

Yield Go Holdings Ltd. 耀高控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock code : 1796

2024
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Man Hoi Yuen (*Chairman*)
(resigned on 3 January 2024)
Ms. Ng Yuen Chun (resigned on 3 January 2024)
Mr. Ho Chi Hong (resigned on 3 January 2024)
Mr. Zheng Gang (resigned on 3 January 2024)
Mr. Lin Zheng (resigned on 3 January 2024)
Mr. Zheng Chenhui
Mr. Liang Wenzhi (*Chairman*)
(appointed on 29 November 2023)
Mr. Han Dongguang (appointed on 29 November 2023)
Mr. Kang Ruipeng (appointed on 29 November 2023)

Non-executive Directors

Mr. Chen Jian (resigned on 3 January 2024)
Mr. Chen Yidong
Mr. Zhou Danqing (appointed on 29 November 2023)

Independent Non-executive Directors

Mr. Chan Ka Yu (resigned on 3 January 2024)
Dr. Lo Ki Chiu (resigned on 3 January 2024)
Mr. Leung Wai Lim (resigned on 3 January 2024)
Mr. Ma Hon Yiu (resigned on 3 January 2024)
Mr. He Jianyu (appointed on 29 November 2023)
Mr. Zhou Di (appointed on 29 November 2023)
Ms. Meng Xiaoying (appointed on 29 November 2023)
Mr. Cheng Pak Lam (appointed on 29 November 2023)

AUDIT COMMITTEE

Mr. Chan Ka Yu (*Chairman*)
(resigned on 3 January 2024)
Dr. Lo Ki Chiu (resigned on 3 January 2024)
Mr. Leung Wai Lim (resigned on 3 January 2024)
Mr. Cheng Pak Lam (*Chairman*)
(appointed on 29 November 2023)
Mr. He Jianyu (appointed on 29 November 2023)
Mr. Zhou Di (appointed on 29 November 2023)

REMUNERATION COMMITTEE

Mr. Leung Wai Lim (*Chairman*)
(resigned on 3 January 2024)
Mr. Chan Ka Yu (resigned on 3 January 2024)
Dr. Lo Ki Chiu (resigned on 3 January 2024)
Mr. Cheng Pak Lam (*Chairman*)
(appointed on 29 November 2023)
Mr. He Jianyu (appointed on 29 November 2023)
Mr. Zhou Di (appointed on 29 November 2023)

NOMINATION COMMITTEE

Mr. Man Hoi Yuen (*Chairman*)
(resigned on 3 January 2024)
Mr. Chan Ka Yu (resigned on 3 January 2024)
Mr. Leung Wai Lim (resigned on 3 January 2024)
Mr. Cheng Pak Lam (*Chairman*)
(appointed on 29 November 2023)
Mr. Zhou Di (appointed on 29 November 2023)
Mr. Kang Ruipeng (appointed on 29 November 2023)

COMPANY SECRETARY

Mr. Siu Wing Kin

AUTHORISED REPRESENTATIVES

Mr. Siu Wing Kin
Mr. Kang Ruipeng

REGISTERED OFFICE

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

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3, 32/F
Cable TV Tower
No. 9 Hoi Shing Road
Tsuen Wan, New Territories
Hong Kong

LEGAL ADVISER

As to Hong Kong Law

David Fong & Co.
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

AUDITORS

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

COMPANY'S WEBSITE

www.yield-go.com

STOCK CODE

1796

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Yield Go Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I hereby present the annual report of the Group for the year ended 31 March 2024 (the "**Review Year**") to all the shareholders.

Following the lift of COVID-19 restrictions, especially after the reopening of the border with Mainland China, Hong Kong has gradually returned to normalcy. The arrival of Mainland tourists to Hong Kong has resulted in some profits for industries such as tourism, F&B, and retail, although the positive impact has been tempered by the overall downward economic environment and conservative consumer behaviour. Taking a broader perspective, data released by the Financial Secretary on January 14th 2024 reveals that Hong Kong's GDP has increased by 3.2% for the entire year in 2023. Among developed economies, this growth rate is still considered to be at a relatively good level.

For the fitting-out industry, the lifting of epidemic control measures has brought about certain positive impacts on the operation side such as cost reduction and shortened construction periods. Furthermore, fitting-out contractors also benefited from the border reopening with the mainland. This policy shift has led to a positive turnaround in their business conditions for retail and F&B industries, leading to a surge of new store establishments and subsequently increasing the demand for renovation projects. Moreover, mainland Chinese companies are viewing Hong Kong as a strategic base for international expansion, establishing offices and generating new fitting-out projects. Under the influence of these factors, the fitting-out industry is gradually emerging from the shadow and moving towards normal operational conditions.

Our Group is an established fitting-out contractor in Hong Kong with over 28 years of experience since the establishment of our principal operating subsidiary, Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**"), in 1995. We specialise in project management and implementation, while entrusting on-site labour-intensive tasks to our trusted subcontractors, with whom we have maintained long-standing relationships. Despite unfavourable business conditions in recent years, our Group has managed to sustain a relatively stable stream of business income thanks to our extensive experience and strong industry reputation.

For the Review Year, the Group's total revenue amounted to approximately HK\$460.3 million, representing an increase of approximately 123.6% compared to that of the year ended 31 March 2023 ("**FY2023**"), attributable to the increasing number of contracts we obtained during the Review Year. The gross profit margin of the Group for the Review Year was at approximately 4.4%, showing a slight decrease compared to FY2023.

While the challenging environment and geopolitical conflicts may continue to impact global economic development in 2024, the Hong Kong economy is expected to rebound and regain its growth momentum with the recovery of the mainland Chinese economy. According to HSBC's Chief Economist for Asia, it is estimated that Hong Kong's economy will continue to grow steadily in 2024, with a projected growth rate of 2.8%.

In order to promote economic growth and maintain Hong Kong's status as the Asia-Pacific financial centre, the Hong Kong government has implemented various policies to attract talent and encourage investment. On 28 February 2024, the government lifted the cooling measures in the property market including buyer's stamp duty, new residential stamp duty and special stamp duty, triggering a buying frenzy and leading to a surge in property transactions. According to data from Midland Realty, there were over 4,200 new property transactions in March 2024, more than 14 times the previous month, reaching a record high for a single month since 1998. This buying frenzy has brought potential business opportunities for the fitting-out industry, though the long-term impact remains to be seen.

Chairman's Statement

As a fitting-out company with decades of experience in Hong Kong, we have earned a highly recognised reputation in the industry. Despite changing external circumstances, our commitment to customer satisfaction and delivering professional, high-quality renovation services remains unwavering. After experiencing the impact of the pandemic, our company finally began to regain momentum in the last fiscal year and secured considerable business opportunities. This achievement is a result of the dedicated efforts of our entire team and the trust and support of our valued customers and investors. Moving forward, we will continue to seize opportunities and strive to generate better returns for our Group and shareholders.

Liang Wenzhi

Chairman and Executive Director

Management Discussion and Analysis

INDUSTRY OVERVIEW

In 2023, the world experienced a mix of turbulence and opportunities. As a financial hub intertwined with the global economic climate and the trajectory of mainland China's economy, Hong Kong witnessed a notable rebound in its GDP, shifting from a negative growth of 2.2% in 2022 to a positive growth of 3.2% in 2023. This resurgence can be attributed to the relaxation of COVID-19 control measures and the reopening of borders with mainland China.

For the fitting-out industry in Hong Kong, the review year unfolded with a blend of prospects and challenges. On one hand, there was a surge in opportunities. The recovery of the economy has led to an increase in the opening of new stores and offices, as well as an increase in the leasing and selling of units in shopping malls and office buildings. This surge translated into a significant uptick in new renovation projects, sweeping away the gloom brought by the pandemic-related construction stagnation.

On the other hand, the renovation industry is facing structural challenges in terms of operations. One of the most severe challenges is the rising cost of labour. Due to the limited number of experienced renovation workers in Hong Kong and the continuous increase in wages, renovation companies found themselves compelled to expand their expenditures on human resources.

BUSINESS REVIEW

The Group is an established fitting-out contractor in Hong Kong with decades of experience since the establishment of one of its principal operating subsidiaries, Hoi Sing Decoration Engineering Company Limited ("**Hoi Sing Decoration**"), in 1995. The Group's fitting-out services cover both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works. Hoi Sing Decoration and Milieu Wooden Company Limited ("**Milieu**"), an indirect wholly-owned subsidiary of the Company, are registered under the voluntary Subcontractor Registration Scheme of the Construction Industry Council. Their services are mainly offered to residential and commercial properties in Hong Kong on a project basis.

The Group's sources of revenue are grouped into two categories: residential and non-residential fitting-out services. During the Review Year, the Group's revenue more than doubled to approximately HK\$460.3 million (FY2023: HK\$205.9 million). The increase was primarily attributable to the growing number of projects in the market after COVID-19. Due to the current fierce industry competition, the Group's gross profit margin decreased 1.5 percentage points from 5.9% in FY2023 to 4.4% in the Review Year.

OUTLOOK

In the future, the global economic landscape will likely continue to be influenced by factors such as conflicts and geopolitical tensions, which may keep growth rates relatively subdued. Mainland China, facing external trade pressures and internal structural issues, is also experiencing a slowdown in terms of its growth rate, albeit recovering slowly. As a crucial gateway between China and the rest of the world, Hong Kong's economy is not expected to exhibit significant growth rates from a macro perspective.

In response to the challenges faced in recent years, the Hong Kong government has initiated several schemes to support the city's economy and local businesses. These include measures designed to attract overseas talent, financial support to stimulate domestic consumption, and plans for large-scale infrastructure projects across the city.

Management Discussion and Analysis

The renovation industry, despite experiencing a period of decline in recent years, is poised for a substantial recovery and growth in the future. In the short term, the removal of cooling measures in the property market by the Hong Kong government, including buyer's stamp duty, new residential stamp duty and special stamp duty, has triggered an immediate surge in property transactions, creating lucrative business opportunities for the renovation industry. Looking further ahead, the Hong Kong government is strategically planning to develop the northern region of the New Territories in order to establish a secondary city centre. This ambitious Northern Metropolis initiative aims to address the persistent issue of overcrowding in the urban areas of Hong Kong. The planned development is anticipated to bring forth a multitude of large-scale construction projects, presenting significant opportunities for professionals within the building industry, including renovation companies.

Drawing on its extensive market expertise, the Group sees the potential for growth and prosperity within the fitting-out industry, while acknowledges the need to adeptly navigate the market's intricacies and adapt to evolving circumstances. In light of this, the Group intends to pursue business strategies that combine enthusiasm and prudence, aiming to strike a harmonious balance between expansion and stability in its future endeavours.

FINANCIAL REVIEW

Revenue

During the Review Year, the Group's revenue increased by approximately HK\$254.4 million or 123.6% to approximately HK\$460.3 million (FY2023: approximately HK\$205.9 million). Such increase was primarily due to the increase in the number of large-sized projects undertaken by the Company following the economic recovery after the COVID-19 pandemic during the Review year.

Gross Profit and Gross Profit Margin

During the Review Year, the Group's gross profit increased by approximately HK\$8.1 million to approximately HK\$20.2 million (FY2023: approximately HK\$12.1 million). The gross profit margin for the Review Year was approximately 4.4% (FY2023: approximately 5.9%). The increase in gross profit was due to the increase in sizeable project undertaken during the Review Year. However, the gross profit margin decreased by 1.5 percentage points resulted from the current fierce industry competition.

Other Gains

During the Review Year, the Group recorded other gains of approximately HK\$290,000 (FY2023: approximately HK\$1,000).

Administrative and Other Operating Expenses and Provision for Expected Credit Losses ("ECL") Allowance

During the Review Year, the Group's administrative and other operating expenses and provision for expected credit losses ("ECL") allowance decreased by approximately HK\$6.2 million or 24.5% to approximately HK\$19.1 million (FY2023: approximately HK\$25.3 million). Such decrease was primarily due to (i) a settlement payment of HK\$7.0 million for litigations involving the Group in FY2023; (ii) decrease in legal fee of approximately HK\$3.2 million incurred during the Review Year; and (iii) the provision for ECL allowance increased by 2.1 million to approximately HK\$2.5 million (FY2023: approximately HK\$0.4 million).

Finance Costs

During the Review Year, the Group's finance costs increased by approximately HK\$0.3 million to approximately HK\$5.8 million (FY2023: approximately HK\$5.5 million). Such increase was primarily due to the existing borrowings that started from May 2022, with only eleven months interest recorded during FY2023, as compared to the whole year for FY2024.

Management Discussion and Analysis

Net Loss

During the Review Year, loss and total comprehensive expense attributable to equity holders of the Company decreased by approximately HK\$14.3 million to appropriately HK\$4.4 million (FY2023: approximately HK\$18.7 million). Such decrease was primarily due to (1) the increase in the revenue and gross profit following the continued overall economic recovery as discussed above; and (2) the decrease in administrative and other operating expenses during the Review Year as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Review Year, there was no change in capital structure of the Group. The capital of the Company comprises only ordinary shares. As at 31 March 2024, the Company's issued capital was HK\$4.8 million and the number of issued ordinary shares of the Company (the "Shares") was 480,000,000 Shares of HK\$0.01 each.

As at 31 March 2024, the Group had total cash and bank balances and restricted cash of approximately HK\$52.6 million (FY2023: approximately HK\$20.1 million). Such increase was due to the net effect of net cash generated from operating activity of approximately HK\$32.5 million.

The Group's gearing ratio, calculated as total borrowings (including total interest-bearing liabilities and amount due to a director) divided by the total equity, increased from approximately 48.5% as at 31 March 2023 to approximately 55.0% as at 31 March 2024. The increase was primarily due to increase in interest payables during the Review Year.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PRINCIPAL RISKS AND UNCERTAINTIES

Our Directors are aware that our Group is exposed to various risks and uncertainties.

The following are the key risks and uncertainties faced by our Group:

Industry Risks

Some of our competitors may have more resources, longer operating histories, stronger relationships with customers and reputable brand names and therefore we may face competition from other existing and/or new contractors in the tender process for fitting-out projects. Due to the large number of competitors, we may face significant downward pricing pressure thereby reducing our profit margins. If we cannot adapt effectively to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services may not be attractive to customers and our business may be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. If we fail to maintain our competitiveness in the future, our business, financial condition and results of operation may be materially and adversely affected.

Management Discussion and Analysis

Compliance Risks

Many aspects of our business operation are governed by various laws and regulations and government policies. There is no assurance that we will be able to respond to any such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of the requirements for qualification in the fitting-out industry in relation to environmental protection and labour safety, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected. Our executive Directors would hold regular meetings to ensure our Group's operations are in compliance with all applicable statutory requirements.

Uncertainties in Work Progress

We rely on the due and timely performance of our subcontractors for the timely delivery of our works. If our subcontractors' performance is not up to standard, we may not be able to rectify the substandard work or engage another subcontractor in time or at all. We may also not be able to replace materials of inferior quality procured by our subcontractors in time or at all or unless at extra costs. Any material non-performance, delayed performance or substandard performance of our subcontractors could result in deterioration of our service quality or unexpected delays in our scheduled completion time or even our ability to complete our projects, which could in turn damage our reputation, and potentially expose us to liability under the main contracts with our customers.

Failure to Guarantee New Business

Our revenue is typically derived from projects which are non-recurring in nature and our customers are under no obligation to award projects to us. During the Review Year, we secured new businesses mainly through direct invitation for quotation or tender by customers.

We cannot assure you that (i) we will be invited to provide quotations or participate in the tendering process for new projects; and (ii) our submitted quotations and tenders will be selected by customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. In the event that we fail to secure new contracts or there is a significant decrease in the number of tender/quotation invitations in the future, our business, financial position and prospects may be materially and adversely affected.

Our Directors believe that the public listing status will enhance our corporate profile and brand awareness among business stakeholders such as customers, contractors, project owners and government authorities. We believe that the public listing status will strengthen our internal control and corporate governance practices, which in turn would bolster our customers' and suppliers' confidence in us and attract potential new customers, as well as quality suppliers and subcontractors. Customers would tend to give preference to contractors who have a public listing status with good reputation, transparent financial disclosures and regulatory supervision. Our Directors believe that we will be able to maintain our competitiveness among the market leaders and differentiate ourselves from other competitors which are private companies during the tendering process, thus enhancing our success rate in securing sizeable projects.

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 31 March 2024, the Group did not have any pledge of assets.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	92	92

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Review Year, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any future plans for material investments or capital assets during the Review Year.

FUND-RAISING ACTIVITIES

On 22 April 2024 (after trading hours), the Company and Wealth Link Securities Limited (the "Placing Agent") entered into the placing agreement dated 22 April 2024 (the "Placing Agreement"), in relation to the placing (the "Placing") of up to 24,000,000 Placing Shares. As the conditions precedent as set out in the Placing Agreement were not fulfilled by 28 May 2024, being the long stop date of the Placing Agreement, the Placing Agreement has lapsed and the Placing did not proceed. Further details were disclosed in the announcements of the Company dated 23 April 2024, 7 May 2024 and 28 May 2024.

Management Discussion and Analysis

CHANGE OF CONTROLLING SHAREHOLDERS

Yuan Feng Ventures Limited (“**Yuan Feng**”) has executed a share charge over the 360,000,000 Shares held by Yuan Feng, in favour of Ultra Accord Limited (“**Ultra Accord**”) as a security for the loan facility granted by Ultra Accord. The share charge was released on 6 March 2024. Accordingly, each of Ultra Accord and Ms. Chu Chui Ling, the sole shareholder of Ultra Accord, ceased to have a security interest in the 360,000,000 Shares under the share charge.

On 4 March 2024, Yuan Feng has executed a share charge (“**TFL Share Charge**”) over the 360,000,000 Shares held by Yuan Feng, in favour of Tse’s Finance Limited (“**Tse’s Finance**”) as a security for the loan facility granted by Tse’s Finance. As such, under the SFO, Tse’s Finance is taken to have a security interest of the 360,000,000 Shares under the TFL Share Charge.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group employed a total of 69 full-time employees (including four executive Directors and two non-executive Directors but excluding four independent non executive Directors) as compared to a total of 58 full-time employees as at 31 March 2023 (including six executive Directors and two non-executive Directors but excluding four independent non-executive Directors).

The remuneration packages that the Group offers to employees include salary, discretionary bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee’s qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the Review Year was approximately HK\$25.3 million compared to approximately HK\$22.6 million in FY2023.

The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group’s operating results, individual performance and comparable market statistics.

Management Discussion and Analysis

DIVIDEND

The Board has resolved not to declare any dividend for the Review Year (FY2023: nil).

DIVIDEND POLICY

The Board endeavors to strike a balance between the interests of the shareholder and prudent capital management with a sustainable dividend policy. In proposing any dividend payout, the Board shall take into consideration of, among others, the following factors:

1. operations and financial performance;
2. profitability;
3. business development;
4. prospects;
5. capital requirements;
6. economic outline; and
7. any other factors that the Board consider appropriate.

The Board will review the dividend policy as appropriate from time to time.

Biographical Details of the Directors and Senior Management

Biographical details of the Directors and senior management are set out as follows:

DIRECTORS

Executive Directors

Mr. Zheng Chenhui (鄭晨輝) ("Mr. Zheng"), aged 45, was appointed as our executive Director on 1 October 2022. He has over 18 years of experience in sales and marketing. From September 2003 to November 2006, Mr. Zheng served as a sales manager at the Beijing Branch of Fujian Start Group Co. Ltd* (福建實達電腦集團股份有限公司北京分公司), a company principally engaged in the sales of computers and ancillary devices, office devices, telecommunications devices and home appliances and provision of technological consulting and related services related to computers, where he was primarily responsible for sales and marketing. From November 2006 to August 2013, Mr. Zheng worked for Biovin Electronic Co., Ltd.* (北京標映電子科技有限公司) (which was deregistered in August 2017), a company principally engaged in the assembly of electronic devices, technological development and sales of electronic products, computers, software and ancillary devices and trading of products, with his last position as a director and he was primarily responsible for sales and marketing. From November 2016 to December 2018, Mr. Zheng worked for Beijing Xiaohe Technology Co., Ltd.* (北京小禾科技有限公司) (which was deregistered in September 2019), a company principally engaged in the development and sales of software applied in automotive electronics, optical products and mobile applications, with his last position as general manager. Mr. Zheng is currently a director of Shenzhen Dsit Technology Co., Ltd.* (深圳點石創新科技有限公司), a company principally engaged in, amongst others, the technological development and sales of electronic components, integrated circuits, optoelectronic products, semiconductors, solar energy products, instrument components, digital televisions, telecommunication products, traffic management solutions, road traffic facilities, broadcasting equipment, electronic equipment for use in aviation and testing equipment, where he is primarily responsible for sales and marketing. Mr. Zheng has been a sales director of Beijing Zhexing Information Technology Co., Ltd.* (北京浙星資訊技術有限公司) since December 2018, a company principally engaged in the development and sales of mobile applications, electronic payment platforms and point of sales systems. Since September 2019, Mr. Zheng has been a director of Silk Chain Limited, a company principally engaged in the trading of circuit boards, integrated circuits, electronic components, and other electronic products, and he is primarily responsible for overall business management, strategic planning and daily operation.

Mr. Zheng has entered into a service agreement with the Company for an initial term of three years commencing on 1 October 2022 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Zheng is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and he is also entitled to a discretionary bonus with reference to his performance and the operating results of the Group.

As at the date of this report, save as disclosed above, Mr. Zheng (i) has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not have any interest in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO; and (iii) does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

* For identification purpose only

Biographical Details of the Directors and Senior Management

Mr. Liang Wenzhi (梁文志) (“Mr. Liang”), aged 40, was appointed as our executive Director on 29 November 2023. He is the chairman of our Board, and is mainly responsible for overall management, strategic development and major decision making of our Group.

Mr. Liang has over five years of experience in the cultural and travel industry and over ten years of experience in the management consulting industry. Mr. Liang has since September 2021 been the president of Shenzhen Yuanfeng Cultural and Travel Industry Development Company Limited* (深圳圓豐文化旅遊產業發展有限公司), a company principally engaged in development, planning and design, preparation and management of cultural tourism-related projects and investment in cultural tourism, and the president of Shenzhen Yuanfeng Enterprise Management Company Limited* (深圳元豐企業管理有限公司), a company principally engaged in corporate management consulting, business information consulting and marketing planning. Mr. Liang has since February 2023 been the non-executive director of China Investment Fund Company Limited (currently known as Ding Yi Feng Holdings Group International Limited), a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 612). Mr. Liang obtained a bachelor’s degree majoring in foreign languages in June 2006 from the Wuhan Institute of Technology in Hubei Province, the PRC.

Mr. Liang has entered into a service agreement with the Company for an initial term of three years commencing on 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Liang is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Mr. Liang (i) has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not have any interest in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO; and (iii) does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Mr. Han Dongguang (韓東廣) (“Mr. Han”), aged 39, was appointed as our executive Director on 29 November 2023. He is mainly responsible for overall business management, strategic planning and looking for potential investment projects to expand the business sector of the Group in the Mainland China and Hong Kong.

Mr. Han has over 13 years of experience in the asset management and financial services. Mr. Han has since February 2023 been the chief risk officer and chief private banker of Shenghe Family Enterprise Management Co., Ltd.* (深圳晟禾家族企業管理有限公司), a company principally engaged in the management of family assets. Prior to that, Mr. Han was the chief risk officer of Xi’an Youfa Investment Management Co., Ltd.* (西安友發投資管理有限公司), a company principally engaged in the management of investment, assets, equities and funds, from July 2020 to February 2023. Mr. Han obtained a bachelor’s degree majoring in finance in July 2007 from the Harbin University of Commerce in Heilongjiang Province, the PRC. Mr. Han has been a fellow member of the Association of International Accountants (FAIA) since April 2023, an International Certified Public Accountant (ICPA) since January 2023, a member of The Forensic CPA Society (FCPAS) since July 2023, and a member of the Chartered Valuation Analyst (CVA) Institute since January 2020.

Mr. Han has entered into a service agreement with the Company for an initial term of three years commencing on 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Han is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

* For identification purpose only

Biographical Details of the Directors and Senior Management

As at the date of this report, save as disclosed above, Mr. Han (i) has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not have any interest in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO; and (iii) does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Mr. Kang Ruipeng (康睿鵬) (“Mr. Kang”), aged 42, was appointed as our executive Director on 29 November 2023. He is also our chief executive officer and is mainly responsible for overseeing the day-to-day operation and management of our Group. He is a member of our nomination committee.

Mr. Kang has over 5 years of experience in property construction and development and over 13 years of experience in corporate social relations, top-level design of corporate development strategic planning, and corporate investment and financing. Mr. Kang has since 2018 been the president of Zhongxu Guanhong Holding Group Co., Ltd.* (中旭冠閣控股集團有限公司), a conglomerate that focuses on the innovation and transformation of traditional enterprises and integrates industrial revitalization and capital operation. Mr. Kang obtained a diploma in traffic operation management from Hebei Transportation Vocational and Technical College in Hebei Province, the PRC, in 2004.

Mr. Kang has entered into a service agreement with the Company for an initial term of three years commencing on 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Kang is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Mr. Kang (i) has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not have any interest in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO; and (iii) does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

* For identification purpose only

Biographical Details of the Directors and Senior Management

Non-executive Directors

Mr. Chen Yidong (陳怡冬) (“Mr. Chen”), aged 28, was appointed as our non-executive Director on 1 October 2022. He has over four years of experience in trading of commodities. Mr. Chen has been a director of Xiamen Dinglong Trading Company Limited* (廈門錠龍貿易有限公司) since September 2019, which is principally engaged in trading business. Mr. Chen has also been a director of China Yong Energy (Xiamen) Co., Ltd.* (華永能源廈門有限公司) since November 2019, a company principally engaged in the trading of commodities such as steel and property investment.

Mr. Chen has entered into a service agreement with the Company for an initial term of three years commencing on 1 October 2022 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Chen is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee and he is also entitled to a discretionary bonus with reference to his performance and the operating results of the Group.

As at the date of this report, save as disclosed above, Mr. Chen (i) has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not have any interest in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO; and (iii) does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

Mr. Zhou Danqing (周丹青) (“Mr. Zhou DQ”), aged 36, was appointed as our non-executive Director on 29 November 2023. Mr. Zhou DQ has over 13 years of experience in corporate finance. He has since 2020 been a manager of Ultra Accord Limited, a company principally engaged in money lending business in Hong Kong. Mr. Zhou DQ obtained a bachelor’s degree in business administration from the Chinese University of Hong Kong. He is a Chartered Financial Analyst, a Financial Risk Manager charter-holder, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and a member of the Association of Chartered Certified Accountants.

Mr. Zhou DQ has entered into a service agreement with the Company for an initial term of three years commencing on 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the agreement. The amount of emoluments paid for the Review Year to Mr. Zhou DQ is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Mr. Zhou DQ (i) has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not have any interest in the shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO; and (iii) does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

* For identification purpose only

Biographical Details of the Directors and Senior Management

Independent Non-Executive Directors

Mr. He Jianyu (何建宇) (“Mr. He”), aged 40, was appointed as our independent non-executive Director on 29 November 2023. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is a member of each of our audit committee and remuneration committee.

Mr. He has years of experience in investment in the jewelry industry. Mr. He has since 2020 been the general manager of Shenzhen Kaicheng Jewelry and Gold Industry Co., Ltd.* (深圳市凱程珠寶金業有限公司), a company principally in the trading of jewelry, gold and precious metal.

Mr. He has entered into a letter of appointment for a fixed term of three years with effect from 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director’s fee of HK\$10,000. The amount of emoluments paid for the Review Year to Mr. He is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Mr. He has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Mr. Zhou Di (周地) (“Mr. Zhou Di”), aged 59, was appointed as our independent non-executive Director on 29 November 2023. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is a member of each of our audit committee, remuneration committee and nomination committee.

Mr. Zhou Di has over 14 years of experience in the cultural and travel industry and over five years of experience in marketing operation. Mr. Zhou Di has since January 2021 been the general manager of Longxing New Cultural Tourism Development (Shenzhen) Co., Ltd.* (龍行新文旅發展(深圳)有限公司), a company principally engaged in tourism resource development, marketing, sales and development of tourism supplies, cultural tourism, and investment in projects under the sports, tourism and catering industries. Mr. Zhou Di obtained a bachelor’s degree majoring in finance in July 1984 from GuiZhou University of Finance and Economics in Guizhou Province, the PRC.

Mr. Zhou Di has entered into a letter of appointment for a fixed term of three years with effect from 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director’s fee of HK\$10,000. The amount of emoluments paid for the Review Year to Mr. Zhou Di is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Mr. Zhou Di has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

* For identification purpose only

Biographical Details of the Directors and Senior Management

Ms. Meng Xiaoying (孟小楹) (“Ms. Meng”), aged 41, was appointed as our independent non-executive Director on 29 November 2023. She is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group.

Ms. Meng has over seven years of experience in the cultural and travel industry and over ten years of experience in marketing. Ms. Meng has since August 2021 been the general manager of Yingyun Cultural (Shenzhen) Co., Ltd.* (楹運文創(深圳)有限公司), a company principally engaged in literary and artistic creation, event planning, education consulting, and cultural and artistic exchange events. Ms. Meng has also been the general manager of Shenzhen Yingyun Health Management Co., Ltd.* (深圳楹運健康管理有限公司), a company principally engaged in health consulting services, health care services, and the sales of health food. Ms. Meng obtained a bachelor’s degree majoring in marketing in July 2017 from China University of Geosciences in Hubei Province, the PRC.

Ms. Meng has entered into a letter of appointment for a fixed term of three years with effect from 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the appointment. She is entitled to an annual director’s fee of HK\$10,000. The amount of emoluments paid for the Review Year to Ms. Meng is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Ms. Meng has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. She is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does she have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Mr. Cheng Pak Lam (鄭柏林) (“Mr. Cheng”), aged 34, was appointed as our independent non-executive Director on 29 November 2023. He is mainly responsible for overseeing the management independently and providing independent judgment on our strategy, performance, resources and standard of conduct of our Group. He is the chairman of each of our audit committee, remuneration committee and nomination committee.

Mr. Cheng has ten years of experience in audit and finance. Mr. Cheng has since April 2022 been the chief financial officer of Max Team Engineering Limited, a company principally engaged in maritime construction and vessel chartering services in Hong Kong. Mr. Cheng obtained a bachelor’s degree majoring in accounting in 2012 from Flinders University, Adelaide, Australia. Mr. Cheng is a fellow member and practising member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. From August 2022 to April 2023, Mr. Cheng was an independent non-executive director of Amuse Group Holding Limited, a company listed on GEM of the Stock Exchange (stock code: 8545).

Mr. Cheng has entered into a letter of appointment for a fixed term of three years with effect from 29 November 2023 and will continue thereafter until terminated in accordance with the terms of the appointment. He is entitled to an annual director’s fee of HK\$10,000. The amount of emoluments paid for the Review Year to Mr. Cheng is set out in note 12 to the consolidated financial statements for the Review Year in this report. Such remuneration/emoluments will be reviewed annually by the Board and the remuneration committee.

As at the date of this report, save as disclosed above, Mr. Cheng has not held any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. He is not connected with any Directors, senior management, substantial or controlling shareholders of the Company, nor does he have any interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

* For identification purpose only

Biographical Details of the Directors and Senior Management

Saved as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51(2)(a) to (e) and (g) of the Listing Rules during the Review Year. The Board is not aware of any information that ought to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters that ought to be brought to the attention of the shareholders of the Company.

Senior Management

Mr. Siu Wing Kin (蕭永健) (“Mr. Siu”), aged 53, joined our Group in November 2017 and is our company secretary and financial controller. Mr. Siu is mainly responsible for overall management of financial matters and company secretarial matters of our Group. Mr. Siu has over 28 years of audit, accounting and financial management experience. Mr. Siu obtained a degree of Bachelor of Economics (major in accounting) from The University of Sydney in Australia in June 1996. He is also a member of The Hong Kong Institute of Certified Public Accountants.

From July 1996 to July 2001, Mr. Siu worked for S.N. Tsang & Co., at which his last position was audit manager. Mr. Siu joined Mayor Packaging Enterprises (1968) Ltd. as a finance and administration manager from June 2001 to January 2005. He then joined CCT Telecom (HK) Limited as a finance manager from August 2006 to October 2008. He worked for Hayco (Hong Kong) Limited as a finance manager from May 2013 to June 2014. From September 2014 to October 2017, Mr. Siu worked for Mega Precision Technology Limited at which his last position was deputy chief operation officer.

Ms. Cheung Lai Yi (張麗儀) (“Ms. Cheung”), aged 50, joined our Group in November 1997 and is our administration and account manager. Ms. Cheung is mainly responsible for overall management of human resources and administrative matters of our Group. She has over 25 years of administrative experience. Ms. Cheung attended secondary education. Prior to joining our Group, Ms. Cheung worked as a QA inspector in AST Research (Far East) Limited from November 1994 to January 1996.

Corporate Governance Report

The Group recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability because the Group believes that is the best way to maximise our shareholder's value.

The Company has adopted and applied the principles as set out in "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with all the code provisions set out in the CG Code ("**Code Provisions**") from time to time. During the Review Year and up to the date of this report, the Company has complied with all the applicable Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the Review Year and up to the date of this report.

THE BOARD

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. As at the date of this report, the Board is chaired by Mr. Liang Wenzhi and comprised of ten members including four executive Directors, two non-executive Directors and four independent non-executive Directors.

Biographical details of the Directors and relationship between Board members are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

Executive Directors:

Mr. Man Hoi Yuen (*Chairman*) (resigned on 3 January 2024)
Ms. Ng Yuen Chun (resigned on 3 January 2024)
Mr. Ho Chi Hong (resigned on 3 January 2024)
Mr. Zheng Gang (resigned on 3 January 2024)
Mr. Lin Zheng (resigned on 3 January 2024)
Mr. Zheng Chenhui
Mr. Liang Wenzhi (*Chairman*) (appointed on 29 November 2023)
Mr. Han Dongguang (appointed on 29 November 2023)
Mr. Kang Ruipeng (appointed on 29 November 2023)

Non-executive Directors:

Mr. Chen Jian (resigned on 3 January 2024)
Mr. Chen Yidong
Mr. Zhou Danqing (appointed on 29 November 2023)

Independent Non-executive Directors:

Mr. Chan Ka Yu (*Chairman*) (resigned on 3 January 2024)
Dr. Lo Ki Chiu (resigned on 3 January 2024)
Mr. Leung Wai Lim (resigned on 3 January 2024)
Mr. Ma Hon Yiu (resigned on 3 January 2024)
Mr. He Jianyu (appointed on 29 November 2023)
Mr. Zhou Di (appointed on 29 November 2023)
Ms. Meng Xiaoying (appointed on 29 November 2023)
Mr. Cheng Pak Lam (appointed on 29 November 2023)

Corporate Governance Report

Chairman and Chief Executive Officer

To ensure a balance of power and authority, the position of the chairman and chief executive officer of the Company are held by different individuals. Mr. Liang Wenzhi is the chairman and Mr. Kang Ruipeng is the chief executive officer. The primary role of the chairman is to provide leadership for the Board and to ensure it works effectively in discharging its responsibilities. The chief executive officer is responsible for the day-to-day management of the Group's business.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**"). The summary of the Board Diversity Policy is disclosed as below:

- the Company recognises the benefits of having a diverse Board to enhance the quality and effectiveness of the Board;
- in designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board;
- the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board; and
- the nomination committee of the Board will report on the Board's composition under diversified perspectives, monitor the implementation of the Board Diversity Policy, review the Board Diversity Policy to ensure effectiveness and recommend for any revisions to the Board for consideration and approval.

During the Review Year, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Board Diversity Policy was consistently implemented. As at the date of this report, the Board consists of one female and nine male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

Independent Non-executive Directors

The independent non-executive Directors, including Mr. He Jianyu, Mr. Zhou Di, Ms. Meng Xiaoying and Mr. Cheng Pak Lam, have been appointed by the Company for a fixed term of three years commencing from 29 November 2023. Such appointment may be terminated in accordance with the terms of the letters of appointment, including by either party giving to the other party not less than three months' advance written notice of termination.

The independent non-executive Directors have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors will continue to make various contributions to the Company.

Corporate Governance Report

Throughout the Review Year, the Company had complied with the requirement of the Listing Rules that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company is of the view that all independent non-executive Directors are independent in accordance with the relevant requirements under the Listing Rules.

Appointment, Re-Election and Removal of Directors

Each of the Directors has entered into a service agreement or a letter of appointment with the Company for a specific term and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the second amended and restated memorandum and articles of association of the Company (the "**Restated Articles**").

In accordance with article 84 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 83 of the Restated Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with articles 83 and 84 of the Restated Articles, Mr. Zheng Chenhui, Mr. Liang Wenzhi, Mr. Han Dongguang, Mr. Kang Ruipeng, Mr. Chen Yidong, Mr. Zhou Danqing, Mr. He Jianyu, Mr. Zhou Di, Ms. Meng Xiaoying and Mr. Cheng Pak Lam will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Corporate Governance Report

Role and Responsibilities

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Company's business has been delegated to management under the leadership of the chief executive officer of the Company.

The principal roles of the Board are to:

- set long term objectives and strategies;
- approve major policies and guidelines;
- prepare and approve financial statements, annual report and interim report;
- approve major capital expenditures, acquisition and disposals;
- approve connected transactions;
- approve material borrowings and expenditures;
- review and monitor of internal control and risk management; and
- declare and recommend the payments of dividends.

No corporate governance committee has been established and the Board is responsible for the corporate governance functions of the Company, which includes:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the corporate governance report.

Directors' Insurance

The Company has arranged appropriate insurance coverage for all Directors in relation to the discharge of their responsibilities.

Corporate Governance Report

Directors' Training and Professional Development

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and/or reading relevant material on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills. The above training costs are borne by the Company.

The Directors are required to provide the Company with details of the training's records. Training records of each Director received for the Review Year are summarised below:

	Type of trainings
Mr. Zheng Chenhui	B
Mr. Liang Wenzhi	B
Mr. Han Dongguang	B
Mr. Kang Ruipeng	B
Mr. Chen Yidong	B
Mr. Zhou Danqing	B
Mr. He Jianyu	B
Mr. Zhou Di	B
Ms. Meng Xiaoying	B
Mr. Cheng Pak Lam	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

C: attending training session conducted by the legal advisers of the Group

Meetings and Attendance

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least 3 days before the intended date of the Board meeting, or such other period as agreed.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Company and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary and are allowed to seek external professional advice if needed.

Corporate Governance Report

During the Review Year, the Board held three meetings and one general meeting. The attendance record of each member of the Board is set out below:

	Number of Board meeting attended/ eligible to attend	Number of General meeting attended/ eligible to attend
Mr. Man Hoi Yuen (<i>Chairman</i>) (resigned on 3 January 2024)	3/3	0/1 ⁽¹⁾
Ms. Ng Yuen Chun (resigned on 3 January 2024)	3/3	1/1
Mr. Ho Chi Hong (resigned on 3 January 2024)	3/3	1/1
Mr. Zheng Gang (resigned on 3 January 2024)	0/3	0/1
Mr. Lin Zheng (resigned on 3 January 2024)	0/3	0/1
Mr. Zheng Chenhui	0/3	0/1
Mr. Liang Wenzhi (<i>Chairman</i>) (appointed on 29 November 2023)	0/0	0/0
Mr. Han Dongguang (appointed on 29 November 2023)	0/0	0/0
Mr. Kang Ruipeng (appointed on 29 November 2023)	0/0	0/0
Mr. Chen Jian (resigned on 3 January 2024)	0/3	0/1
Mr. Chen Yidong	0/3	0/1
Mr. Zhou Danqing (appointed on 29 November 2023)	0/0	0/0
Mr. Chan Ka Yu (resigned on 3 January 2024)	3/3	1/1
Dr. Lo Ki Chiu (resigned on 3 January 2024)	3/3	1/1
Mr. Leung Wai Lim (resigned on 3 January 2024)	3/3	1/1
Mr. Ma Hon Yiu (resigned on 3 January 2024)	3/3	1/1
Mr. He Jianyu (appointed on 29 November 2023)	0/0	0/0
Mr. Zhou Di (appointed on 29 November 2023)	0/0	0/0
Ms. Meng Xiaoying (appointed on 29 November 2023)	0/0	0/0
Mr. Cheng Pak Lam (appointed on 29 November 2023)	0/0	0/0

Note:

- (1) Mr. Man Hoi Yuen did not attend the annual general meeting of the Company held on 21 August 2023 since he was not in Hong Kong at that time.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three Board committees to oversee specific aspects of the Company's affairs, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"). Each Board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each Board committee has been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Corporate Governance Report

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The primary roles of the Audit Committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring the integrity of our financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing our financial controls, internal control and risk management systems.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. He Jianyu, Mr. Zhou Di and Mr. Cheng Pak Lam. Mr. Cheng Pak Lam is the chairman of the Audit Committee.

During the Review Year, the Audit Committee held two meetings and the attendance record of each member of the Audit Committee is set out below:

	Number of meeting attended/ eligible to attend
Mr. Chan Ka Yu (<i>Chairman</i>) (resigned on 3 January 2024)	2/2
Dr. Lo Ki Chiu (resigned on 3 January 2024)	2/2
Mr. Leung Wai Lim (resigned on 3 January 2024)	2/2
Mr. Cheng Pak Lam (<i>Chairman</i>) (appointed on 29 November 2023)	0/0
Mr. He Jianyu (appointed on 29 November 2023)	0/0
Mr. Zhou Di (appointed on 29 November 2023)	0/0

The following is a summary of the work performed by the Audit Committee for the Review Year:

- reviewed the annual results of the Group for FY2023 and the interim report of the Group for the six months ended 30 September 2023;
- reviewed the Group's financial information, financial reporting system, risk management and internal control procedures;
- reviewed the Company's auditors' independence and objectiveness;
- made recommendations to the Board on the re-appointment of the Company's external auditors;
- reviewed the Company's external auditors' management letter, significant findings and recommendations;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- reviewed and discussed the reports from the Company's external consultant with the management; and
- met with the Company's external auditors, in the absence of the management.

There had been no disagreement between the Board and the Audit Committee during the Review Year and up to the date of this report.

Corporate Governance Report

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code. The primary roles of the Remuneration Committee include, but are not limited to, (a) making recommendations to the Board on our policy and structure for the remuneration of all of our Directors and senior management personnel and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving our management's remuneration proposals with reference to the Board's corporate goals and objectives; (c) making recommendations to the Board on the remuneration of the Directors and senior management; and (d) reviewing and approving matters relating to share schemes under chapter 17 of the Listing Rules.

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. He Jianyu, Mr. Zhou Di and Mr. Cheng Pak Lam. Mr. Cheng Pak Lam is the chairman of the Remuneration Committee.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his own remuneration.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HK\$)	No. of person
HK\$Nil–HK\$1,000,000	2
HK\$1,000,001–HK\$2,000,000	0

Further details of the Directors' and chief executives' emoluments and the five highest paid individuals is set out in notes 12 and 13 to the consolidated financial statements.

During the Review Year, the Remuneration Committee held two meetings and the attendance record of each member of the Remuneration Committee is set out below:

	Number of meeting attend/ eligible to attend
Mr. Leung Wai Lim (<i>Chairman</i>) (resigned on 3 January 2024)	2/2
Mr. Chan Ka Yu (resigned on 3 January 2024)	2/2
Dr. Lo Ki Chiu (resigned on 3 January 2024)	2/2
Mr. Cheng Pak Lam (<i>Chairman</i>) (appointed on 29 November 2023)	0/0
Mr. He Jianyu (appointed on 29 November 2023)	0/0
Mr. Zhou Di (appointed on 29 November 2023)	0/0

The following is a summary of the work performed by the Remuneration Committee during the Review Year:

- considered the remuneration paid to Directors and senior management with reference to their responsibilities, workload, the time devoted and the performance of the Group, as well as remuneration paid by other comparable listed companies;
- reviewed and made recommendations on the management remuneration proposals with reference to the corporate goals and objectives of the Board; and
- made recommendations to the Board on the remuneration of independent non-executive Directors.

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary roles of the Nomination Committee include, but are not limited to, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become the Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; and (c) assessing the independence of our independent non-executive Directors.

The Nomination Committee consists of an executive Director, namely Mr. Kang Ruipeng and two independent non-executive Directors, namely Mr. Zhou Di and Mr. Cheng Pak Lam. Mr. Cheng Pak Lam is the chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held two meetings and the attendance record of each member of the Nomination Committee is set out below:

	Meeting attended/ Meeting convened
Mr. Man Hoi Yuen (<i>Chairman</i>) (resigned on 3 January 2024)	2/2
Mr. Chan Ka Yu (resigned on 3 January 2024)	2/2
Mr. Leung Wai Lim (resigned on 3 January 2024)	2/2
Mr. Cheng Pak Lam (<i>Chairman</i>) (appointed on 29 November 2023)	0/0
Mr. He Jianyu (appointed on 29 November 2023)	0/0
Mr. Kang Ruipeng (appointed on 29 November 2023)	0/0

The Nomination Committee had reviewed the Board Diversity Policy and reported on the Board's composition under diversified perspectives and had monitored the implementation of the Board Diversity Policy.

The Company has adopted a nomination policy which sets out the nomination procedures for selecting candidates for election as Directors. Such policy is adopted by the Board and managed by the Nomination Committee. The Nomination Committee shall review the curriculum vitae to assess whether the potential candidate is 'fit and proper' for the appointment and can meet the requirements of relevant rules and regulations before recommendation is made to the Board.

The Nomination Committee had also recommended to re-elect Mr. Zheng Chenhui, Mr. Liang Wenzhi, Mr. Han Dongguang, Mr. Kang Ruipeng, Mr. Chen Yidong, Mr. Zhou Danqing, Mr. He Jianyu, Mr. Zhou Di, Ms. Meng Xiaoying and Mr. Cheng Pak Lam as Directors at the forthcoming annual general meeting of the Company.

Corporate Governance Report

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The auditors' reporting responsibilities are set out in the section headed "Independent Auditor's Report" in this report.

AUDITORS' REMUNERATION

For the Review Year, the fee paid/payable to Grant Thornton Hong Kong Limited by the Group is set out as follows:

	HK\$
Audit services	700,000
Non-audit services	150,000

The amount of fee incurred for the non-audit services represented HK\$150,000 of the service fee paid to Grant Thornton Hong Kong Limited in relation to the review of financial information. The Audit Committee was satisfied that non-audit services for the Review Year did not affect the independence of the auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness.

In meeting its responsibility, the departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. The management then reviewed the findings and summarised all material issues to the Board and the Audit Committee annually.

The Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify, monitor, report and follow up on risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Although the Company does not have internal audit function, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Company had engaged Keypoint Consulting Limited to review the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

Corporate Governance Report

INSIDE INFORMATION POLICY

The Company has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Company also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

The Company has appointed Mr. Siu Wing Kin, who is responsible for facilitating the Board process, as well as communications among the Directors, with shareholders and management. Mr. Siu has confirmed that for the Review Year, he has taken no less than 15 hours of professional training to upgrade his skills and knowledge. The biography of Mr. Siu is set out in the section headed “Biographical Details of the Directors and Senior Management” in this report.

SHAREHOLDERS’ RIGHTS

Procedures for Convening General Meetings by Shareholders

Pursuant to article 58 of the Restated Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholder holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the company secretary of the Company by mail at Unit 3, 32/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

Procedures for Putting Forward Proposals at Shareholders’ Meeting

There are no provisions in the Restated Articles or the Companies Law of the Cayman Islands for shareholders to put forward new resolutions at general meetings. Shareholders who wish to put forward a new resolution may request the Company to convene a general meeting in accordance with the procedures set out in the above paragraph heading “Procedures for Convening General Meetings by Shareholders”.

Pursuant to article 85 of the Restated Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Corporate Governance Report

Procedures by which Enquiries may be Put to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporate Information" in this report.

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community, the Company has established a shareholders' communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.yield-go.com).

In addition, the Company regards the annual general meeting as the primary forum for communication by the Company with its shareholders and for shareholder participation. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group's business.

The 2024 annual general meeting will be held on Friday, 23 August 2024, the notice of which shall be sent to the shareholders of the Company at least 21 clear days prior to the meeting.

Environmental, Social and Governance Report

REPORTING SCOPES AND PRINCIPLES

The Group, a renowned fitting-out contractor based in Hong Kong, has a long-standing history dating back to 1995 when its first entity, Hoi Sing Decoration, was established. As a listed company on the Hong Kong Stock Exchange, the Group understands the significance of environmental and social responsibility, as well as the impact of its corporate governance practices. Upholding its commitment to the community, the Group strives to achieve a sustainable business model while pursuing business growth and financial gains. To provide an overview of its practices and performance in these areas, the Group is proud to present this Environmental, Social, and Governance Report (the “**Report**”), highlighting its compliance with relevant laws and the implementation of internal policies.

The Report encompasses all significant operational processes of our Group as well as charitable activities beyond production. As the primary manager and coordinator for various projects, the Group strategically engages trusted partners to handle labour-intensive tasks. We assume responsibility for every aspect of a project, including planning, coordination, monitoring, budget control, and rectifying defects during the defects liability period. While our role in projects primarily relates to office activities and vehicle usage, the energy and resource consumption data included in the Report stems primarily from these areas.

The Report was compiled based on the guidelines set out in the Environmental, Social, and Governance Reporting Guide (ESG Reporting Guide), which is included in Appendix C2 of the Listing Rules. The purpose of the Report is to provide information and data on significant environmental and social issues related to the Group’s primary business of fitting-out works. The data covers the Review Year, which ended on 31 March 2024 (or “**FY2024**”), as well as the Previous Year, which ended on 31 March 2023 (or “**FY2023**”), for comparison purposes.

The Report was prepared based on the following principles: materiality, quantitative, balance, and consistency. Materiality refers to the Group’s engagement with stakeholders to identify and prioritise ESG-related issues that have significant impacts on the economy, environment, and society. Further information on stakeholder engagement and materiality assessment can be found in the relevant sections of the Report.

The ESG key performance indicators (KPIs) in the Report are calculated based on the initial consumption numbers provided by the accounting department and the methodologies suggested by the ESG Reporting Guide. The Report provides a complete, fair, clear, and comparable overview of the Group’s ESG policies and performance, ensuring balance.

Finally, to enable the comparison of the Group’s ESG performance from year to year, the reporting and calculation methodologies are consistently applied, with any significant changes in methodologies disclosed in detail in the corresponding report sections.

GOVERNANCE STRUCTURE

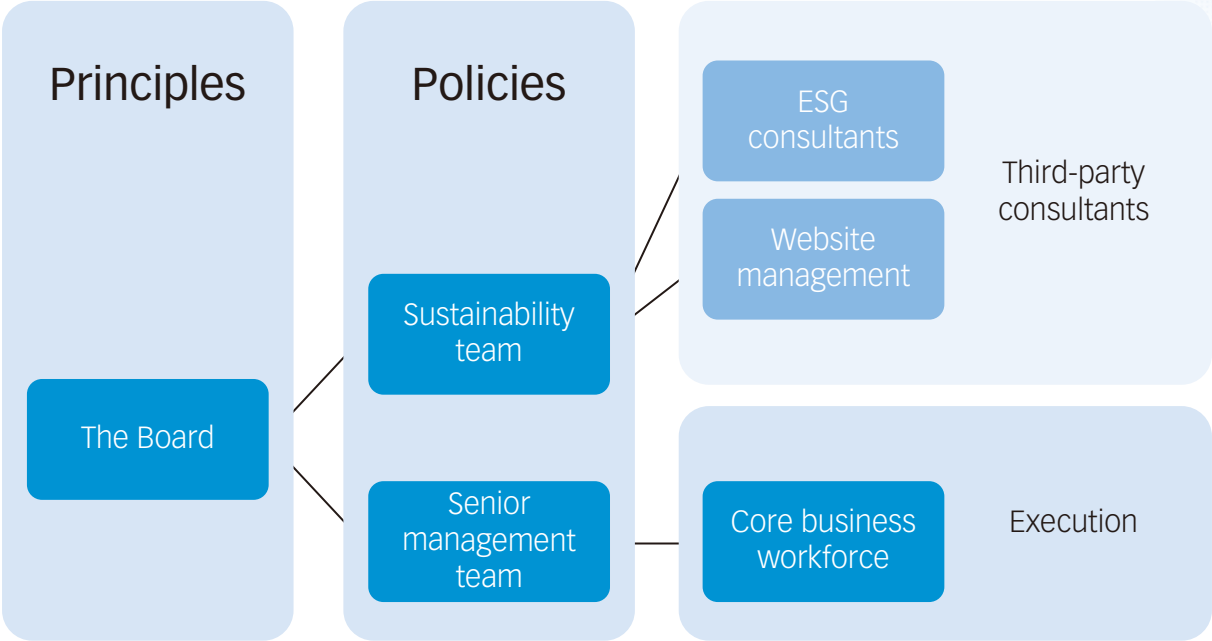
The Group’s governance structure for ESG matters is depicted in the chart below. The ultimate responsibility for ESG principles lies with the Board of Directors (the “**Board**”), who establish these principles, monitor their implementation, and assess the outcomes. The Board also examines and approves ESG goals, strategies, and policies.

The sustainability team, with the assistance of outsourced ESG consultants and website management professionals, plays a crucial role in incorporating ESG principles into the Group’s operations. They ensure transparency of information and report directly to the Board.

Environmental, Social and Governance Report

The Company’s senior management team is responsible for overseeing the implementation of ESG policies among the core business workforces. They work closely with the sustainability team to ensure that ESG practices are integrated into daily operations.

Periodically, the Board reviews the Group’s ESG performance and provides guidance to the sustainability team, instructing them to make any necessary adjustments to strategies or initiatives.



A Message from the Board

During the Review Year, the Company’s primary focus in terms of ESG targets was to effectively manage and reduce its energy consumption, aiming to maintain it at a stable level compared to the previous year. Additionally, the Company aimed to provide stable employment opportunities for its staff amidst challenging economic conditions. To achieve these goals, the Company implemented various strategies and initiatives, which are elaborated upon in the subsequent sections of the Report.

After conducting a thorough review of the Report, the Board believes that it adequately fulfils the requirements outlined in the ESG Reporting Guide. Moreover, the Board believes that the Group’s ESG targets have been largely accomplished, although there are a few exceptions in relation to environmental Key Performance Indicators. Addressing these areas of concern will be a top priority for the Group in the upcoming year, with a focus on implementing improvements and further enhancing its environmental performance.

Environmental, Social and Governance Report

STAKEHOLDERS' COMMUNICATION MATERIALITY ASSESSMENT

The Group acknowledges the significance of engaging with various stakeholders to comprehend their needs and aspirations across different aspects. Consequently, the Group has established platforms enabling stakeholders to express their demands and concerns about the Group's business operations and performance concerning environmental, social, and governance aspects. The Group's primary stakeholders encompass shareholders and investors, government and regulatory bodies, customers, employees, communities, and media. Their expectations and communication channels are outlined in the table below.

Major stakeholders	Demands and expectations	Communication channels
Shareholders and investors	- Return on investment	- Company announcements
	- Corporate governance structure	- General meetings
	- Prevention of operational risks	- Annual reports and interim reports
	- Information disclosure and transparency	- Company's website
Government and regulatory bodies	- Compliance with laws and regulations	- Supervision and evaluation
	- Production safety	- ESG Report
	- Energy consumption	- Inspection
	- Resources conservation	- Filings
	- Fulfilment of corporate social responsibilities	
Customers	- High-quality services	- Business communication
	- Timely delivery of projects	- Customer feedback
	- Data security	
	- Established communication channels	
Employees	- Quality control	
	- Lawful and equal employment practices	- Staff meetings and activities
	- Protection of employee rights and interests	- Staff training
	- Improvement in employee remuneration and welfare	- Recruitment
	- Career development	
Communities	- Community involvement	- Communication with communities and the government
	- Environmental protection	- Charity activities
	- Promoting the local economy and providing jobs	- Company's website

During the Review Year, the Company engaged in extensive stakeholder communication to identify and assess ESG-related concerns and priorities. This internal materiality assessment enabled the Company to develop a targeted strategy that effectively addresses the most significant impacts of the Group.

Environmental, Social and Governance Report

ENVIRONMENTAL POLICIES AND PERFORMANCES

Climate Change and Us

As a company listed on the Hong Kong Stock Exchange, climate change-related issues are closely related to our Group, as the Stock Exchange responds to international concerns about climate change and Hong Kong's local carbon reduction targets to promote sustainable development. The production activities of our Group that impact the climate will inevitably be subject to scrutiny from regulatory authorities. Furthermore, the industry in which our Group operates is heavily affected by climate change. The increasing frequency of extreme weather events makes our construction projects vulnerable to disruptions, delays, and damages, resulting in cost overruns and reduced profits. Moreover, climate change regulations and policies may raise our Group's compliance costs, impacting our financial performance. As a result, both external demands and internal interests necessitate our Group's focus on climate change and the implementation of appropriate measures.

To stay informed about climate-related issues, the Group's sustainability team and senior management regularly review environmental studies and news reports. To mitigate the effects of climate change, the Group must adopt a sustainable and environmentally responsible approach to its operations. This can be achieved by implementing energy-efficient practices, utilising sustainable building materials, and reducing waste generation.

Our General Environmental Practices and Compliance with Laws and Regulations

The Group recognises its environmental responsibility and complies with the relevant laws and regulations, considering the environmental implications in every business decision. As a company primarily operating in Hong Kong, the Group is subject to various regulations established by the Environmental Protection Department of the Hong Kong Special Administrative Region. To guarantee the smooth execution of our projects, it is crucial for our Group's initiatives to comply with the Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) and obtain the required permits. Furthermore, our Group places great emphasis on adhering to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) as part of our internal policy formulation.

In the Review Year, the Group fully complied with all applicable environmental laws and regulations, with no instances of non-compliance. The Group has also established internal policies and guidelines to control factors that impact the environment in its operations. These policies can be summarised as follows:

- Noise control – limiting working hours for heavy machinery to comply with legal requirements and using noise reduction tools if necessary to control noise pollution
- Use of green building materials – recommending the use of environmentally-friendly materials for walls, windows, doors, carpets, etc., and chemicals with lower levels of pollutants to reduce the impact on the environment.
- Indoor air quality – isolating areas that produce high concentrations of dust to maintain proper indoor air quality and ventilation
- Waste reduction and disposal – encouraging waste reduction and appropriate disposal of construction waste while also reusing building tools to minimise waste generation
- Water consumption reduction on-site – reminding subcontractors to close all taps after use to reduce water consumption, even though the amount of water used in fitting-out work is relatively small

Environmental, Social and Governance Report

The Group considers environmental protection as a crucial aspect of its operations and is committed to minimising its environmental footprint. By adhering to these internal policies and guidelines, the Group ensures that its operations are conducted in an environmentally responsible manner, fostering a sustainable future for its employees, suppliers, and the wider community.

Greenhouse Gas Reduction and Air Pollution Control

The Group's business operation induces the emission of air pollutants as well as greenhouse gas (GHG) in the forms of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), both directly and indirectly. For ease of reference, the amount of methane and nitrous oxide was converted into carbon dioxide equivalent and counted as GHG emissions per ESG Reporting Guide. The use of vehicles for material transportation is the major contributor to the Group's direct GHG emission and air pollutant generation. While the indirect GHG emission mainly comes from electricity consumption at offices. As our project sites are not solely under our management, limitations in recording all material usage and pollutant emissions prevent us from including project sites in our carbon footprint calculations. The table below demonstrates the Group's GHG emissions and key air pollutants data recorded from our offices and transportation:

	For the year ended 31 March			
	2024		2023	
	Key emissions	Key emissions intensity (per million dollars of revenue)	Key emissions	Key emissions intensity (per million dollars of revenue)
Direct GHG emissions (Scope 1) (kg in CO ₂ equivalent)	5,713	12.40	6,067	29.47
Indirect GHG emissions (Scope 2) (kg in CO ₂ equivalent)	11,684	25.36	10,981	53.33
Total GHG emissions (kg in CO ₂ equivalent)	17,398	37.76	17,048	82.80
NO _x (g)	78	0.17	67	0.33
SO _x (g)	32	0.07	34	0.16
PM (g)	6	0.01	5	0.02

During the Review Year, the Group's GHG and pollutant gas emissions remained stable compared to the Previous Year. However, it is worth noting that the intensity of each emission has decreased by approximately half, driven by the significant growth in revenue. This indicates that the group's operations have become more environmentally friendly and energy efficient.

Waste Control

The Group's office operation generates non-hazardous municipal solid waste, which is disposed of at our office building and managed by the local municipal authorities. Due to the lack of a waste tracking system in place, there is no record of the exact amount of waste generated. However, the amount is considered insignificant.

Furthermore, it is important to note that the Group's office operation does not produce any hazardous waste. To promote environmentally friendly practices, the Group encourages its employees to be mindful of their consumption and waste disposal habits, aiming for a green office operation.

Environmental, Social and Governance Report

Use of Resources

As a service provider specialising in fitting-out, the Group primarily relies on external suppliers for on-site labour. The main resources required for the Group's operations consist of unleaded petrol for vehicles, electricity, and paper used in the offices. Packaging materials are not utilised. The Group's offices obtain water from the city's water supply through the building's tap. Although separate water bills for each office are not issued, we assume the water consumption to be minimal in nature. Throughout the Review Year, the Group encountered no challenges in sourcing water.

The table below demonstrates the Group's resource usage:

	For the year ended 31 March			
	2024 Resources Usage	Usage intensity (per million dollars of revenue)	2023 Resources Usage	Usage intensity (per million dollars of revenue)
Unleaded petrol (L)	2,148	4.66	2,281	11.08
Electricity from CLP (kWh)	21,652	47.00	22,458	109.07
Total energy consumption (kWh)	42,469	92.18	44,564	216.44
Paper (kg)	675	1.47	463	2.25

For the Review Year, the Group's energy consumption mainly included unleaded petrol and energy purchased from CLP Power Hong Kong. The consumption of different energy sources, including the total energy consumption measured in kWh, experienced a slight decrease compared to the previous year. However, the usage intensities significantly decreased to less than half of the Previous Year. This demonstrates the Group's notable achievements in energy conservation.

HUMAN RESOURCES

Our General Employment Practices and Compliance with Laws and Regulations

The Group strictly adheres to all legal regulations and has established internal policies to protect the rights and interests of employees and job applicants. Compliance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) is of utmost importance, and the Group strictly prohibits the hiring of forced labour or underage individuals. Prior to employment, all employees are required to provide valid proof of age and qualifications, and only individuals with the necessary licenses are considered for positions subject to regulation. The Group's internal guidelines outline that if any instances of forced or child labour are discovered within its workforce, both the hiring personnel and their supervisors will be held accountable, and immediate action will be taken to terminate such illegal labour practices.

Environmental, Social and Governance Report

Detailed categorisation and the number of full-time employees are laid out in the table below:

	For the year ended 31 March	
	2024	2023
By Job Function		
Management	20	20
Administration	13	12
Supervisors	31	21
Others (Janitorial)	5	5
By Gender		
Male	54	46
Female	15	12
By Age Group		
≤30	6	3
31–40	26	19
41–50	21	19
51–60	13	15
≥61	3	2
By Employment Location		
Hong Kong	69	58
Total	69	58

The table below sets the employee turnover rate by gender, age group, and geographical region for the Review Year and the Previous Year, respectively:

	For the year ended 31 March	
	2024	2023
By Gender		
Male	41%	19%
Female	13%	17%
By Age Group		
≤30	60%	0%
31–40	46%	16%
41–50	19%	5%
51–60	31%	7%
≥61	33%	0%
By Employment Location		
Hong Kong	35%	9%
Total	35%	9%

Environmental, Social and Governance Report

Equal Opportunities

The Group is dedicated to creating a work culture that promotes equality and diversity. Discrimination based on age, race, religion, gender, sexual orientation, or physical disabilities is strictly prohibited, and employment, promotion opportunities, and remuneration are evaluated solely based on personal merit and professional competence. The Group's fair employment practices have resulted in a relatively diverse age group representation among employees, ranging from below 30 to 60 years old. Throughout the Review Year, the Group has not received any complaints regarding unequal employment or treatment.

The Group's commitment to equal opportunities extends beyond the recruitment process. The Group ensures that all employees, regardless of their background or identity, have equal opportunities for career development and advancement. Training and development programs are provided to help employees enhance their skills and knowledge and make progress in their careers. These programs are tailored to meet the specific needs of different employee groups and job functions. The Group also encourages employees to provide feedback and suggestions to improve the training and development programs, as part of its commitment to continuous improvement. More details about employee training will be discussed in subsequent sections.

By embracing diversity and providing fair opportunities, the Group can tap into a wider range of talents, experiences, and perspectives. This, in turn, fosters innovation and better decision-making. The Group's senior management team is dedicated to promoting diversity and inclusion and regularly reviews the Group's policies and practices to ensure alignment with this commitment.

Remuneration and Benefits

The Group's policies on remuneration and employee benefits align with the employment laws in Hong Kong, including the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), and other relevant regulations. These laws guarantee employees their statutory holidays, reasonable working hours, adequate rest days, payroll, and leave entitlements.

However, the Group goes above and beyond these legal requirements to demonstrate our appreciation for our employees, recognising them as our most valuable asset. We believe that by offering competitive remuneration packages, we can enhance employee motivation and overall job satisfaction. The Group also ensures that salaries and benefits are regularly reviewed and adjusted based on performance evaluations.

Moreover, the Group fosters a supportive working environment that promotes work-life balance. Employees are granted sufficient rest days to attend to personal matters outside of work. Overall, the Group is deeply committed to promoting the well-being of our employees and ensuring they are fairly rewarded for their contributions.

Employee Development and Training

The Group helps in enhancing the professional knowledge of our staff members based on their job requirements, particularly for those who are employed in frontline positions, as it is crucial to equip them with safety knowledge to safeguard them against work-related injuries. Throughout the Review Year, our team arranged training sessions and seminars to educate and inform our employees about preventive knowledge and protective skills necessary for working at construction sites. These initiatives aimed to ensure that our staff was well-equipped with the necessary knowledge and skills to protect themselves at the workplace.

Environmental, Social and Governance Report

The table below shows a breakdown of the number of training session attendances by categories:

	For the year ended 31 March					
	2024			2023		
	Total number of employees trained	The average training hours completed per employee	Percentage of employees trained	Total number of employees trained	The average training hours completed per employee	Percentage of employees trained
By gender						
Male	8	0.75	57%	9	1.16	56%
Female	6	0.75	43%	7	1.02	44%
By job function						
Management	2	0.75	14%	5	1.06	31%
Administration	12	0.75	86%	11	1.11	69%
Supervisors	0	0	0%	0	0	0
Janitors	0	0	0%	0	0	0

OCCUPATIONAL HEALTH AND SAFETY

While the Group's full-time employees primarily work in non-construction settings, we place significant emphasis on maintaining high occupational health and safety standards. We prioritise educating our employees on risk awareness and safety precautions, both in our offices and on project sites.

For fitting-out projects, we have implemented comprehensive safety policies that are regularly updated in accordance with industry guidelines and regulations. Before commencing each project, our team ensures compliance with necessary licenses and approvals, including those required for scaffolding structures. On-site workers and subcontractors are also covered by insurance to protect against accidents or work-related injuries.

To further enhance safety awareness, we provide seminars to our employees on various safety topics. These seminars cover areas such as working under Very Hot Weather Warnings, electrical safety, on-site fire safety, proper use of electrical hand tools, work at height safety, manual handling operation safety, pre- and post-work safety, and the importance of personal protective equipment (PPE).

The table below summarises the Group's safety data recorded during the last three years:

	For the year ended 31 March		
	2024	2023	2022
Number of injuries from occupational accidents	0	0	1
Number of fatalities due to occupational accidents or diseases	0	0	0
Number of working days lost due to occupational injuries	0	0	0

Environmental, Social and Governance Report

GENERAL OPERATING PRACTICES

Supplier and Subcontractor Management

Operating in the fitting-out industry, the Group places high importance on supplier and subcontractor management to ensure the quality of raw materials and the legitimacy of subcontractors. To uphold safety standards and minimise environmental impact, the Group has established workflow procedures to monitor the integrity of all subcontracted projects. The Group's approved suppliers' list is regularly updated after conducting a thorough investigation into potential suppliers, and criteria such as price, product quality, punctuality in delivery, and past business relationships are evaluated. These selecting and reviewing procedures are applied to all suppliers and subcontractors of the Group. The Group also prioritises protecting its intellectual property rights while fully respecting those of its suppliers and subcontractors.

To avoid relying solely on a small number of partners, the Group maintains relationships with multiple material suppliers and offers jobs to subcontractors on a project basis to encourage competition. This approach enables the Group to evaluate and select the best suppliers and subcontractors for each project based on various criteria. Overall, the Group's supplier and subcontractor management policies aim to ensure the highest quality standards, minimise risks, and protect the Group's and its clients' rights.

The table below shows a breakdown of the Group's suppliers.

By geographic location	For the year ended 31 March	
	2024	2023
PRC	2	2
Hong Kong	61	44
Total	63	46

Project Responsibilities

As a fitting-out contractor, the Group typically includes a defects liability period in its contracts. This period, which spans 12 to 18 months after the agreed completion date, allows for the identification and rectification of any defects or issues with the completed project at the Group's expense. In the event of customer complaints or claims during this period, the Group takes full responsibility for addressing and resolving any defective works. Moreover, the incurred costs for remedial works during this period were not substantial. The Group places significant importance on project liabilities and strives to deliver exceptional quality work to its clients. Consequently, in the Review Year, the Group did not encounter any significant customer complaints or claims regarding completed projects within the defects liability period.

Retention Money

In certain fitting-out contracts, the Group permits customers to withhold a portion of their payment as retention money. For example, 50% of the total payment is disbursed upon project completion, while the remaining amount is released at the end of the defects liability period. These outstanding payments are documented as retention receivables in the Group's financial records.

Customers' Information Privacy

The Group adheres to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and guarantees the confidentiality and internal use only of all collected personal data. The responsible team members are entrusted with the collection of essential customer information. The assigned individual for each project takes charge of internal communication and ensures that any sharing with external parties is only done with the customer's consent. To safeguard highly confidential information, it is securely stored and encrypted within our electronic system, with the implementation of anti-virus firewalls and the expertise of information technology professionals assigned to protect it.

Environmental, Social and Governance Report

Intellectual Property Management

Being a well-established fitting-out contractor in Hong Kong, the Group acknowledges the significance of intellectual property and values the rights of its owners. Throughout the Review Year, we strictly adhered to the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong). The Group guarantees that all intellectual property is acquired legally and utilised solely for its intended purposes. Any utilisation or replication of intellectual property is exclusively carried out with explicit consent from the owner. Moreover, the Group implements essential measures to safeguard its own intellectual property, encompassing patents, trademarks, and copyrights. Through upholding these principles, the Group upholds its dedication to ethical and responsible business conduct.

ANTI-CORRUPTION

The Group has a strong stance against corruption and is dedicated to fairness and integrity in all its business dealings. As a publicly listed company, it adheres to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) in Hong Kong and has implemented anti-corruption protocols in its day-to-day operations. These protocols are effectively communicated to all staff, and compliance with the anti-corruption program is overseen by responsible committees, which regularly update the program to align with relevant laws and regulations. The committee ensures independence and the absence of conflicts of interest by monitoring internal audits and reviews. Furthermore, the organisation provides an anonymous whistleblowing channel to encourage employees to report any unethical behaviour, fostering a culture of accountability and transparency throughout the company.

Throughout the year, the Group has placed significant emphasis on preventing corruption in all aspects of its business and remains fully committed to upholding its high standards of corporate governance. While specific anti-corruption training for employees was not conducted during the year, the topic was consistently highlighted during meetings and discussions. We are pleased to report that there were no incidents or reports of bribery, extortion, corruption, fraud, or money laundering within the organisation during the Review Year.

COMMUNITY INVESTMENT

The Group has always been committed to giving back to the community. During the Review Year, the Group focused on the well-being of children and underprivileged people in society.

In August 2023, the Group donated HK\$3,000 to the charity film screening activity initiated by Financial Asia Group (HK) Limited and Caritas Youth and Community Service, aiming to bring the power of movies to children, present them with exquisite gifts, and send blessings for their new semester.

In October 2023, the Group also supported with a donation of HK\$3,000, the Gift for Love charity project (傷青曲奇傳愛心計劃) under Hong Kong Federation of Handicapped Youth to provide essential items for the homeless.

In addition, in February 2024, the Group supported “Inspire. Empower. Transform” Campaign (“啟迪生命”運動) with a donation of HK\$3,000. The campaign is organised by Rainbow Foundation with the aim to promote social inclusion, advocate environmental conservation and enhance children and youth development.

The Group firmly believes that its success is closely tied to the well-being of the community. As such, it remains committed to making positive contributions to society and actively seeks ways to support and give back to the community.

Directors' Report

The Board is pleased to submit this annual report together with the audited financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, the principal activities of its principal subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS/BUSINESS REVIEW

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 57 in this report. The business review of the Group for the Review Year is set out in the section headed "Management Discussion and Analysis" on pages 6 to 12 in this report.

SHARE CAPITAL

Details of movement in the share capital of the Company during the Review Year are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Review Year are set out in the section headed "Consolidated Statement of Changes in Equity" on page 59 in this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2024, calculated under the Companies Law of Cayman Islands amounted to approximately HK\$75.3 million.

FINAL DIVIDEND

The Board has reserved not to recommend the declaration of a final dividend for the Review Year (FY2023: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Review Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the Review Year are set out in note 15 to the consolidated financial statements.

Directors' Report

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 20 to 31 in this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group makes best effort in protecting the environment during daily operation and by making conscious decisions when undertaking projects. Our Group's internal guidelines detail the reuse and recycling of resources such as paper and the minimisation of electricity and water consumption as means of environmental protection. Externally, waste generated by works done on site is usually not material. Our Group's project management team would select and thereafter supervise subcontractors' compliance with fitting-out works rules for each project in several aspects including but not limited to (i) noise control; (ii) use of green building materials; (iii) indoor air quality; and (iv) waste reduction and disposal.

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with relevant environmental laws and regulations by our Group that has material impact on the business and operation of our Group.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Review Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by our Group that has material impact on the business and operation of our Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Employees

We generally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and ensure that the employees appointed are qualified and competent to carry out their duties. We may remunerate our employees with a fixed salary and a discretionary bonus based on our Group's performance. Our employees' benefits also include a grant to fund further education which aims at enhancing our employees' personal development or equipping them with necessary knowledge and skills to perform their job duties. Our ability to attract, retain and motivate qualified personnel is critical to our success. We believe that we are able to attract, retain and motivate qualified personnel by offering competitive remuneration and benefits. With a compact team of energetic employees, we endeavour to provide services that exceed our customers' expectations, which we believe will help us secure new opportunities.

Directors' Report

Customers

The Group are aware of the risk of customer concentration, and sought to reduce the reliance on major customer by undertaking more work projects from other customers. Our business relationship with major customers, industry experience and proven track record are essential to our major customers to ensure that we are capable of completing their projects on time and in accordance with their requirements. With our presence in the fitting-out industry, our Directors believe that we are able to extend our services to other customers.

Going forward, our management will continue to capture emerging business opportunities and focus on projects on a selective and prudent basis which are profitable and sizeable in nature to maximise benefits to our Group as a whole.

Suppliers and Sub-contractors

The Group has developed stable and strong working relationships with suppliers and sub-contractors to meet the Group's customers' needs in an effective and efficient manner. Our fitting-out projects are monitored by a project management team which is responsible for the overall quality assurance of the project. Our project management team in each project generally conducts regular on-site inspections and arranges for regular meetings with our subcontractors, to ensure sufficient resources are allocated for each project, and that the works executed at each stage meet the requirements of our customers.

ANNUAL GENERAL MEETING ("AGM")

The 2024 AGM will be held at Unit 1203B, 12/F, World-Wide House, 18 Des Voeux Road, Central, Hong Kong on Friday, 23 August 2024. The notice of the AGM will be published and despatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 August 2024 to Friday, 23 August 2024, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company (the AGM), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Monday, 19 August 2024.

Directors' Report

DIRECTORS

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

Executive Directors:

Mr. Man Hoi Yuen (*Chairman*) (resigned on 3 January 2024)
Ms. Ng Yuen Chun (resigned on 3 January 2024)
Mr. Ho Chi Hong (resigned on 3 January 2024)
Mr. Zheng Gang (resigned on 3 January 2024)
Mr. Lin Zheng (resigned on 3 January 2024)
Mr. Zheng Chenhui
Mr. Liang Wenzhi (*Chairman*) (appointed on 29 November 2023)
Mr. Han Dongguang (appointed on 29 November 2023)
Mr. Kang Ruipeng (appointed on 29 November 2023)

Non-executive Directors:

Mr. Chen Jian (resigned on 3 January 2024)
Mr. Chen Yidong
Mr. Zhou Danqing (appointed on 29 November 2023)

Independent Non-executive Directors:

Mr. Chan Ka Yu (resigned on 3 January 2024)
Dr. Lo Ki Chiu (resigned on 3 January 2024)
Mr. Leung Wai Lim (resigned on 3 January 2024)
Mr. Ma Hon Yiu (resigned on 3 January 2024)
Mr. He Jianyu (appointed on 29 November 2023)
Mr. Zhou Di (appointed on 29 November 2023)
Ms. Meng Xiaoying (appointed on 29 November 2023)
Mr. Cheng Pak Lam (appointed on 29 November 2023)

In accordance with article 84 of the Restated Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 83 of the Restated Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with articles 83 and 84 of the Restated Articles, Mr. Zheng Chenhui, Mr. Liang Wenzhi, Mr. Han Dongguang, Mr. Kang Ruipeng, Mr. Chen Yidong, Mr. Zhou Danqing, Mr. He Jianyu, Mr. Zhou Di, Ms. Meng Xiaoying and Mr. Cheng Pak Lam will retire as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Details of Director's service contracts are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 13 to 19 in this report.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

Neither the Directors, the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Review Year, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is set out on page 108 in this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Review Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company had a material interest, either directly or indirectly, subsisted or at any time during the Review Year.

MANAGEMENT CONTRACTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 13 to 19 in this report.

Directors' Report

EMOLUMENT POLICY FOR DIRECTORS

The 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.

The Remuneration Committee recommends Directors' remuneration to the Board by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and chief executives' emoluments and the five highest paid individuals are set in notes 12 and 13 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2024, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

INTERESTS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2024, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding
Yuan Feng Ventures Limited ^{(2), (3) & (4)} ("Yuan Feng")	Beneficial owner	360,000,000 (L)	75%
Ms. Huang Hou ⁽²⁾	Interest in controlled corporation	360,000,000 (L)	75%
Tse's Finance Limited ⁽³⁾	Security interest	360,000,000 (L)	75%
Sincere Finance Holding Limited ⁽⁴⁾	Interest in controlled corporation	360,000,000 (L)	75%
Jade Stones Group Limited ⁽⁵⁾	Interest in controlled corporation	360,000,000 (L)	75%
Mr. Tse Shiu Ho ⁽⁶⁾	Interest in controlled corporation	360,000,000 (L)	75%

Directors' Report

Notes:

- (1) The letter "L" denote the respective "long position" (as defined under Part XV of the SFO) of the relevant person/entity in such Shares.
- (2) Yuan Feng held 75% of the total issued share capital of our Company and Yuan Feng was in turn wholly and beneficially owned by Ms. Huang Hou. Therefore, Ms. Huang Hou is deemed or taken to be interested in the Shares held by Yuan Feng under the SFO.
- (3) On 4 March 2024, Yuan Feng has executed a share charge ("**TFL Share Charge**") over the 360,000,000 Shares held by Yuan Feng, in favour of Tse's Finance Limited ("**Tse's Finance**") as a security for the loan facility granted by Tse's Finance. As such, under the SFO, Tse's Finance is taken to have a security interest of 360,000,000 Shares under the TFL Share Charge.
- (4) Sincere Finance Holding Limited holds approximately 99.99% interest in the issued share capital of Tse's Finance. By virtue of the SFO, Sincere Finance Holding Limited is deemed to be interested in all the Shares held by Tse's Finance.
- (5) Jade Stones Group Limited holds approximately 97.02% interest in the issued share capital of Sincere Finance Holding Limited. By virtue of the SFO, Jade Stones Group Limited is deemed to be interested in all the Shares held by Sincere Finance Holding Limited.
- (6) Mr. Tse Shiu Hoi holds approximately 51% interest in the issued share capital of Jade Stones Group Limited. By virtue of the SFO, Mr. Tse Shiu Hoi is deemed to be interested in all the Shares held by Jade Stones Group Limited.

Save as disclosed above, as at 31 March 2024, so far as the Directors were aware, none of the persons (other than the Directors or chief executives of the Company) had, or was deemed to have interests or short positions in the Shares and underlying Shares which were required to be recorded in the register of interests kept by the Company pursuant to section 336 of the SFO, and which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 6 December 2018. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The purposes of the Share Option Scheme are to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. The maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 48,000,000 Shares (representing 10% of the Shares in issue as at the date of this report), unless otherwise approved by the shareholders of the Company. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 6 December 2018, and there is no outstanding share option as at 31 March 2024.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any body corporate.

Directors' Report

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of sales and purchases for the Review Year attributable to the Group's major customers and suppliers are as follow:

Sales

- the largest customer 96.7% (FY2023: 79.5%)
- five largest customers 99.9% (FY2023: 99.6%)

Purchases

- the largest supplier 27.7% (FY2023: 23.9%)
- five largest suppliers 64.4% (FY2023: 64.1%)

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTIES TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are set out in note 31 to the consolidated financial statements. One related parties transaction constituted exempted continuing connected transactions as a de minimis transaction under Rule 14A.76(1)(c) of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 14 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

RETIREMENT SCHEME

The Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

AUDITORS

The consolidated financial statement for the Review Year have been audited by Grant Thornton Hong Kong Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. There has been no change in the auditor of the Company during the Review Year.

Directors' Report

DONATIONS

Charitable and other donations made by the Group during the Review Year amounted to approximately HK\$14,000 (FY2023: HK\$11,000).

EVENTS AFTER THE REVIEW YEAR

The Group did not have any other material subsequent events occurring after 31 March 2024 and up to the date of this report.

On behalf of the Board

Liang Wenzhi

Chairman and executive Director

Hong Kong, 21 June 2024

Independent Auditor's Report



Grant Thornton
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To the members of Yield Go Holdings Ltd.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yield Go Holdings Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 57 to 107, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSS**”) issued by the Hong Kong Institute of Certified Public Accountants (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 Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 this matter.

Key Audit Matter	How the matter was addressed in our audit
<p>Accounting for construction contracts</p> <p><i>(notes 2.7, 2.11, 4, 5 and 18 to the consolidated financial statements)</i></p> <p>We identified the revenue and costs from construction contracts amounting to approximately HK\$460,270,000 and HK\$440,021,000, respectively in the consolidated statement of profit or loss and other comprehensive income and related contract assets of approximately HK\$123,211,000 and contract liabilities of approximately HK\$4,036,000 in the consolidated statement of financial position as a key audit matter due to significant management judgements and estimation required in determining the percentage of completion of contract revenue and corresponding profit/loss margin incurred.</p>	<p>Our audit procedures in relation to the construction contracts included the following:</p> <ul style="list-style-type: none">• Understood and discussed with management the basis of estimation of budgets and the determination of the respective percentage of completion, and inspected, on a sample basis, the contract sum and key terms/conditions to respective signed contracts and budgets prepared by the management;• Assessed the reasonableness of key judgements inherent in the budgets by evaluating and recalculating the percentage of completion based on the latest budgeted costs and the actual costs incurred;• Tested, on a sample basis, the actual cost incurred to supporting documents including but not limited to the payment certificates and invoices;• Obtained, on a sample basis, the progress certificates issued by the customers, their appointed surveyors or other representatives to evaluate the reasonableness of the percentage of completion as at year end and discussed with management or the respective project managers on the progress of the project and actual costs incurred for works performed but not certified; and• Recalculated and evaluated the management's assessment on the estimated gross profit/loss margin and, compared to the latest budgeted and the actual gross profit/loss margin.

Independent Auditor's Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2024 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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

Independent Auditor's Report

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

21 June 2024

Chi-Kit Shaw

Practising Certificate No.: P04834

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	460,270	205,872
Direct costs		(440,021)	(193,750)
Gross profit		20,249	12,122
Other gains	6	290	1
Administrative and other operating expenses		(16,670)	(24,882)
Provision for expected credit losses ("ECL") allowance on trade and other receivables and contract assets, net		(2,468)	(396)
Finance costs	7	(5,840)	(5,508)
Loss before income tax	8	(4,439)	(18,663)
Income tax	9	–	–
Loss and total comprehensive expense for the year attributable to equity holders of the Company		(4,439)	(18,663)
		HK cents	HK cents
Loss per share attributable to equity holders of the Company			
– Basic and diluted	11	(0.92)	(3.89)

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	7	190
Right-of-use assets	16	927	1,772
		934	1,962
Current assets			
Trade and other receivables	17	28,918	45,206
Contract assets	18	123,211	127,929
Cash and bank balances	19	49,527	17,087
Restricted cash	20	3,046	3,046
		204,702	193,268
Current liabilities			
Trade and other payables	21	33,035	24,439
Contract liabilities	18	4,036	2,735
Borrowings	24	48,000	–
Interest payables	24	10,873	–
Amount due to a director	22	1	–
Lease liabilities	23	902	927
		96,847	28,101
Net current assets		107,855	165,167
Total assets less current liabilities		108,789	167,129
Non-current liabilities			
Borrowings	24	–	48,000
Interest payables	24	–	5,097
Lease liabilities	23	46	850
		46	53,947
Net assets		108,743	113,182
CAPITAL AND RESERVES			
Share capital	26	4,800	4,800
Reserves	27	103,943	108,382
Total equity		108,743	113,182

Mr. Kang Ruipeng
Director

Mr. Liang Wenzhi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital HK\$'000 (note 26)	Share premium* HK\$'000 (note 27)	Other reserve* HK\$'000 (note 27)	Retained earnings/ (Accumulated losses)* HK\$'000	Total HK\$'000
Balance as at 1 April 2022	4,800	105,059	200	21,786	131,845
Loss and total comprehensive expense for the year	–	–	–	(18,663)	(18,663)
Balance as at 31 March 2023 and 1 April 2023	4,800	105,059	200	3,123	113,182
Loss and total comprehensive expense for the year	–	–	–	(4,439)	(4,439)
Balance as at 31 March 2024	4,800	105,059	200	(1,316)	108,743

* These reserve accounts comprise the consolidated reserves of approximately HK\$103,943,000 (2023: approximately HK\$108,382,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Loss before income tax		(4,439)	(18,663)
Adjustments for:			
Depreciation of owned property, plant and equipment		183	196
Depreciation of right-of-use assets		952	942
Written off of retention receivable		1,000	–
Interest income		(2)	(1)
Interest expense	7	5,840	5,508
(Reversal)/Provision for ECL allowance on trade and other receivables – net		(83)	356
Provision for ECL allowance on contract assets – net		2,551	40
Operating profit/(loss) before changes in working capital		6,002	(11,622)
Decrease in trade and other receivables		91,317	95,887
Increase in contract assets		(73,779)	(83,543)
Increase/(Decrease) in trade and other payables		8,596	(5,384)
Increase in contract liabilities		1,301	2,250
Cash generated from/(used in) operations		33,437	(2,412)
Income tax refund		–	11
<i>Net cash generated from/(used in) operating activities</i>		33,437	(2,401)
Cash flows from investing activity			
Interest received		2	1
Cash flows from financing activities			
Interest paid		(64)	(411)
Payment of lease liabilities		(936)	(962)
Proceeds from borrowings		–	65,025
Repayments of borrowings		–	(60,496)
Increase/(Decrease) in amount due to a director		1	(1,285)
<i>Net cash (used in)/generated from financing activities</i>		(999)	1,871
Net increase/(decrease) in cash and cash equivalents		32,440	(529)
Cash and cash equivalents at beginning of the year		17,087	17,616
Cash and cash equivalents at end of the year	19	49,527	17,087

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION

Yield Go Holdings Ltd. (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) with effect from 31 December 2018. The addresses of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 3, 32/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in fitting-out services and supply of fitting-out materials.

As at 31 March 2024, to the best knowledge of the directors, the Company’s immediate and ultimate holding company has been changed from Master Success International Investment Limited (“**Master Success**”) to Yuan Feng Ventures Limited (“**Yuan Feng**”), a company incorporated in Hong Kong and owned by Ms. Huang Hou, with effective from 22 September 2023.

The consolidated financial statements for the year ended 31 March 2024 were approved for issue by the Board of Directors on 21 June 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands (“**HK\$’000**”), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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 includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Foreign currency translation

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into the HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

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

Depreciation on property, plant and equipment is recognised so as to write off the cost of asset, less their residual values over their estimated useful lives or lease term, using the straight-line method, at the following rates per annum:

Furniture, fixtures and office equipments	20%
Motor vehicle	30%
Leasehold improvement	Over the lease terms

The accounting policy for depreciation of right-of-use assets is set out in note 2.8.

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

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

Gain or loss arising on retirement or disposals is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the profit or loss.

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 costs are charged to profit or loss during the financial period in which they are incurred.

2.5 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. Financial liabilities are derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“**FVTPL**”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; or
- fair value through other comprehensive income (“**FVOCI**”).

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other gains or other financial items.

Subsequent measurement of financial assets

Debt investments – Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other gains in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s trade and other receivables, cash and bank balances and restricted cash fall into this category of financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities including borrowings, amount due to a director, lease liabilities, trade and other payables and interest payables.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or other gains.

Accounting policies of lease liabilities are set out in note 2.8.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Trade and other payables, amount due to a director and interest payables

These are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

2.6 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables and contract assets recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("**Stage 1**"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("**Stage 2**").

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets and contract assets (Continued)

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables, retention receivables and contract assets

For trade receivables, retention receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics by reference to past default experience, current past due exposure of the debtor and forward-looking information and the days past due. The contract assets relate to unbilled work in progress, and retention receivables have substantially the same risk characteristics as the trade receivables for the same types of contracts. For balances of contract assets meeting certain criteria such as long outstanding, ECL is assessed on an individual basis.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other financial assets at amortised cost equal to 12-month ECL unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets and contract assets (Continued)

Other financial assets measured at amortised cost (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

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

Detailed analysis of the ECL assessment are set out in note 32.2.

2.7 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.6 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined and the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments changes due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statement of financial position, right-of-use assets have been presented in separate line item.

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

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Share capital

Ordinary shares are classified as equity. The amount of share capital recognised is determined using the nominal value and any related transaction costs are deducted from the share premium.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue recognition

Revenue arises mainly from the provision of fitting-out works in Hong Kong.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product or service to a customer. "Control" refers to the customer's ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

Contract revenue

When control of products and services is transferred over time, revenue is recognised progressively using output method which recognises revenue on the basis of direct measurements of the value to the customer of the promised goods or services transferred to date relative to the remaining goods or services promised under the contract with the customer. The progress towards complete satisfaction of the performance obligations in the contract is determined based on the value of performance completed to date as a percentage of total transaction price to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

The values of performance completed to date of each of the individual contracts are determined by the Group based on surveys of the fitting-out works completed by the Group to date as stated on the payment certificates issued by the Group's customers, surveyors or other representatives appointed by the Group's customers. Such payment certificates certifying the value of works carried out to date are issued taken into account of the payment applications submitted by the Group in relation to the actual amounts of works completed by the Group which are prepared based on internal progress reports of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Revenue recognition (Continued)

Contract revenue (Continued)

In cases where the payment certificates do not take place as at the Group's reporting period-end dates or do not exactly cover periods up to the reporting period-end dates, the revenue for the period from the last payment certificates up to the reporting period-end dates is estimated based on the actual amounts of works performed by the Group during such period as indicated by the internal progress reports and the payment applications prepared by the surveyors of the Group and may also be determined with reference to the next payment certificates issued by the Group's customers or other representatives appointed by the Group's customers that takes place subsequent to the reporting period-end dates. If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, a provision is recognised in accordance with HKAS 37.

When control of products is transferred at a point in time, revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the Group transfers control over the products to the customer.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Dividend

Dividend to the Company's shareholders is recognised as a liability in the Group's and the Company's financial information in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

2.13 Impairment of non-financial assets (other than contract assets)

Property, plant and equipment, right-of-use assets and the Company's investment in a subsidiary are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Employee benefits

Short-term employee benefits

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

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

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment (“LSP”) if the eligibility criteria are met. The LSP are defined benefits plans.

Defined contribution plans

The Group operates a defined contribution retirement benefit plan (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ salaries.

Payments to the MPF Scheme are recognised as expense when employees have rendered service entitling them to the contributions.

The Group’s obligations under MPF Scheme are limited to the fixed percentage contributions payable.

There were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 March 2024 and 2023, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

Defined benefit plans

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee’s length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED) (Continued)

2.15 Borrowing costs

All borrowing costs are expensed when they are incurred.

2.16 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events, and it is probable that an outflow of economic benefit will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating losses. All provisions are review at the end of each reporting period and adjusted to reflect the current best estimate.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling the contract).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.18 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

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

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

2.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, i.e. the chief operating decision maker (the "CODM"), for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual period beginning on 1 April 2023

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

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

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

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

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

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. These amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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

In June 2022 the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

Prior to 1 April 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the “**Practical Expedient**”) to account for the offsettable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“**the Guidance**”) that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of the year, with the corresponding adjustment to the carrying amount of the LSP obligations during the year ended 31 March 2023. This change in accounting policy did not have any impact on the opening balance of equity at 1 April 2022. It also did not have a material impact on the consolidated statement of financial position as at 31 March 2024 and 31 March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Contract Revenue

The contract revenue recognised on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a contract over time, measured by the value of performance completed to date of the individual contract as a percentage of total transaction price. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers and vendors involved and the experience of management. Management conducts periodic reviews of the budgeted construction costs and revises the budgeted construction costs as appropriate.

Significant judgement required in estimating the value of performance completed, contract revenue, contract costs and variation orders which may impact on percentage of completion and the corresponding contract revenue and gross profit/loss margin recognised in respective years. In addition, actual outcome in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the contract revenue and gross profit/loss recognised in future years as an adjustment to the amounts recorded to date. Details of contract revenue are set out in note 5.

Provision for impairment of trade and other receivables and contract assets

The management estimates the amount of loss allowance for ECL on trade and other receivables and contract assets based on the credit risk. The loss allowance amount measured as difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss. The assessment of the credit risk involves high degree of estimation and uncertainty as the directors of the Company estimated the loss rates for debtors by using forward-looking information. When the actual cash flows are less than expected or more than expected, a material impairment loss or a reversal of impairment loss may arise, accordingly. Details of the ECL movement are set out in note 32.2.

Impairment of property, plant and equipment and right-of-use assets

Items of property, plant and equipment (note 15) and right-of-use assets (note 16) are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each cash-generating unit. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. During the year ended 31 March 2024, no impairment loss was recognised for property, plant and equipment and right-of-use assets (2023: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. REVENUE

The Group's principal activities are disclosed in note 1 of the consolidated financial statements. Revenue recognised during the years ended 31 March 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
By timing of revenue recognition:		
Control transferred over time	460,270	205,858
Control transferred at a point in time	–	14
	460,270	205,872
By type of services:		
Fitting-out services	460,270	205,858
Supply of fitting-out materials	–	14
	460,270	205,872

The CODM has been identified as the board of directors of the Company. The board of directors regards the Group's fitting-out services and supply of fitting-out materials business as a single operating segment and regularly reviews the operating results of the Group as a whole when making decisions about resources to be allocated and assessing its performance. Also, the Group only engages its business in Hong Kong. Therefore, all revenue of the Group is derived from operations carried out in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no segment information is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A ¹	444,097	163,960
Customer B ¹	N/A ²	38,661

¹ The customer represents a collection of companies within a group.

² The corresponding revenue did not contribute over 10% of total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. REVENUE (CONTINUED)

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2024 and 2023.

	2024 HK\$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2025	104,360
31 March 2026	18,600
	122,960
	2023 HK\$'000
Remaining performance obligations expected to be satisfied during the year ending:	
31 March 2024	213,669
31 March 2025	89,152
	302,821

6. OTHER GAINS

	2024 HK\$'000	2023 HK\$'000
Bank interest income	2	1
Sundry income	288	–
	290	1

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on borrowings	5,776	5,478
Finance charges on lease liabilities	64	30
	5,840	5,508

8. LOSS BEFORE INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Loss before income tax is arrived at after charging/(crediting):		
(a) Staff costs (including directors' remuneration) (note (i))		
Salaries, wages and other benefits (note (ii))	24,394	21,786
Contributions to defined contribution retirement plans	896	824
	25,290	22,610
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	23	29
Administrative expenses		
– Owned assets	160	167
– Right-of-use assets	952	942
	1,135	1,138
Subcontracting charges (included in direct costs)	309,725	135,794
Cost of materials and finished goods	109,798	41,373
Auditors' remuneration	850	824
Written off of retention receivable	1,000	–
(Reversal)/Provision for ECL allowance on trade and other receivables – net	(83)	356
Provision for ECL allowance on contract assets – net	2,551	40
Payable to a sub-contractor pursuant to a settlement agreement	–	7,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. LOSS BEFORE INCOME TAX (CONTINUED)

Notes:

- (i) Staff costs (including directors' remuneration) included in:

	2024 HK\$'000	2023 HK\$'000
Direct costs	17,448	15,194
Administrative expenses	7,842	7,416
	25,290	22,610

- (ii) During the year ended 31 March 2024, one directors quarter has been recognised as lease liability and corresponding right-of-use asset. The depreciation and lease payments in respect of the relevant right-of-use asset and lease liability amounted to approximately HK\$434,000 and HK\$456,000 (2023: HK\$428,000 and HK\$449,000), respectively.

9. INCOME TAX

No provision for the Hong Kong profits tax has been made for the year ended 31 March 2024 as the Group incurred loss for tax purpose for the year (2023: nil).

Reconciliation between tax expenses and accounting loss at applicable tax rate:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(4,439)	(18,663)
Tax on loss before income tax, calculated at the Hong Kong Profits Tax rate of 16.5%	(733)	(3,080)
Tax effect of non-deductible expenses	764	742
Tax effect of tax losses not recognised	689	2,318
Utilisation of tax losses previously not recognised	(693)	–
Tax effect of deductible temporary differences not recognised	(27)	20
Income tax	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. INCOME TAX (CONTINUED)

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of the tax losses as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilised in the foreseeable future.

As at 31 March 2024, the Group had unused tax losses of approximately HK\$77,257,000 (2023: approximately HK\$77,283,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

10. DIVIDEND

The Board did not recommend the payment of dividend for the year ended 31 March 2024 (2023: nil).

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Loss attributable to equity holders of the Company (HK\$'000)	4,439	18,663
Weighted average number of ordinary shares in issue (in thousands)	480,000	480,000
Basic loss per share (HK cents)	0.92	3.89

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The remuneration of each director and chief executive, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, were as follows:

	Fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2024				
<i>Executive Directors</i>				
Mr. Man Hoi Yuen (Mr. Man) (note (a))	–	901	14	915
Ms. Ng Yuen Chun (Mrs. Man) (note (g))	–	310	14	324
Mr. Ho Chi Hong (note (g))	–	726	14	740
Mr. Zheng Gang (note (b))	–	270	–	270
Mr. Lin Zheng (note (b))	–	–	–	–
Mr. Zheng Chenhui	–	360	18	378
Mr. Liang Wenzhi (note (h))	–	41	2	43
Mr. Han Dongguang (note (h))	–	41	2	43
Mr. Kang Ruipeng (Mr. Kang) (note (h))	–	41	2	43
<i>Non-executive Directors</i>				
Mr. Chen Jian (note (d) & (g))	–	–	–	–
Mr. Chen Yidong	180	–	–	180
Mr. Zhou Danqing (note (h))	102	–	–	102
<i>Independent non-executive directors</i>				
Mr. Chan Ka Yu (note (g))	150	–	–	150
Dr. Lo Ki Chiu (note (g))	150	–	–	150
Mr. Leung Wai Lim (note (g))	150	–	–	150
Mr. Ma Hon Yiu (note (f))	150	–	–	150
Mr. He Jianyu (note (h))	41	–	–	41
Mr. Zhou Di (note (h))	41	–	–	41
Ms. Meng Xiaoying (note (h))	41	–	–	41
Mr. Cheng Pak Lam (note (h))	41	–	–	41
	1,046	2,690	66	3,802

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

	Fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2023				
<i>Executive Directors</i>				
Mr. Man (note (a))	–	1,102	18	1,120
Mrs. Man	–	397	18	415
Mr. Ho Chi Hong	–	882	18	900
Mr. Zheng Gang (note (b))	–	180	9	189
Mr. Lin Zheng (note (b))	–	180	9	189
Mr. Zheng Chenhui (note (c))	–	180	9	189
<i>Non-executive Directors</i>				
Mr. Chen Jian (note (d))	90	–	–	90
Mr. Chen Yidong (note (e))	90	–	–	90
<i>Independent Non-executive Directors</i>				
Mr. Chan Ka Yu	180	–	–	180
Dr. Lo Ki Chiu	180	–	–	180
Mr. Leung Wai Lim	180	–	–	180
Mr. Ma Hon Yiu (note (f))	46	–	–	46
	766	2,921	81	3,768

Notes:

- (a) Mr. Man resigned as the executive director on 3 January 2024, and director's quarter for Mr. Man has been recognised as lease liability and corresponding right-of-use assets as set out in note 8.
- (b) Mr. Zheng Gang and Mr. Lin Zheng were appointed as the executive directors on 1 October 2022 and resigned on 3 January 2024.
- (c) Mr. Zheng Chenhui was appointed as the executive director on 1 October 2022.
- (d) Mr. Chen Jian was appointed as the non-executive director on 1 October 2022.
- (e) Mr. Chen Yidong was appointed as the non-executive director on 1 October 2022.
- (f) Mr. Ma Hon Yiu was appointed as the independent non-executive director on 30 December 2022 and resigned on 3 January 2024.
- (g) Mrs. Man and Mr. Ho Chi Hong resigned as the executive directors and Mr. Chen Jian resigned as the non-executive director and Mr. Chan Ka Yu, Dr. Lo Ki Chiu, and Mr. Leung Wai Lim resigned as the independent non-executive directors on 3 January 2024.
- (h) Mr. Liang Wenzhi, Mr. Han Dongguang and Mr. Kang were appointed as the executive directors; Mr. Zhou Danqing was appointed as the non-executive director and Mr. He Jianyu, Mr. Zhou Di, Ms. Meng Xiaoying and Mr. Cheng Pak Lam were appointed as the independent non-executive directors on 29 November 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

During the year ended 31 March 2024, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2024 (2023: nil).

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

13. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) of them are directors for the year ended 31 March 2024. The emoluments in respect of the remaining three (2023: three) individuals for the years ended 31 March 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and other benefits in kind	2,100	2,186
Retirement scheme contributions	54	54
	2,154	2,240

The emoluments of each of the above non-directors, highest paid individuals were below HK\$1,000,000. During the year ended 31 March 2024, 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 (2023: nil).

14. SUBSIDIARIES OF THE COMPANY

Particulars of principal subsidiaries at 31 March 2024 and 2023 are as follows:

Name of subsidiary	Legal form, date and place of incorporation/ operations	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
			2024	2023	
Link Shing Holdings Ltd. ("Link Shing")	Limited liability company incorporated on 11 May 2018, BVI	United States dollars ("US\$") 100	100% (direct)	100% (direct)	Investment holding
Happy Town Investments Limited ("Happy Town")	Limited liability company incorporated on 3 September 2020, BVI	US\$1	N/A	100% (direct)	Dormant

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14. SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Legal form, date and place of incorporation/ operations	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
			2024	2023	
Yield Go Investment Group Limited	Limited liability company incorporated on 12 May 2022, BVI	US\$100	100% (direct)	100% (direct)	Investment holding
Tianma Energy Limited	Limited liability company incorporated on 12 January 2024, Hong Kong	HK\$1	100% (direct)	N/A	Dormant
Yield Go Investment Holdings Limited	Limited liability company incorporated on 4 May 2022, Hong Kong	HK\$1	100% (indirect)	100% (indirect)	Dormant
Chun Shing Development Co., Limited ("Chun Shing Development")	Limited liability company incorporated on 29 January 2015, Hong Kong	HK\$1	100% (indirect)	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials
Hoi Sing Construction (H.K.) Limited	Limited liability company incorporated on 21 February 2001, Hong Kong	HK\$2	100% (indirect)	100% (indirect)	Provision of fitting-out services
Hoi Sing Decoration Engineering Company Limited ("Hoi Sing Decoration")	Limited liability company incorporated on 21 September 1995, Hong Kong	HK\$110,000	100% (indirect)	100% (indirect)	Provision of fitting-out services
Milieu Wooden Company Limited ("Milieu")	Limited liability company incorporated on 16 December 2010, Hong Kong	HK\$100,000	100% (indirect)	100% (indirect)	Provision of fitting-out services and supply of fitting-out materials

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15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipments HK\$'000	Motor Vehicle HK\$'000	Leasehold improvement HK\$'000	Total HK\$'000
Cost				
As at 1 April 2022 and 31 March 2023	990	1,444	1,722	4,156
Accumulated depreciation				
As at 1 April 2022	604	1,444	1,722	3,770
Charge for the year	196	–	–	196
As at 31 March 2023	800	1,444	1,722	3,966
Net book value				
As at 31 March 2023	190	–	–	190
Cost				
As at 1 April 2023 and 31 March 2024	990	1,444	1,722	4,156
Accumulated depreciation				
As at 1 April 2023	800	1,444	1,722	3,966
Charge for the year	183	–	–	183
As at 31 March 2024	983	1,444	1,722	4,149
Net book value				
As at 31 March 2024	7	–	–	7

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16. RIGHT-OF-USE ASSETS

	HK\$'000
Cost	
As at 1 April 2022	2,928
Lease modification	1,802
As at 31 March 2023 and 1 April 2023	4,730
Lease modification	107
As at 31 March 2024	4,837
Accumulated depreciation	
As at 1 April 2022	2,016
Charge for the year	942
As at 31 March 2023 and 1 April 2023	2,958
Charge for the year	952
As at 31 March 2024	3,910
Net book value	
As at 31 March 2024	927
As at 31 March 2023	1,772

As at 31 March 2024 and 2023, included in the carrying amount is the right-of-use assets related to an office premise, a staff quarter and a carpark, which have been depreciated over the lease period of 24 months on a straight line basis.

17. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	12,540	23,984
Less: ECL allowance	-	(3)
Trade receivables – net (<i>note (a)</i>)	12,540	23,981
Retention receivables (<i>note (b)</i>)	13,766	16,456
Other receivables, deposits and prepayments (<i>note (c)</i>)	2,612	4,769
	28,918	45,206

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17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Trade receivables – net

The credit period granted to customers are 30 days generally. The ageing analysis of the trade receivables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	12,540	23,981

During the year ended 31 March 2024, reversal of ECL allowance of approximately HK\$3,000 (2023: additional provision of ECL allowance of approximately HK\$2,000) were made against the gross amount of trade receivables (note 32.2).

(b) Retention receivables

Retention receivables were not past due as at 31 March 2024, and were due for settlement in accordance with the terms of respective contract (2023: nil).

The Group generally allows 5% to 10% of total contract price of its contracts as retention, which are unsecured, interest-free and recoverable at the completion of the defects liability period of individual contracts which range from 16 months to 18 months from the date of the completion of the respective contract.

The due date for settlement of the Group's retention receivables based on the completion of defects liability period as at 31 March 2024 and 2023 are as follows:

	2024 HK\$'000	2023 HK\$'000
Due within one year	13,766	16,456

During the year ended 31 March 2024, write-off of retention receivables amounted to HK\$1,000,000 (31 March 2023: nil) and reversal of ECL allowance of approximately HK\$8,000 (2023: additional provision of ECL allowance of approximately HK\$274,000) were made (note 32.2).

(c) Other receivables, deposits and prepayments

	2024 HK\$'000	2023 HK\$'000
Other receivables	1,038	1,107
Deposits	200	185
Prepayments (note (i))	1,405	3,580
	2,643	4,872
Less: ECL allowance (note (ii))	(31)	(103)
Balance at 31 March	2,612	4,769

Notes:

- (i) Prepayment included payment in advance to suppliers of approximately HK\$933,000 (2023: approximately HK\$3,001,000).
- (ii) During the year ended 31 March 2024, reversal of ECL allowance of approximately HK\$72,000 (2023: additional provision of ECL allowance of approximately HK\$80,000) were made (note 32.2).

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18. CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities:

	2024 HK\$'000	2023 HK\$'000
Contract assets	125,846	128,013
Less: ECL allowance	(2,635)	(84)
Contract assets – net	123,211	127,929
Contract liabilities	(4,036)	(2,735)
	119,175	125,194

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional upon rendering of the billings. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services. During the year ended 31 March 2024, additional provision of ECL allowance of approximately HK\$2,551,000 (2023: approximately HK\$40,000) were made against the gross amounts of contract assets (note 32.2).

As at 31 March 2024, the decrease in contract assets is mainly due to increase in transfer to trade receivables when the rights become unconditional upon rendering of the billings. The increase in contract liabilities is mainly due to increase in advance consideration received. The following table shows how much of the revenue recognised in the respective reporting period relates to carried-forward contract assets and contract liabilities.

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	2,735	485
Transfers from the contract assets recognised at the beginning of the year to trade receivables	(75,945)	(111,242)

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19. CASH AND BANK BALANCES

	2024 HK\$'000	2023 HK\$'000
Cash at banks	49,527	17,087

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

20. RESTRICTED CASH

Restricted cash represents deposits held at an insurance company for faithful performance in accordance with the terms of the contract between the Group and the customer.

21. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables (note (a))	28,050	15,447
Accruals and other payables (note (b))	4,985	8,992
	33,035	24,439

Notes:

- (a) Payment terms granted by suppliers of materials and subcontractors are ranging from 0 to 30 days generally.

The ageing analysis of trade payables based on the invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0-30 days	21,974	11,711
31-60 days	2,025	1,950
61-90 days	3,152	-
Over 90 days	899	1,786
	28,050	15,447

- (b) Accruals and other payables mainly comprise (i) accrued salaries of approximately HK\$3,137,000 (2023: HK\$2,340,000); (ii) accrued refund in relation to Employment Support Scheme for Construction Sector (Casual Employees) under Anti-epidemic Fund of approximately HK\$389,000 (2023: HK\$1,647,000); (iii) advance from subcontractors of approximately HK\$14,000 (2023: HK\$14,000); (iv) other payable to a sub-contractor of HK\$nil (2023: HK\$4,000,000) pursuant to a settlement agreement and (v) accrued professional fees of approximately HK\$950,000 (2023: HK\$904,000).

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22. AMOUNT DUE TO A DIRECTOR

Name of director	2024 HK\$'000	2023 HK\$'000
Mr. Kang	1	–

As at 31 March 2024, the balance was denominated in HK\$. The amount due to a director was non-trade nature, unsecured, interest-free and repayable on demand.

23. LEASE LIABILITIES

The analysis of the Group's obligations under lease is as follows:

	2024 HK\$'000	2023 HK\$'000
Total minimum lease payments:		
Within one year	926	991
After one year but within two years	47	870
	973	1,861
Future finance charges on lease liabilities	(25)	(84)
Present value of lease liabilities	948	1,777
Present value of minimum lease payments:		
Within one year	902	927
After one year but within two years	46	850
	948	1,777
Less: Portion due within one year included under current liabilities	(902)	(927)
Portion due after one year included under non-current liabilities	46	850

Note: As at 31 March 2024, the carrying amounts of the Group's right-of-use assets in relation to an office premise, a staff quarter and a carpark are HK\$927,000 (2023: HK\$1,772,000) (note 16).

During the year ended 31 March 2024, the Group had three lease agreements comprising one office premise, one staff quarter and one carpark for 2 years with total cash outflows for the leases of HK\$1,000,000 (2023: HK\$992,000). The Group considered that no extension option or termination option would be exercised at the lease commencement date.

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24. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Borrowings	48,000	48,000

All the borrowings are analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year and amount shown under current liabilities	48,000	–
Within one to two years and amount shown under non-current liabilities	–	48,000
Total	48,000	48,000

The amounts due are based on the schedule repayment dates set out in the loan agreements. The carrying amounts of the borrowings approximately equal to their fair values, as the market interest rates are relatively stable and are denominated in HK\$.

During the year ended 31 March 2023, the Company early repaid approximately HK\$10.7 million of borrowings as the change in controlling shareholder triggered the early repayment clause as stated in the borrowings agreement.

As at 31 March 2024 and 2023, borrowings granted from non-bank financial institution were unsecured and the interest rate of the borrowings were charged at 12% per annum and repayable on maturity date. The loan principal and interest have been refinanced in May 2024 and subsequently extended May 2025.

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25. BANKING FACILITIES

As at 31 March 2024 and 2023, the Group had no unutilised banking facilities for borrowings.

26. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2023 and 2024	1,000,000,000	10,000
Issued and fully paid:		
At 31 March 2023 and 2024	480,000,000	4,800

27. RESERVES

27.1 Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

27.2 Other reserve

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.

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28. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in subsidiaries	82,391	82,391
Current assets		
Prepayments	219	261
Cash and bank balances	436	437
	655	698
Current liabilities		
Accruals	1,135	699
Amount due to a subsidiary	6,592	3,118
	7,727	3,817
Net current liabilities	(7,072)	(3,119)
Net assets	75,319	79,272
CAPITAL AND RESERVES		
Share capital	4,800	4,800
Reserve (note a)	70,519	74,472
Total equity	75,319	79,272

Approved and authorised for issue by the board of directors on 21 June 2024.

Mr. Liang Wenzhi
Director

Mr. Kang Ruipeng
Director

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28. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

Note (a):

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 1 April 2022	105,059	(27,369)	77,690
Loss and total comprehensive expense for the year	–	(3,218)	(3,218)
Balance as at 31 March 2023 and 1 April 2023	105,059	(30,587)	74,472
Loss and total comprehensive expense for the year	–	(3,953)	(3,953)
Balance as at 31 March 2024	105,059	(34,540)	70,519

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29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	Amount due to a director HK\$'000	Total HK\$'000
As at 1 April 2022	–	43,471	937	1,285	45,693
Cash flows:					
Proceeds from borrowings	–	65,025	–	–	65,025
Repayments of borrowings	–	(60,496)	–	–	(60,496)
Interest on borrowings	–	(381)	–	–	(381)
Capital element of lease rental paid	–	–	(962)	–	(962)
Interest element of lease rental paid	–	–	(30)	–	(30)
Decrease in amount due to a director	–	–	–	(1,285)	(1,285)
Non-cash:					
Lease modification	–	–	1,802	–	1,802
Interest on borrowings	5,097	381	–	–	5,478
Finance charges on lease liabilities	–	–	30	–	30
As at 31 March 2023 and 1 April 2023	5,097	48,000	1,777	–	54,874
Cash flows:					
Capital element of lease rental paid	–	–	(936)	–	(936)
Interest element of lease rental paid	–	–	(64)	–	(64)
Increase in amount due to a director	–	–	–	1	1
Non-cash:					
Lease modification	–	–	107	–	107
Interest on borrowings	5,776	–	–	–	5,776
Finance charges on lease liabilities	–	–	64	–	64
As at 31 March 2024	10,873	48,000	948	1	59,822

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

30. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	92	92

31. 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.

Key management personnel remuneration

The emoluments of the directors and senior management of the Group, who represent the key management personnel during the years are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, fee, allowances and other benefits	4,469	4,388
Retirement benefit scheme contributions	92	108
	4,561	4,496

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade and other receivables, cash and bank balances, restricted cash, trade and other payables, amount due to a director, lease liabilities, interest payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, liquidity risk and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

32.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2024 HK\$'000	2023 HK\$'000
Financial assets		
<i>At amortised cost:</i>		
Trade and other receivables	27,513	41,626
Cash and bank balances	49,527	17,087
Restricted cash	3,046	3,046
	80,086	61,759
Financial liabilities		
<i>At amortised cost:</i>		
Trade and other payables	33,035	24,439
Amount due to a director	1	–
Lease liabilities	948	1,777
Borrowings	48,000	48,000
Interest payables	10,873	5,097
	92,857	79,313

Notes to the Consolidated Financial Statements

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

32.2 Market risk

(i) Currency risk

The assets and liabilities of each company within the Group are mainly denominated in their respective functional currencies. No sensitivity analysis is presented due to the directors are of the opinion that the volatility of the Group's losses against changes in exchange rates of foreign currencies arising from these assets and liabilities is insignificant.

(ii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group currently does not have a formal interest rate hedging policy in relation to cash flow and fair value interest rate risks as the management considers that such risks are insignificant to the Group. The management monitors the Group's exposure on an ongoing basis and will consider hedging the interest rate when the need arise.

The interest rates and terms of repayment of the Group's interest-bearing borrowings are disclosed in note 24.

As at 31 March 2024 and 2023, borrowings bearing fixed rate expose the Group to fair value interest rate risk and the exposure to the Group is considered immaterial.

(iii) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position as at 31 March 2024 and 2023 is limited to the carrying amount as disclosed in note 32.1.

The Group uses four categories for those receivables which reflect their credit risk and how the loss allowance provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

32.2 Market risk (Continued)

(iii) Credit risk (Continued)

The following table shows the Group's credit risk grading framework:

Category	Group definition of category	Basis for recognition of ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Trade receivables, retention receivables and contract assets

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables, retention receivables and contract assets.

The Group has a concentration of credit risk in respect of trade and retention receivables and contract assets. As at 31 March 2024, there were four customer (2023: three customers) which individually contributed over 10% of the Group's trade and retention receivables and contract assets. The aggregate amounts from these customers amounted to 84.1% (2023: 85.0%) of the Group's trade and retention receivables and contract assets as at 31 March 2024. The Group has set up long-term cooperative relationship with these debtors. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk, inherent in the Group's outstanding receivables balance due from these debtors.

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

32.2 Market risk (Continued)

(iii) Credit risk (Continued)

Trade receivables, retention receivables and contract assets (Continued)

Based on historical and forward-looking elements of the Group, the movement in the provision for loss allowance in respect of trade receivables, retention receivables and contract assets during the years ended 31 March 2024 and 2023 were as follows:

	Trade receivables HK\$'000	Retention receivables HK\$'000	Contract assets HK\$'000	Total HK\$'000
As at 1 April 2022	1	13	44	58
Additional for the year	2	274	40	316
As at 31 March 2023 and 1 April 2023	3	287	84	374
Additional provision/ (Reversal) for the year	(3)	(8)	2,551	2,540
As at 31 March 2024	–	279	2,635	2,914

During the year ended 31 March 2024, the management reviewed and re-assessed the ECL on certain balances of long outstanding contract assets which have no significant progress, taking into account a number of factors including but not limited to age of contract assets, length of inactiveness, the background of customers and relationship with these customers. As a result, additional provision of ECL on contract assets amounting to HK\$2,551,000 has been recognised for the year.

Deposits and other receivables

The Group considered the ECL is low based on historical settlement records and past experiences and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. During the year ended 31 March 2024, reversal of ECL allowance of approximately HK\$72,000 (2023: additional provision of ECL allowance of approximately HK\$80,000) were made against the gross amount of deposits and other receivables.

Cash and bank balances and restricted cash

Bank balances were placed at financial institutions that have sound credit rating. The risk of default is low and the Group considers the credit risk to be insignificant.

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

32.2 Market risk (Continued)

(iv) Liquidity risk

Liquidity risk refers to the risk in which the Group will not be able to meet its obligations with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and accruals and its financing obligations, and also in respect of its cash flow management.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on current rates at the reporting date) and the earliest date the Group may be required to pay.

	Within one year or on demand HK\$'000	Over one year but within two years HK\$'000	Total contractual cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2024				
Trade and other payables	33,035	–	33,035	33,035
Amount due to a director	1	–	1	1
Lease liabilities	926	47	973	948
Borrowings	48,663	–	48,663	48,000
Interest payables	10,873	–	10,873	10,873
	93,498	47	93,545	92,857
As at 31 March 2023				
Trade and other payables	24,439	–	24,439	24,439
Lease liabilities	991	870	1,861	1,777
Borrowings	–	54,240	54,240	48,000
Interest payables	–	5,097	5,097	5,097
	25,430	60,207	85,637	79,313

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

32.3 Fair value

The directors consider the carrying amounts of the Group's financial assets and financial liabilities are approximate to their fair value because of the immediate or short term maturity of these financial instruments.

33. CAPITAL RISK 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 monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities, lease liabilities, interest payables and amount due to a director divided by the total equity.

The gearing ratios of the Group are as follows:

	2024 HK\$'000	2023 HK\$'000
Total debt	59,822	54,874
Total equity	108,743	113,182
Gearing ratio	55.0%	48.5%

Summary of Financial Information

The financial summary of the Group for the last five years is set as follows:

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	460,270	205,872	232,203	278,182	420,302
Direct costs	(440,021)	(193,750)	(222,313)	(306,323)	(408,902)
Gross profit/(loss)	20,249	12,122	9,890	(28,141)	11,400
Other gains	290	1	148	11,627	13
Administrative and other operating expenses	(16,670)	(24,882)	(12,635)	(14,147)	(16,982)
(Provision)/Reversal for expected credit losses allowance on trade and other receivables and contract assets, net	(2,468)	(396)	3	(190)	(58)
Finance costs	(5,840)	(5,508)	(1,432)	(1,703)	(2,230)
Losses before income tax	(4,439)	(18,663)	(4,026)	(32,554)	(7,857)
Income tax credit/(expense)	-	-	6	39	(105)
Loss and total comprehensive expense for the year attributable to equity holders of the Company	(4,439)	(18,663)	(4,020)	(32,515)	(7,962)
Loss per share attributable to equity holders of the Company:					
- Basic and diluted	(HK0.92 cents)	(HK3.89 cents)	(HK0.84 cents)	(HK6.77 cents)	(HK1.66 cents)
	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Assets and liabilities					
Non-current assets	934	1,962	1,298	2,339	3,132
Current assets	204,702	193,268	206,548	208,210	281,213
Non-current liabilities	(46)	(53,947)	(44)	(842)	(43)
Current liabilities	(96,847)	(28,101)	(75,957)	(73,842)	(115,922)
Total equity	108,743	113,182	131,845	135,865	168,380