: expiring from 2 to 3 years). Some leases include option to renew the lease when all terms are re-negotiated. None of the leases includes variable lease payments. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 19. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation or registration/ operations	Issued and paid up capital	Percentage of equity interests attributable to the Company		Principal activities
			2023	2022	
<b>Direct</b>					
Kingdom Honour Holdings Limited	BVI	USD1	100%	100%	Investment holding
China Golden Holdings Limited	Hong Kong	HK\$100	100%	100%	Loan finance
Radiant Path Developments Limited	BVI	USD1	100%	100%	Investment holding
<b>Indirect</b>					
Hartman Education Enterprise Ltd.	Grenada	USD100	100%	100%	Real estate development
Chong Kin Construction Engineering Limited	Hong Kong	HK\$100	100%	100%	Concrete placing and other ancillary services
Chong Yu Construction Engineering Limited	Hong Kong	HK\$100	100%	100%	Concrete placing and other ancillary services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$'000	2022 HK\$'000
Financial assets mandatorily measured at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	–	27
– Equity securities listed in the United States	–	2,034
	–	2,061

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 21. LOAN AND INTEREST RECEIVABLES

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Loan receivables	140,508	155,000
Interest receivables	7,575	8,645
Provision for loss allowance	(809)	(739)
Loan and interest receivables, net	147,274	162,906
Less: Amounts due for settlement within 12 months shown under current assets	(143,374)	(162,906)
Amounts due for settlement after 12 months shown under non-current assets	3,900	–

Notes:

- (i) Loan receivables to the extent of approximately HK\$140,508,000 (2022: HK\$155,000,000), which arise from the loan finance business to independent third parties in Hong Kong, are denominated in HK\$.
- (ii) Loan receivables are repayable with fixed terms ranging from twelve to twenty four months (2022: three to eighteen months).
- (iii) As at 31 March 2023, loan receivables of approximately HK\$76,608,000 (2022: HK\$95,000,000) bearing interests of 6% to 12% (2022: 12%) per annum, are unsecured and expected to be settled by the borrowers within 1 year.
- (iv) As at 31 March 2023, loan receivables of approximately HK\$60,000,000 (2022: HK\$60,000,000) bearing interests of 12% (2022: 12%) per annum with initial loan period of 18 months. These loan receivables are secured by a first legal charge on several industrial properties in Hong Kong (2022: first legal charge on several industrial properties in Hong Kong).
- (v) As at 31 March 2023, loan receivables of approximately HK\$3,900,000 (2022: HK\$Nil) bearing interests of 10% per annum, are guaranteed by an independent third party and expected to be settled by the borrowers within 2 years.
- (vi) The maturity profile of the loan receivables based on maturity date which are not impaired is as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Past due	60,000	60,000
Not past due, receivable in:		
1 month to 3 months	37,500	40,000
More than 3 months but less than 1 year	39,108	55,000
Over 1 year	3,900	–
	140,508	155,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 22. TRADE AND OTHER RECEIVABLES

	Notes	2023 HK\$'000	2022 HK\$'000
Trade receivables	(i)	137,680	110,957
Retention receivables	(i)	30,648	18,072
Provision for loss allowance	(i)	(6,472)	–
Trade receivables, net		161,856	129,029
Prepayments		6,421	462
Other receivable from the Government of Grenada	(ii)	155,890	155,450
Other receivables		1,889	8,901
Other deposits and prepayments		2,212	2,126
Provision for loss allowance	(iii)	(28,075)	(23,402)
Other receivables, net		138,337	143,537
Total trade and other receivables		300,193	272,566

Notes:

- (i) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 45 days (2022: 0 to 45 days) from payment application date except for retention receivables.

The aging analysis of the trade receivables based on the invoice date and net of loss allowance, is as follows:

	2023 HK\$'000	2022 HK\$'000
0–90 days	94,520	129,029
91–180 days	23,574	–
181–365 days	29,718	–
Over 1 year	14,044	–
	161,856	129,029

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(i) (Continued)

Reconciliation of the loss allowance for trade receivables:

	2023 HK\$'000	2022 HK\$'000
At 1 April	–	6,827
Impairment loss	6,472	–
Disposal of subsidiaries	–	(6,788)
Exchange realignment	–	(39)
At 31 March	6,472	–

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

### At 31 March 2023

	Current (not past due)	Within 90 days past due	91 to 180 days past due	181 to 365 days past due	Over 1 year past due	Total
Weighted average expected loss rate	1%	2%	3%	8%	12%	
Receivable amount (HK\$'000)	58,025	37,476	24,429	32,462	15,936	168,328
Loss allowance (HK\$'000)	(411)	(570)	(855)	(2,744)	(1,892)	(6,472)

### At 31 March 2022

	Current (not past due)	Within 90 days past due	91 to 180 days past due	181 to 365 days past due	Over 1 year past due	Total
Weighted average expected loss rate	0%	0%	0%	0%	0%	
Receivable amount (HK\$'000)	129,029	–	–	–	–	129,029
Loss allowance (HK\$'000)	–	–	–	–	–	–

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Group typically agrees to a retention period of not more than one year after completion of construction projects range from 1% to 10% of the contract value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(ii) On 26 November 2021, the sale and purchase agreement for the acquisition of land parcel in Grenada was terminated between the Government of Grenada and the Group, the Government of Grenada shall return the consideration in the sum of US\$20,000,000 to the Group. Based on the valuation report prepared by independent professional valuers, Vincorn Group Holdings Limited, as at 31 March 2023 the expected recoverable amount in respect of the abovementioned receivable is approximately HK\$129,389,000 (2022: HK\$132,135,000), and an aggregated impairment loss of approximately HK\$26,501,000 (2022: HK\$23,315,000) was recognised as at 31 March 2023.

(iii) Reconciliation of the loss allowance for other receivables:

	2023 HK\$'000	2022 HK\$'000
At 1 April	23,402	35,893
Impairment loss	4,622	23,402
Disposal of subsidiaries	–	(35,690)
Exchange realignment	51	(203)
At 31 March	28,075	23,402

## 23. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

	As at 31 March 2023 HK\$'000	As at 31 March 2022 HK\$'000	As at 1 April 2021 HK\$'000
Contract assets – construction	79,438	55,715	–
Total contract assets	79,438	55,715	–
Contract liabilities – construction	4,823	16,747	–
Total contract liabilities	4,823	16,747	–
Contract receivables (include in trade receivables)	161,856	129,029	–
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:			
– 2022	–	231,838	
– 2023	410,471	12,930	
– 2024	51,166	–	
	461,637	244,768	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 23. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Significant changes in contract assets (before impairment) and contract liabilities during the year:

	2023		2022	
	Contract assets HK\$'000	Contract liabilities HK\$'000	Contract assets HK\$'000	Contract liabilities HK\$'000
Increase due to operations in the year	275,836	163,777	213,176	64,295
Transfer of contract assets to receivables	(252,113)	–	(157,531)	–
Transfer of contract liabilities to revenue	–	(151,853)	–	(80,973)

A contract asset represents the Company's right to consideration in exchange for products or services that the Company has transferred to a customer.

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

In respect of construction contracts in progress at the end of the reporting period, retentions receivable included in trade receivables is approximately HK\$30,648,000 (2022: HK\$18,072,000). The amount of retentions expected to be recovered within one year after completion of construction projects is approximately HK\$30,648,000 (2022: HK\$18,072,000).

## 24. BANK AND CASH BALANCES

	2023 HK\$'000	2022 HK\$'000
Cash at bank	203,490	200,364
Cash on hand	8	8
Bank and cash balances	203,498	200,372
Denominated in:		
ECD (Eastern Caribbean dollar)	6	9
USD	160,852	162,706
CAD (Canadian dollar)	592	–
RMB	175	11
HKD	41,873	37,646
	203,498	200,372

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 24. BANK AND CASH BALANCES (CONTINUED)

At 31 March 2023, the Group's bank balances and cash denominated in RMB amounted to approximately RMB152,000 (2022: RMB9,000), equivalent to approximately HK\$175,000 (2022: HK\$11,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

For the years ended 31 March 2023 and 2022, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

## 25. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	39,976	24,958
Accrued salaries	11,634	10,570
Other accruals	10,098	18,980
Other payables	48,729	33,027
	110,437	87,535

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2023 HK\$'000	2022 HK\$'000
0 to 90 days	19,777	24,958
91 to 180 days	5,549	–
181 to 365 days	14,650	–
	39,976	24,958

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 26. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within 1 year	3,733	4,303	3,624	4,028
Between 1 and 2 years	312	4,348	310	3,934
Less: Future finance charges	4,045 (111)	8,651 (689)		
Present value of lease payments	3,934	7,962	3,934	7,962
Less: Amount within 12 months (shown under current liabilities)			(3,624)	(4,028)
Amount receivable after 12 months			310	3,934

The incremental borrowing rate applied to the lease liabilities was 4.01% (2022: 4.01%).

## 27. DEFERRED TAX

The movements in deferred tax assets are as follows:

	ECL provision in relation to trade receivables HK\$'000	Total HK\$'000
At 1 April 2022	–	–
Credit to profit or loss for the year (Note 13)	1,068	1,068
At 31 March 2023	1,068	1,068

As at 31 March 2023, the Group has unused tax losses of approximately HK\$49,902,000 (2022: HK\$41,542,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 28. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>Amount</b>
			HK\$'000
<b>Authorised</b>			
Ordinary shares of HK\$0.01 each			
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023		2,000,000,000	20,000
<b>Issued and fully paid</b>			
Ordinary shares of HK\$0.01 each			
At 1 April 2021		1,087,486,000	10,875
Shares issued in share subscriptions arrangement	<i>(i)</i>	7,902,000	79
At 31 March 2022, 1 April 2022 and 31 March 2023		1,095,388,000	10,954

Notes:

- (i) During the year ended 31 March 2022, the Group issued 7,902,000 shares to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 26 April 2021 and 30 April 2021.
- (ii) All the shares issued ranked pari passu in all respects with the then existing shares in issue.

On 12 June 2018, the Group as the purchaser entered into a conditional sale and purchase agreement (the "**Conditional Agreement**"), and subsequently revised by a supplementary agreement, with an independent third party as the vendor (the "**Vendor**") to acquire the entire issued share capital and shareholder's loan of Stand East Investment Limited at the total consideration of HK\$458,880,000. The acquisition was completed on 22 October 2018 and the total consideration was settled by the issue of 152,960,000 shares of the Company ("**Consideration Shares**"). Certain of the Consideration Shares shall not be released from the Vendor if the conditions stated in the Conditional Agreement cannot be fulfilled.

On 26 January 2022, the Group and the Vendor mutually agreed and confirmed that the Vendor did not fulfil all the conditions pursuant to the Conditional Agreement and 101,973,340 shares (the "**Recalled Shares**") of the Consideration Shares were not released by the Group. The Recalled Shares were not cancelled as of 31 March 2022 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 29. RESERVES

### (a) Group

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

### (b) Company

	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021	1,103,569	93,580	(434,347)	762,802
Loss for the year	–	–	(245,480)	(245,480)
Issue of shares	45,753	–	–	45,753
At 31 March 2022 and 1 April 2022	1,149,322	93,580	(679,827)	563,075
Profit for the year	–	–	5,944	5,944
At 31 March 2023	1,149,322	93,580	(673,883)	569,019

### (c) Nature and purpose of reserves

#### (i) Share premium account

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 30. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 27 September 2016 so as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, substantial shareholders, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 30. SHARE OPTION SCHEME (CONTINUED)

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the Board of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 27 September 2016, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2023 and 2022.

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

### (a) Disposal of subsidiaries

On 22 October 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East Group and Hua Yao Group at a total consideration of HK\$180,000,000. The Stand East Group and Hua Yao Group represented the whole NEV and Logistics and finance leasing services segment of the Group upon the completion of the disposal, the Group's NEV and Logistics and finance leasing services would be discontinued. The disposal was completed on 4 November 2021, the date on which the control of Stand East Group and Hua Yao Group was passed to the acquirer.

On 15 December 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Newport UK at a total consideration of HK\$11,000,000. Newport UK represented the whole remittances and foreign currency exchange services segment of the Group upon completion of the disposal, the Group's segment on remittances and foreign currency exchange services would be discontinued. The disposal was completed on 17 December 2021, the date on which the control of Newport UK was passed to the acquirer.

On 28 February 2022, the Group through its direct wholly-owned subsidiary, Kingdom Honour Holdings Limited, entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Hartman Group at a total consideration of approximately HK\$638,000. Upon the completion of the disposal, the Group's segment on real estate development would be discontinued. The disposal was completed on 28 February 2022, the date on which the control of Hartman Group was passed to the acquirer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (a) Disposal of subsidiaries (Continued)

The net assets/(liabilities) as at the date of disposal were as follows:

	<b>4 November 2021</b>	<b>17 December 2021</b>	<b>28 February 2022</b>	
	<b>NEV and Logistics and finance leasing services</b>	<b>Remittances and foreign currency exchange services</b>	<b>Real estate development</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	17,548	30	217	17,795
Right-of-use assets	9,926	125	–	10,051
Goodwill	20,112	–	–	20,112
Finance lease receivables	108,151	–	–	108,151
Investment in an associate	11,717	–	–	11,717
Inventories	19,606	–	–	19,606
Trade and other receivables	50,261	16,552	451	67,264
Amount due from a non-controlling shareholder of a subsidiary	25,533	–	–	25,533
Cash and cash equivalent	6,780	2,194	321	9,295
Trade and other payables	(28,809)	(5,756)	(8,869)	(43,434)
Lease liabilities	(5,112)	(132)	–	(5,244)
Current income tax liabilities	–	(544)	–	(544)
Other receivables	27,857	–	–	27,857
<b>Net assets/(liabilities) of subsidiaries</b>	<b>263,570</b>	<b>12,469</b>	<b>(7,880)</b>	<b>268,159</b>
Consideration less transaction costs	179,188	11,000	638	190,826
Carrying amount of net assets/(liabilities) sold	(263,570)	(12,469)	7,880	(268,159)
Reclassification of foreign currency translation reserve	15,946	(633)	(121)	15,192
Release of other reserves	–	–	(338)	(338)
Derecognition of non-controlling interest	13,923	–	–	13,923
<b>(Loss)/gain on disposal of subsidiaries</b>	<b>(54,513)</b>	<b>(2,102)</b>	<b>8,059</b>	<b>(48,556)</b>
Consideration less transaction costs	179,188	11,000	638	190,826
Cash and bank balances	(6,780)	(2,194)	(321)	(9,295)
<b>Net cash inflow from disposal of subsidiaries</b>	<b>172,408</b>	<b>8,806</b>	<b>317</b>	<b>181,531</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (b) Changes in liabilities arising from financing activities

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

	<b>Lease liabilities</b> HK\$'000	<b>Bank borrowings</b> HK\$'000	<b>Amount due to a director</b> HK\$'000	<b>Total liabilities from financing activities</b> HK\$'000
At 1 April 2021	8,950	66	1	9,017
Change in cash flows	(9,109)	(66)	(1)	(9,176)
Non-cash changes				
– Interest expense	584	–	–	584
– Lease modification	12,712	–	–	12,712
– Disposal of subsidiaries	(5,244)	–	–	(5,244)
– Foreign exchange movement	69	–	–	69
At 31 March 2022 and 1 April 2022	7,962	–	–	7,962
Change in cash flows	(3,880)	–	–	(3,880)
Non-cash changes				
– Interest expense	276	–	–	276
– Lease modification	(428)	–	–	(428)
– Foreign exchange movement	4	–	–	4
At 31 March 2023	3,934	–	–	3,934

## 32. CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could be subject to judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

## 33. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 12.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK\$'000	2022 HK\$'000
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	104	304
Right-of-use assets	3,682	7,082
Amounts due from subsidiaries	580,765	564,846
	584,551	572,232
<b>CURRENT ASSETS</b>		
Deposits, prepayments and other receivables	2,131	2,505
Bank and cash balances	2,338	11,472
	4,469	13,977
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,846	1,619
Current income tax liabilities	3,267	3,267
Lease liabilities	3,624	3,360
	8,737	8,246
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(4,268)	5,731
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	310	3,934
<b>NET ASSETS</b>	579,973	574,029
<b>EQUITY</b>		
Share capital	10,954	10,954
Reserves	569,019	563,075
<b>TOTAL EQUITY</b>	579,973	574,029

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 35. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 28 April 2023, the Board resolved that a Buy-back Offer will be made to buy-back for cancellation of up to 120,000,000 Shares, representing approximately 10.96% of the issued share capital of the Company, subject to the Company's Shareholders' approval. It is proposed that each Share bought-back will be exchanged for one Adjusted Share of Kingdom Honour Holdings Limited ("**Kingdom**"), a wholly-owned subsidiary of the Company, under the Buy-back Offer.

Shares bought-back will be cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. Accordingly, the issued share capital of the Company will be decreased by the nominal value of the Shares being bought-back. Upon full acceptance of the Buy-back Offer, the entire shareholding in Kingdom will be in effect disposed of by the Company to the Shareholders who accepts the Buy-back Offer.

Refer to the Company's announcement on 28 April 2023 for details of the Buy-back Offer.

## 36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 June 2023.

## FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>CONTINUING OPERATIONS</b>					
Revenue	489,525	344,173	67,323	518,631	420,867
Profit/(loss) before taxation	25,220	(18,325)	92,604	(237,534)	(106,197)
Income tax expense	(4,117)	(4,384)	(1,885)	(8,420)	(998)
Profit/(loss) for the year from continuing operations	21,103	(22,709)	90,719	(245,954)	(107,195)
<b>DISCONTINUED OPERATIONS</b>					
Loss for the year from discontinued operations	–	(136,470)	(237,394)	–	–
Profit/(loss) for the year	21,103	(159,179)	(146,675)	(245,954)	(107,195)
Attributable to:					
Owners of the Company	21,103	(158,283)	(136,062)	(247,043)	(106,092)
Non-controlling interests	–	(896)	(10,613)	1,089	(1,103)
	21,103	(159,179)	(146,675)	(245,954)	(107,195)
<b>At 31 March</b>					
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	736,218	703,226	874,654	916,108	1,490,131
Total liabilities	(132,059)	(119,924)	(58,760)	(237,613)	(736,596)
	604,159	583,302	815,894	678,495	753,535
Attributable to owners of the Company	604,159	583,302	801,374	655,690	730,063
Non-controlling interests	–	–	14,520	22,805	23,472
	604,159	583,302	815,894	678,495	753,535