



COOLPOINT INNONISM HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8040)

2023/24 ANNUAL REPORT



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特 點 獨 有 份 子 公 司



COOLPOINT INNONISM HOLDING LIMITED

Antifouling Spray





Hong Kong Research

Marine Antifouling

Lead the Trend

Energy Conservation and
Environmental Protection

Coolpoint Innonism
Technology



SM-PRO Series





Nano Rust Resistant

Penetrating lubrication

Nano Technology

Activated Grease

Scientific Certification

Outstanding Performance



**The Government of the Hong Kong
Special Administrative Region**

**Condensed-assisted water-based air purification WAP/
HVAC integration for improving energy efficiency,
thermal comfort and indoor air quality (PRP/003/23FX)**

Water

Air washing and cleaning, Internal self-cleaning

Detection of viruses

Equipped with Viruses Sensor, Ensuring venue safety

New Norm for air conditioning

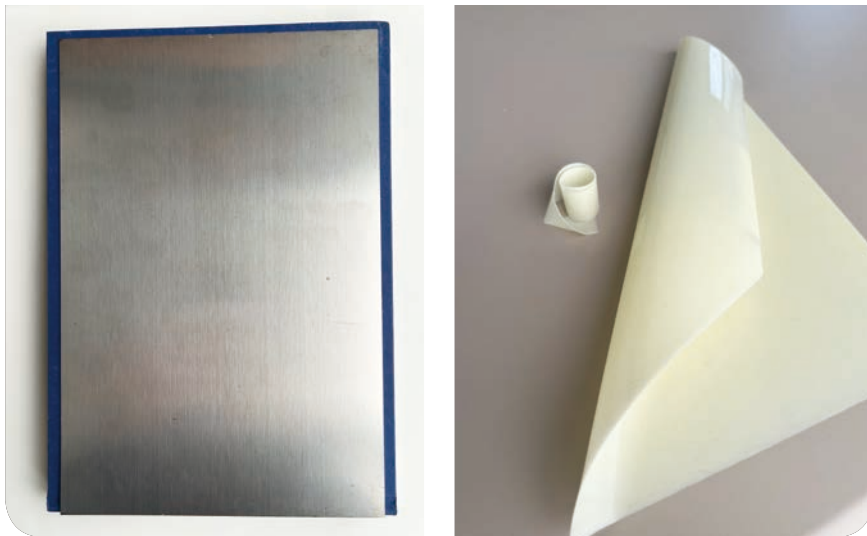
Provide comfortable, viruses free air at all times



**The Government of the Hong Kong
Special Administrative Region**

**Development of nano-photocatalytic marine
antifouling/anticorrosion coatings (PRP/002/21FX)**

Most of the current marine antifouling coatings will peel off during navigation and pollute the marine ecology.



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Cheng Tsang Fu Dennis (鄭曾富)
(*Chairman & Chief Executive Officer*)

Ms. Liu Lee Lee Lily (廖莉莉)

Mr. Chui Kai Tai (徐啟泰)

Mr. Lee Chi Wai (李治緯)

(*appointed on 13 November 2023*)

Mr. Keung Hon Sing Samuel (姜漢星)

(*appointed on 3 May 2024*)

Ms. Lin Xiaoling (林曉玲)

(*resigned on 21 June 2024*)

NON-EXECUTIVE DIRECTOR

Prof. Leung Yiu Cheong (梁耀彰)

Prof. Leung Kwok Hi Michael (梁國熙)

(*resigned on 3 May 2024*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Mr. Chiu Wai Hon (趙維漢)

Ms. Cheung Kong Hung (張江紅)

(*appointed on 1 February 2024*)

AUDIT COMMITTEE

Mr. Chiu Wai Hon (趙維漢) (*Chairman*)

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Ms. Cheung Kong Hung (張江紅)

(*appointed on 1 February 2024*)

REMUNERATION COMMITTEE

Mr. Chiu Wai Hon (趙維漢) (*Chairman*)

Ms. Liu Lee Lee Lily (廖莉莉)

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Ms. Cheung Kong Hung (張江紅)

(*appointed on 1 February 2024*)

NOMINATION COMMITTEE

Mr. Cheng Tsang Fu Dennis (鄭曾富) (*Chairman*)

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Mr. Chiu Wai Hon (趙維漢)

Ms. Cheung Kong Hung (張江紅)

(*appointed on 1 February 2024*)

COMPANY SECRETARY

Mr. Au Hok Man Jefferson (歐學文)

AUTHORISED REPRESENTATIVES

Ms. Liu Lee Lee Lily (廖莉莉)

Mr. Au Hok Man Jefferson (歐學文)

COMPLIANCE OFFICER

Ms. Liu Lee Lee Lily (廖莉莉)

REGISTERED OFFICE

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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong Science Park

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Hong Kong

INDEPENDENT AUDITOR

CCTH CPA Limited

Certified Public Accountants

Unit 1510-1517, 15/F, Tower 2

Kowloon Commerce Centre

No. 51 Kwai Cheong Road

Kwai Chung, New Territories

Hong Kong

Corporate Information

LEGAL ADVISER

Yick & Chan, Solicitors
Suite A1, 11/F, One Capital Place
18 Luard Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
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Cayman Islands

PRINCIPAL BANKERS

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Bank of Communication (Hong Kong) Limited
20 Pedder Street, Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8040

COMPANY WEBSITE

www.coolpointinnonism.com

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Coolpoint Innonism Holding Limited (the "Company"), I am delighted to present this annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024 (the "Year" or "2024") to the shareholders of the Company.

CHALLENGES

The overall real estate sector is still severely impacted by the general economic downturn in Hong Kong. As a fitting-out company primarily focusing on providing services to property developers, we face the challenge that most developers have to put a hold on their upcoming projects or postpone their development and wait for the economy to recover. As a result, we find that there are fewer tenders and projects for us to bid on as compared to previous years. The Group will continue to assess the Hong Kong real-estate market and closely monitor our company's performance so to manage our risks during this period of time.

RESULTS

During the Year, the Group's revenue increased by approximately 32.7% to approximately HK\$345.6 million from approximately HK\$260.5 million for the year ended 31 March 2023 (the "Previous Year" or "2023"). The growth was mainly driven by the increase in revenue from large-scale fitting-out projects.

Due to the lower gross profit margin for certain large-scale fitting-out projects undertaken during the Year and cost overrun of certain large-scale renovation projects for the Year, the gross profits decreased to approximately HK\$12.0 million for the Year from approximately HK\$21.7 million for the Previous Year. The Group recorded a loss and other comprehensive expense attributable to the owners of the Company of approximately HK\$14.5 million for the Year, as compared to that of a profit and other comprehensive income attributable to the owners of the Company of approximately HK\$1.2 million for the Previous Year. This was mainly due to the decrease in gross profits for the Year.

LOOKING AHEAD

Over the last year, the Group has been exploring our opportunity to diversify our business, including taking on developer's mass production renovation works for typical units for residential development. The Group was successfully awarded with a couple of these mass production projects last year and this has proved to us that the market still has demand and opportunities. The Group will continue with our effort to take on various projects and to diversify our business in terms of the type of projects, and most importantly to diversify our risks. Meanwhile, there are still demands in fitting out services for high-end private residences. This is the sector that our company has been focusing on since the beginning and will keep continue to develop.

In the meantime, the Board has also been maintaining our efforts in ESG. Over the last year, we have obtained the ISO14001:2015, a certificate that recognize our environmental management system. We will continue our success and keep pushing forward measures and ideas that can achieve the ESG concept, as well as a sustainable and environmentally friendly working practice.

Chairman's Statement

In addition, the Group has been proactively exploring the business of researching, developing and selling of nano products. The developed products include nano paint for boat-bottom antifouling, nano spray paint for DIY antifouling and rust-resistant nano lubricant spray, all of which can raise the Company's ESG profile. Nowadays, addressing the global warming effect has become a common goal for the survival of all people around the world.

Apart from the aforementioned products, the Group has strived to further develop nano-applications on forward-looking and pioneering team projects in innovative technologies, which include:

1. Photocatalytic nano-coatings for antifouling (Hong Kong Government ITF-funded project)
2. SM PRO rust-resistant nano lubricant spray
3. Nano spray for boat-bottom DIY antifouling
4. Nano silicone PDMS films (Hong Kong Government ITF-funded project)
5. Nano cleaning and descaling spray, suitable for homes, offices and various descaling and sterilizing applications
6. The first environmentally-friendly air conditioner with IOT, which is clean, comfortable and safe. Application for patent with "intelligent sterilizing, energy-saving, dust-cleaning and automatically self-cleaning features" is underway (Hong Kong Government ITF-funded project)

Innovation is brought out by hard work, and intelligence meeting the demand of human vision. Against the backdrop of the irreversible trend of global environmental protection and energy conservation, we have proactively responded to the world's innovative spirit in science and technology, we have made unremitting efforts to invest in research and development, strengthened collaboration with scientific research institutions, and promoted the transformation of scientific and technological innovation. As a result, our products have gradually increased their market share both online and offline. Currently, we are actively engaged in sales business on e-commerce platforms in Hong Kong and mainland China, as well as in European and American e-commerce markets. In addition, we will proactively expand into the international market and embrace the world. We believe our products can help investors reap enormous returns, and they will surely become a leader in global nanotechnology applications.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders, clients, business partners, bankers, sub-contractors and suppliers for their continued confidence and support. I would also like to extend my sincere appreciation to the management and staff for their commitment and contribution throughout the year.

Cheng Tsang Fu Dennis
Chairman and Chief Executive Officer

Hong Kong, 27 June 2024

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of fitting-out services, renovation services and Nano-AM application services in Hong Kong.

Fitting-out and renovation services

The Group's clientele of the fitting-out and renovation services comprises (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties.

The Group's fitting-out and renovation services mainly include provision of fitting-out and renovation solutions for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, clubhouses, sales office, public area in residential and commercial buildings, offices, shopping malls and shops in Hong Kong.

As the project manager and principal coordinator, the Group is responsible for the overall implementation of projects that included planning, coordinating, monitoring and supervising the project from the commencement of service to the delivery of certificate of completion, and follow up on rectification of defects during the defect liability period, among other things.

For projects over HK\$10 million which is defined as large-scaled projects hereafter, the Group has awarded a total of 11 large-scaled fitting-out projects which comprised 9 fitting-out projects and 2 renovation projects with an aggregate contract sum of approximately HK\$480.4 million during the Year and contributed a revenue of approximately HK\$148.3 million for the Year. In Previous Year, the Group had awarded a total of 4 large-scaled fitting-out projects with an aggregate contract sum of HK\$198.3 million and contributed a revenue of approximately HK\$30.5 million for the Previous Year.

Nano-AM application services

In the last year, the Group has obtained an exclusive license for sales of a nanophotocatalytic antifouling material (the "Nano-AM") that is an eco-friendly material effectively preventing unwanted growth of microorganisms onto the coated surfaces, currently being used as a surface disinfecting material and protective paint on building materials, boats and yachts.

Leveraging the exclusive license for the sales of the Nano-AM, the Company explores the marine repair and maintenance business successfully. The Group is responsible for the sales and marketing of the Nano-AM and is exploring other opportunities for the Nano-AM application.

The Board believes that the Nano-AM can also have useful applications in other aspects including our fitting-out and renovation projects and also can be a good opportunity for the Group to broaden its income streams through sales of the Nano-AM in the construction materials market.

Looking forward, in addition to the huge development potential of the Nano-AM application, the Board believes that the demand for the high-end fitting-out and renovation services will stay strong, and the Group will continue to develop this market accordingly.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from provision of fitting-out services, renovation services and Nano-AM application services to its customers.

The following table shows our revenue by operating segment during the years ended 31 March 2024 and 2023:

	For the year ended 31 March			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Fitting-out work	255,786	74.0	172,991	66.4
Renovation work	85,776	24.8	83,010	31.9
Nano-AM work	4,068	1.2	4,472	1.7
	345,630	100.0	260,473	100.0

For the Year under review, the Group's revenue was approximately HK\$345.6 million, representing an increase of approximately 32.7% as compared to the revenue of approximately HK\$260.5 million for the Previous Year.

The revenue for fitting-out works for the Year was approximately HK\$255.8 million, represented an increase of approximately 47.9% from approximately HK\$173.0 million for the Previous Year. The increase was mainly due to the increase in revenue contributed from several large-scaled fitting projects located in Pak Shek Kok, Jordan, Wang Chuk Hang, The Peak and Lantau Islands which contributed an aggregate revenue of approximately HK\$94.9 million for the Year.

The revenue for renovation works for the Year was approximately HK\$85.8 million, represented an increase of approximately 3.3% from approximately HK\$83.0 million for the Previous Year.

Cost of Services and Gross Profit

The Group's cost of services mainly comprised subcontracting costs, material costs and direct staff costs. The increase in cost of services was generally in line with the increase in revenue for the Year.

The following table shows our gross profit and gross profit margin by operating segments during the years ended 31 March 2024 and 2023:

	For the year ended 31 March			
	2024		2023	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	HK\$'000	Margin	HK\$'000	Margin
		%		%
Fitting-out work	10,516	4.1	11,698	6.8
Renovation work	39	0.0	8,279	10.0
Nano-AM work	1,432	35.2	1,713	38.3
	11,987	3.5	21,690	8.3

The overall gross profit decreased by approximately HK\$9.7 million or 44.7% from approximately HK\$21.7 million for the Previous year to approximately HK\$12.0 million for the Year, which was primarily attributable to the decrease in gross profit of renovation works and fitting-out works by HK\$8.2 million and HK\$1.2 million respectively.

The decrease in gross profit from fitting-out work was mainly due to lower gross profit margin for certain large scaled fitting-out projects undertaken during the Year. The decrease in gross profit from renovation work was mainly due to cost overrun of certain large-scaled renovation projects for the Year.

Other income and gains/(losses), net

The Group's other income and gains/(losses), net decreased by approximately HK\$1,423,000 from approximately HK\$1,455,000 for the Previous Year to approximately HK\$32,000 for the Year. Such decrease was primarily due to a decrease of government subsidies amounted to approximately HK\$1,513,000.

Impairment loss of trade receivables, other receivables and contract assets

The Group's impairment loss of trade receivables, other receivables and contract assets amounted to approximately HK\$5.0 million and HK\$2.7 million for the years ended 31 March 2024 and 2023 respectively, representing an increase of approximately 86.4%. Such increase was primarily due to an increase in impairment loss of contract assets for the Year by approximately HK\$3.8 million partially offset by a decrease in impairment loss of trade receivables for the Year by HK\$2.4 million.

Management Discussion and Analysis

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$19.1 million and HK\$18.6 million for the years ended 31 March 2024 and 2023 respectively, representing an increase of approximately 2.9%.

Finance Costs

The Group's finance costs amounted to approximately HK\$2.4 million and HK\$0.6 million for the years ended 31 March 2024 and 2023 respectively, representing an increase of approximately 317.4%. Such increase was mainly due to an increase in interest on loan from related parties by approximately HK\$1.7 million.

Income Tax Expense

Income tax expense of the Group for the Year was Nil (2023: approximately HK\$0.1 million).

(Loss)/Profit and Total Comprehensive (Expense)/Income for the Year

As a result of the aforesaid, the Group recorded a loss and total comprehensive expense attributable to the owners of the Company of approximately HK\$14.5 million for the Year, as compared to that of a profit and total comprehensive income attributable to the owners of the Company of approximately HK\$1.2 million for the Previous Year.

Borrowing Facilities

As at 31 March 2024, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK\$30.0 million (31 March 2023: HK\$75.9 million), which include, but not limited to, revolving loan, term loan, overdraft and bank guarantee. Out of total banking facilities, revolving loan facility of Nil (31 March 2023: HK\$4.0 million) and term loan facility of HK\$7.4 million (31 March 2023: HK\$9.0 million) were outstanding. As at 31 March 2024, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK\$10.4 million (31 March 2023: HK\$20.6 million). The revolving loan facility and term loan facility are denominated in Hong Kong dollars and carried at variable rates of Hong Kong Inter-bank Offered Rate ("HIBOR") plus 2% per annum and Hong Kong Best Lending Rate quoted by the bank from time to time minus 2.25% per annum respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 March 2024. As at 31 March 2024, the Group had bank balances and cash of approximately HK\$23.3 million (2023: HK\$26.3 million). The decrease in bank balances and cash was mainly due to the net cash used in operating activities of approximately HK\$27.5 million; and partially offset by an advance from the directors of the Company of approximately HK\$27.0 million. As at 31 March 2024, the Group's bank balances and cash, except a small aggregate amount of approximately HK\$362,000 (2023: HK\$344,000) in foreign currencies including Renminbi, United States dollars and Euro dollars, were held in Hong Kong dollars. The current ratio remained approximately 2.3 times and 2.4 times as of 31 March 2023 and 31 March 2024 respectively. The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year and multiplied by 100%, increased from 15.7% as at 31 March 2023 to approximately 70.7% as at 31 March 2024 due to an increase in interest bearing borrowings from directors of the Company and ultimate holding company. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

As at 31 March 2024, the Company's issued share capital was HK\$3,400,000 (2023: HK\$3,400,000) and the number of its issued ordinary shares was 340,000,000 (2023: 340,000,000) of HK\$0.01 each.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 6 to the consolidated financial statements.

USE OF PROCEEDS FROM PLACING

On 2 August 2022, an aggregate of 20,000,000 ordinary shares of the Company have been placed to places at a price of HK\$0.540 per share (the "Placing"). The Company received net proceeds from the Placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$10,644,000. The planned use of proceeds was solely for financing the Group's working capital. The analysis of the actual use of the proceeds are set out below:

The analysis of the actual use of the proceeds are set out below:

	Planned use of proceeds HK\$'000	Amount not yet utilised as at 31 March 2023 HK\$'000	Amount utilised during the year ended 31 March 2024 HK\$'000	Amount not yet utilised as at 31 March 2024 HK\$'000	Original expected timeline for utilisation of the unused net proceeds	Updated expected timeline for utilisation of the unused net proceeds
Working capital	10,644	8,581	6,610	1,971	By 31 March 2024	By 30 September 2024

Reason for extending the expected timeline for use of net proceeds

In light of the uncertainty surrounding the global macroeconomic outlook, the Group proactively implemented various measures of reducing costs and enhancing efficiency to reduce its operational expenses. As a result, the Group has not fully utilized the net proceeds on or before the original expected timeline (i.e. 31 March 2024). Accordingly, the Board decided to extend the original expected timeline for unutilized net proceeds as stated above. The Board considers that the extension of the expected timeline will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its Shareholders as a whole.

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The Group's core business operation is in Hong Kong and its assets are principally in Hong Kong. Hence, the Group is not exposed to significant foreign exchange risk as the majority of its business transactions are denominated in Hong Kong dollars (being the functional currency of the Group) and there were only insignificant balances of financial assets that were denominated in foreign currency as at 31 March 2024.

The Group does not have a foreign currency hedging policy. The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, 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 from time to time.

PLEDGE OF ASSETS

As at 31 March 2024, the Group had bank deposits amounted to Nil (2023: approximately HK\$6.1 million) and investment in a life insurance policy with a fair value of HK\$3.7 million (2023: HK\$3.7 million) which were pledged to secure banking facilities granted to the Group.

SURETY BOND AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

At the end of the reporting period, the Group had outstanding performance bonds as follows:

	2024 HK\$'000	2023 HK\$'000
Issued by banks	10,380	20,599

CAPITAL COMMITMENTS

As at 31 March 2024 and 2023, the Group did not have any significant capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 31 March 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of 80 employees (2023: 56 employees). The staff costs, including directors' emoluments, of the Group were approximately HK\$39.3 million for the year ended 31 March 2024 (2023: approximately HK\$37.1 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance. The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong in accordance with the rules of the MPF Scheme.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2024.

Biographical Details of the Directors of the Company and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheng Tsang Fu Dennis (“Mr. Dennis Cheng”), aged 65, is one of the founders and controlling shareholders of the Group and has been a director of DCB since June 2008. He was appointed as our chief executive officer and redesignated as an executive Director on 29 May 2017. Mr. Dennis Cheng has been appointed as the chairman of the Board and the chairman of the nomination committee of the Company. Mr. Dennis Cheng is primarily responsible for the day-to-day management, business development and overseeing the operations of the Group. Mr. Dennis Cheng has over 32 years of experience in the fitting-out and renovation industry. Mr. Dennis Cheng is the brother of Mr. Richard Cheng and spouse of Ms. Liu.

Ms. Liu Lee Lily (“Ms. Liu”), aged 63, is one of the founders and controlling shareholders of the Group and has been a director of DCB since June 2008. She was appointed as a Director of the Company on 8 March 2017. She was redesignated as an executive Director and appointed as our compliance officer on 29 May 2017. She is mainly responsible for overseeing the human resources and administrative matters of the Group. She is also a member of the remuneration committee of the Company. Ms. Liu has over 35 years of experience in administration and human resources management. Ms. Liu is the spouse of Mr. Dennis Cheng and sister-in-law of Mr. Richard Cheng.

Mr. Chui Kai Tai (“Mr. Chui”), MH, aged 70, has been appointed as an executive Director of the Company on 23 December 2021. Mr. Chui also serves as a director in certain subsidiaries of the Company. He is mainly responsible for the development of the business segment for Nano-AM application services within the Group. Mr. Chui joined the Hong Kong Government as Surveying Assistant III in 1974 and retired in 2013 from the position of Chief Survey Officer in the Planning Department. Mr. Chui received a Medal of Honour in 2014.

Mr. Lee Chi Wai (“Mr. Lee”), aged 45, has been appointed as an executive Director of the Company on 13 November 2023. Mr. Lee obtained a Bachelor of Business Administration degree in Information Technology Management from University of Iowa, United States, in 2003 and a Master of Science degree in Systems Engineering and Engineering Management from The Chinese University of Hong Kong in 2007. Mr. Lee has more than 20 years of experience in the A.I. and Big data industry. He has served as a director and chief executive officer of Application Technology Company Limited since 2012. He is also a director of The Hong Kong Applied Science and Technology Research Institute from 2020; the chairman of the board of ASTRI FinTech Limited since 2021; a member of The Hong Kong Trade Development Council Innovation and Technology Advisory Committee since 2021; a member of The Innovation and Technology Fund Research Projects Assessment Panel since 2023; and a member of The Laboratory for Artificial Intelligence in Design (AiDLab) Advisory Committee since 2023. Mr. Lee has also served in universities, industries and associations including a mentor of The Chinese University of Hong Kong – Centre for Entrepreneurship since 2023; a panelist and mentor of The Hong Kong Polytechnic University Postdoc Programme since 2022; a panelist and mentor of City University of Hong Kong: HK Tech 300 since 2022; the co-chairman of The Hong Kong Innovation and Technology Cooperation Association since 2023; the executive committee member of The Hong Kong Startup Council under the Federation of Hong Kong Industries since 2021; the executive committee member of The Hong Kong Information Technology Industry Council under the Federation of Hong Kong Industries since 2021; a member of Technology for Future Think Tank since 2020; the president of Technology Incubation Network since 2019; a director of The Hong Kong Association for the Advancement of Science and Technology since 2019; and a mentor of The Hong Kong Science Park Incubation Programme since 2021.

Mr. Keung Hon Sing Samuel (“Mr. Keung”), aged 44, has been appointed as an executive Director of the Company on 3 May 2024. Mr. Keung obtained a Bachelor of Civil Engineering degree from the RMIT University in Australia in 2003 and a Master of Business Administration degree from the University of Manchester in United Kingdom in 2016. Mr. Keung has over 19 years of experience in engineering and management. He served as an assistant engineer at Paul Y Engineering Group from June 2005 to August 2007. From September 2007 to March 2024, he worked at Hilti Group Asia, where his last position was the Regional Head of Engineering, North Asia. On 21 March 2024, Mr. Keung was appointed as a director of ESG Yacht Limited, a subsidiary of the Company. Mr. Keung is the spouse of Ms. Lin, a former executive Director of the Company.

NON-EXECUTIVE DIRECTOR

Prof. Leung Yiu Cheong (“Prof. Dennis Leung”), aged 64, has been appointed as a non-executive Director on 23 December 2021. Prof. Dennis Leung obtained a Bachelor of Science (Engineering) degree and a Doctor of Philosophy degree from The University of Hong Kong in 1982 and 1988 respectively. Prof. Dennis Leung has more than 31 years of experiences in engineering. He worked as an assistant environmental engineer of Hong Kong Electric Company Ltd. from 1988 to 1989 and was later promoted and worked as environmental engineer between 1989 and 1993. Prof. Dennis Leung joined the Department of Mechanical Engineering in The University of Hong Kong at 1993 and acted as the Head of Department during the period of 2020 to 2023. He is currently fellow members of Institution of Mechanical Engineers, Energy Institute, and Hong Kong Institute of Engineers.

Biographical Details of the Directors of the Company and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Kwok Kee (“Mr. Chow”), PMSM, aged 69, has been appointed as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company, on 23 December 2021. Mr. Chow has obtained a diploma in business management studies awarded jointly by The Hong Kong Polytechnic University and The Hong Kong Management Association in 1993. Mr. Chow joined the Hong Kong Police Force in 1974 as a police constable and retired in 2010 from the position of Superintendent of Hong Kong Police Force.

Mr. Xu Zhi Qiang (“Mr. Xu”), aged 61, has been appointed as an independent non-executive director, a member of the audit committee, a member of the remuneration committee and a member of the nomination committee on 4 November 2022. Mr. Xu is one of the outstanding Chinese gymnastics athletes in the 20th century and has won the World Gymnastics Championships and the World Cup in 1983 and 1986 respectively. He was also one of the runner-up members of the Chinese gymnastics team in the 1984 Olympic Games. Mr. Xu has more than 21 years of experience in various industries including the production and sales of environmentally friendly renewable energy products. Mr. Xu had served as a director of Pacific Conquest Holdings Inc., a company listed on the OTC Markets, in the United States, between 30 May 2019 and 15 December 2021.

Mr. Chiu Wai Hon (“Mr. Chiu”), aged 51, has been appointed as an independent non-executive Director, the chairman of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company on 7 February 2023. Mr. Chiu obtained a Bachelor of social science degree from Lingnan University (formerly known as Lingnan College) in 1996. He has been a member of the Institute of Public Accountants since April 2022.

Mr. Chiu has over 18 years of experience in the banking and finance sector in Hong Kong and has been responsible for, among others, corporate financing and analyzing financial data of local enterprises and listed companies, during his employment with several banks in Hong Kong.

Since March 2023, he has been a director of Starlion Global Limited, a private company incorporated in Hong Kong which carries on the business of general trading and being a major authorized exporter of Toyota Tsusho Corporation car related products.

Ms. Cheung Kong Hung (“Ms. Cheung”), aged 55, has been appointed as an independent non-executive Director, a member of each of the audit committee, remuneration committee and nomination committee of the Company on 1 February 2024. Ms. Cheung obtained a Bachelor of Nursing degree from Monash University in Australia in 1999 and a Master of Health Science degree in Gerontology from The University of New England in Australia in 2003. Ms. Cheung has more than 30 years of experience in nursing practice in the public health sector. She has been a registered nurse in Hong Kong since 1993.

SENIOR MANAGEMENT

Mr. Cheng Tsang Hin (“**Mr. Richard Cheng**”), aged 77, joined the Group in May 2010 as the financial controller. Mr. Richard Cheng obtained his diploma in accounting from Hong Kong Baptist College in December 1974. Since July 1982 till present, he has been serving as a director of Libercon Industries Limited, a company which engages in the trading of toys, sundry goods and kitchenware. He was also the financial controller of Libercon Industries Limited between July 1982 to March 2010. Mr. Richard Cheng is the brother of Mr. Dick Cheng and Mr. Dennis Cheng and brother-in-law of Ms. Liu.

Mr. Lee King Yin (“**Mr. Lee**”), aged 47, joined the Group as a contract manager in January 2017. Mr. Lee graduated from The Hong Kong Polytechnic University with a bachelor of science degree in construction economics and management in December 1999 and received a master of science degree in construction law and dispute resolution from The Hong Kong Polytechnic University in September 2019. Mr. Lee has over 19 years of experience in quantity surveying and project management. He is a member of The Hong Kong Institute of Surveyors.

Mr. Au Hok Man Jefferson (“**Mr. Au**”), aged 43, was appointed as the Group’s company secretary and assistant financial controller on 29 May 2017 and is responsible for the Group’s secretarial works. Mr. Au obtained his honours diploma in accounting from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) in July 2004 and received a master of science degree in professional accountancy from the University of London in December 2021. Mr. Au has over 19 years of accounting and audit experience. He is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Association of Chartered Certified Accountants.

Report of Directors

The directors of the Company (the “Directors”) are pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “Consolidated Financial Statements”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 37 to the Consolidated Financial Statements. The Group is principally engaged in the provision of fitting-out services, renovation services and Nano-AM application services.

BUSINESS REVIEW

The business review of the Group for the Year together the future business development are set out in the section headed “Management Discussion and Analysis” on pages 13 to 19 of this annual report. This discussion form part of the report of directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group commits to the long term sustainability of the environment and communities which it operates. Acting in an environmentally responsible manner, the Group endeavours to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

A more detailed discussion on the environmental policies and performance of the Company can be found in the “Environmental, Social and Governance Report” section.

COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the Year, the Directors are not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group’s business where the Group is operating.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on the support from key parties which comprise customers, suppliers includes sub-contractors, employees and shareholders.

Customers

The Group's principal customers comprises (i) property developers; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. The Group has built a good reputation in the fitting-out and renovation industry for quality services which has been one of our strengths to maintain customer loyalty. In addition to recurring customers, the Group had obtained new customers from recurring customers or business contacts of our Directors.

Suppliers

Our suppliers are broadly categorised as sub-contractors and material suppliers. Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with its suppliers in order that its projects can be completed with high efficiency and quality so as to further enhance our reputation in the market.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment with flexibility for their creativity to fulfil the fitting-out and renovation projects. The key objective of our human resource management is to recognise and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, and promotion opportunity. The Group also organise social gathering activities for its employees to join as to promote work life balance and to enhance team spirit.

Shareholders

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

Report of Directors

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Directors are aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

- We rely on several major customers who do not have long-term commitments with us;
- Our fitting-out and renovation projects are not on a recurring basis and are dependent on us winning tenders and quotations;
- We rely on our Board members, senior management team and project management staff in our business operation and their relationship with our customers;
- We rely on our sub-contractors to complete our projects and their implementation of safety measures or procedures and compliance of relevant laws and regulations;
- We rely on our sub-contractors to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such sub-contractors. Also, there is no assurance that these sub-contractors will be able to continue to provide services to us at fees acceptable to us;
- We may incur costs overrun which are not recoverable from our customers due to failure to accurately estimate time and control costs;
- Shortage in skilled workers and increase in labour costs could increase our operational cost and affect our profitability; and
- There is no guarantee that we will receive progress payment on time or retention money on time or in full.

SEGMENTAL INFORMATION

The Group's segment information and revenue for the year ended 31 March 2024 are set out in note 6 to the Consolidated Financial Statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 and the state of affairs of the Company and of the Group as at that date are set out in the Consolidated Financial Statements on pages 73 to 137.

The Board does not recommend the payment of any dividend (2023: Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 138. This summary does not form part of the Consolidated Financial Statements.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 28 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

Report of Directors

DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to Nil.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

	For the year ended 31 March	
	2024	2023
Purchases		
• the largest supplier	11.2%	16.2%
• five largest suppliers in aggregate	32.4%	34.6%
Sales		
• the largest customer	14.3%	26.4%
• five largest customers in aggregate	60.7%	65.8%

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the Year and as at the date of this report were:

Executive directors

Mr. Cheng Tsang Fu Dennis (鄭曾富) (*Chairman & Chief Executive Officer*)

Ms. Liu Lee Lily (廖莉莉)

Mr. Chui Kai Tai (徐啟泰)

Mr. Lee Chi Wai (李治緯) (*appointed on 13 November 2023*)

Mr. Keung Hon Sing Samuel (姜漢星) (*appointed on 3 May 2024*)

Ms. Lin Xiaoling (林曉玲) (*resigned on 21 June 2024*)

Non-executive Directors

Prof. Leung Yiu Cheong (梁耀彰)

Prof. Leung Kwok Hi Michael (梁國熙) (*resigned on 3 May 2024*)

Independent non-executive Directors

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Mr. Chiu Wai Hon (趙維漢)

Ms. Cheung Kong Hung (張江紅) (*appointed on 1 February 2024*)

Each of the executive Directors has entered into a service agreement with the Company. The terms and conditions of each of such service agreements are similar in all material aspects. Each service agreement is for an initial term of three years commencing on the date of the service agreement and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing.

Each of our non-executive Directors has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of three years commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least three months' notice in writing.

Each of our independent non-executive Directors has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of one year commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

In accordance with the Article 84(1) of the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three year.

In addition, pursuant to Article 83(3), any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and 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.

Accordingly, Mr Cheng Tsang Fu Dennis, Mr. Chui Kai Tai, MH, Mr. Lee Chi Wai, Mr. Keung Hon Sing Samuel, Prof. Leung Yiu Cheong and Ms. Cheung Kong Hung, being the Directors of the Company, shall retire from office at the forthcoming annual general meeting to be held on 10 September 2024 (the "AGM"). All of the retired directors, being eligible, offer themselves for re-election, at the AGM.

None of the Director who are proposed for re-election at the AGM has an unexpired service contract/letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website at <http://www.coolpointinnonism.com> under "Directors of Subsidiaries" in the "Investor Relations" section.

Report of Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed “Biographical Details of the Directors of the Company and Senior Management” on pages 20 to 23 of this annual report.

CHANGES OF DIRECTORS’ INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

The Company is not aware of any other change in the directors’ information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

MANAGEMENT CONTRACTS

Save for the service contract, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISIONS

Pursuant to Article 164 of the Articles of Association of the Company, the Directors, Secretary and other officers and every auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them, and every one of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Such provision was in force during the Year.

DIRECTORS’ REMUNERATION

The Directors’ fees are subject to shareholders’ approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to the recommendations by remuneration committee of the Company, directors’ duties, responsibilities and performance and the results of the Group. The remuneration of Directors (including executive Directors, non-executive Directors and independent non-executive Directors) on named basics are set out in note 11 to the Consolidated Financial Statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Management Contracts" and note 35 to the Consolidated Financial Statements, there is no contract of significance between the Company, or any of its subsidiaries, and a controlling shareholders or any of its subsidiaries.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 35 to the Consolidated Financial Statements. None of them are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by written resolutions passed by its Shareholders on 19 January 2018 and became unconditional on 14 February 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, 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 Share Option Scheme is valid and effective for a period of 10 years from 14 February 2018, after which no further options will be granted or offered.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% of the aggregate number of Shares in issue on the Listing Date.

Report of Directors

As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is 32,000,000 Shares, representing 9.4% of the issued share capital of the Company. No options may be granted to any eligible participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital for the time being.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding ten years from the date of grant under the Share Option Scheme (the "Option Period"). After the expiration of the Option Period, no further options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. Eligible participants of the Share Option Scheme are required to pay the Company HK\$1 upon acceptance of the grant within seven days after the offer date.

The subscription price shall be determined by our Board in its absolute discretion but in any event shall not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the Shares.

As at 31 March 2024, there was no option outstanding, granted, cancelled, exercised or lapsed.

Apart from the aforesaid Share Option Schemes, at no time during the year ended 31 March 2024 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Interests in Shares	Approximate percentage shareholding
Mr. Cheng Tsang Fu Dennis	Interest in controlled corporation ⁽¹⁾ / interest of spouse ⁽²⁾	164,200,000	48.29%
Ms. Liu Lee Lee Lily	Interest in controlled corporation ⁽¹⁾ / interest of spouse ⁽²⁾	164,200,000	48.29%
Mr. Chui Kai Tai	Beneficial owner	12,800,000	3.76%
Ms. Lin Xiaoling ⁽³⁾	Beneficial owner ⁽⁴⁾	2,550,000	0.75%
Mr. Lee Chi Wai	Beneficial owner	155,000	0.05%
Mr. Keung Hon Sing Samuel	Interest of spouse ⁽⁴⁾	2,550,000	0.75%
Prof. Leung Yiu Cheong	Beneficial owner	2,500,000	0.74%
Prof. Leung Kwok Hi Michael ⁽⁵⁾	Beneficial owner	3,200,000	0.94%
Ms. Cheung Kong Hung	Beneficial owner	385,000	0.11%

Notes:

- The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lily are deemed to be collectively interested in 164,200,000 Shares held by Advance Goal by virtue of the SFO.
- Each of Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily is spouse to each other. Therefore, Mr. Cheng Tsang Fu Dennis is deemed to be interested in Shares held by Ms. Liu Lee Lily, and vice versa, pursuant to the SFO.
- Ms. Lin Xiaoling has resigned as executive Director of the Company on 21 June 2024.
- Mr. Keung Hon Sing Samuel is the spouse of Ms. Lin Xiaoling. Therefore, Mr. Keung Hon Sing Samuel is deemed to be interested in shares held by Ms. Lin Xiaoling by virtue of the SFO.
- Prof. Leung Kwok Hi Michael has resigned as non-executive Director of the Company on 3 May 2024.

Report of Directors

Saved as disclosed above, as at 31 March 2024, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, at no time during the Year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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

So far as the Directors are aware, as at 31 March 2024, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, the following person has an interest or short position in the shares or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the issued shares of the Company are listed as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage shareholding
Advance Goal ⁽¹⁾	Beneficial owner	164,200,000	48.29%
Mr. Cheng Tsang Wai	Interest in controlled corporation	164,200,000	48.29%
Ms. Chow Siu Shan Juliana	Interest of spouse ⁽²⁾	164,200,000	48.29%
Mr. Chen Yi Sung	Beneficial owner	36,730,000	10.80%

Notes:

1. The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lee Lily are deemed to be collectively interested in 164,200,000 Shares held by Advance Goal by virtue of the SFO.
2. Ms. Chow Siu Shan Juliana is the spouse of Mr. Cheng Tsang Wai. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 164,200,000 Shares owned by Mr. Cheng Tsang Wai through Advance Goal.

Saved as disclosed above, as at 31 March 2024, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued shares of the Company.

COMPETITION AND CONFLICT OF INTERESTS

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company entered into a deed of non-competition dated 19 January 2018 in favour of the Company (the “Deed of Non-competition”). Details of the Deed of Non-competition are set out in the section headed “Relationship with our Controlling Shareholders” in the Prospectus.

During the Year, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

The Company has received the confirmation from the controlling shareholders in respect of their compliance with the terms of the Deed of Non-competition for the Year. The independent non-executive Directors had reviewed and confirmed that, having made such reasonable enquiries with the controlling shareholders and reviewed such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed of Non-competition had not been complied with by the controlling shareholders during the year and the Deed of Non-competition has been enforced by the Company in accordance with its terms for the Year.

Report of Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 38 to 54 in this annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 5 September 2024 to Tuesday, 10 September 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited (the "Hong Kong Share Registrar"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 4 September 2024.

TAXATION OF HOLDERS OF SHARES

Hong Kong

The purchase, sale and transfer of shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.1% of the consideration or, if greater, the fair value of the shares being bought/sold or transferred (rounded up to the nearest HK\$'000). In addition, a fixed duty of HK\$5.00 is currently payable on an instrument of transfer of shares. Profits from dealings in the share arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Cayman Islands

Under the present Cayman Islands laws, transfers and other dispositions of shares in the Company are exempt from Cayman Islands stamp duty.

Consultation with professional advisers

Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

AUDITOR

The Consolidated Financial Statements have been audited by Messrs. CCTH CPA Limited, who will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint CCTH CPA Limited is to be proposed at the AGM.

By order of the Board
Coolpoint Innonism Holding Limited
CHENG Tsang Fu Dennis
Chairman and Chief Executive Officer

Hong Kong, 27 June 2024

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Board and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices to ensure that all of them are in line with corporate governance best practices.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix C1 of the GEM Listing Rules. Throughout the Year, the Company has adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner, except for the deviations from the Code Provision C.2.1 of the CG Code mentioned in the paragraph headed "Chairman and Chief Executive Officer".

THE BOARD OF DIRECTORS

Overall Management

The Board is responsible for the overall management of the business of the Group, formulating the Group's overall strategic direction and corporate governance and maintaining appropriate levels of review, challenge and guidance in its relationship with the management. The management is delegated with the authority and responsibility by the Board for the day-to-day management and administration of the Group.

The Board is provided with the updates from management to give a balanced and understandable assessment of the performance, recent development and prospects of the Group on a regular basis. The Board is the ultimate decision-making body for all matters material to the Group and discharges its responsibilities on corporate governance either by itself or the Board Committees set out in Code Provision A.2.1 of the CG Code which include the following:

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

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties in compliance with the GEM Listing Rules and CG Code. The Company will consider to develop written procedures to enable Directors and members of all Board Committees, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense.

Composition

As at the date of this report, there are five executive Directors, one non-executive Director and four independent non-executive Directors ("INEDs") of the Company. The composition of the Board during the year and up to the date of this report is as follows:

Executive directors

Mr. Cheng Tsang Fu Dennis (鄭曾富) (*Chairman & Chief Executive Officer*)
Ms. Liu Lee Lily (廖莉莉)
Mr. Chui Kai Tai (徐啟泰)
Mr. Lee Chi Wai (李治緯) (*appointed on 13 November 2023*)
Mr. Keung Hon Sing Samuel (姜漢星) (*appointed on 3 May 2024*)
Ms. Lin Xiaoling (林曉玲) (*resigned on 21 June 2024*)

Non-executive Directors

Prof. Leung Yiu Cheong (梁耀彰)
Prof. Leung Kwok Hi Michael (梁國熙) (*resigned on 3 May 2024*)

Independent non-executive Directors

Mr. Chow Kwok Kee (周國基)
Mr. Xu Zhi Qiang (許志強)
Mr. Chiu Wai Hon (趙維漢)
Ms. Cheung Kong Hung (張江紅) (*appointed on 1 February 2024*)

Pursuant to Rule 5.02D of the GEM Listing Rules, every director of a listed issuer must obtain legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the GEM Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange (the "Legal Advice").

The respective dates of obtaining the Legal Advice by the Directors appointed during the year and up to the date of this report are as follows:

Name of director	Date of obtaining the Legal Advice
Mr. Lee Chi Wai	2 November 2023
Ms. Cheung Kong Hung	2 November 2023
Mr. Keung Hon Sing Samuel	25 April 2024

Each of Mr. Lee Chi Wai, Ms. Chung Kong Hung and Mr. Keung Hon Sing Samuel has confirmed he/she understood his/her obligations as a director of a listed issuer.

Corporate Governance Report

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section “Biographical Details of the Directors of the Company and Senior Management” on pages 20 to 23. The updated list of Directors and their role and function are published at the website of the Stock Exchange and the Company’s website at www.coolpointinnonism.com.

Save as disclosed in the section headed “Biographical Details of the Directors of the Company and Senior Management” to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed four INEDs representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each INED an annual confirmation of their independence, and the Board, through the nomination committee of the Company (the “Nomination Committee”), has assessed and considered the INEDs to be independent during the Year in accordance with Rule 5.09 of the GEM Listing Rules.

The Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired because of the diverse background and experience of our INEDs. Furthermore, all Board Committees including the audit committee of the Company (the “Audit Committee”) has free and direct access to the Company’s external auditor or independent professional adviser(s) when they consider necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the Code Provision C.2.1 of the CG Code, which stipulates that the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Accordingly, following the resignation of Mr. Cheng Tsang Wai as chairman of the Board and replaced by Mr. Cheng Tsang Fu Dennis on 28 March 2022, there will be a deviation from the Code Provision to C.2.1 by the Company as Mr. Cheng Tsang Fu Dennis is also the chief executive officer.

Notwithstanding the aforesaid deviation, the Board believes that vesting the roles of both the chairman of the Board and the chief executive officer on Mr. Cheng Tsang Fu Dennis can better facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. The Board considers that the deviation from the Code Provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of four executive Directors, two non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company as a whole. Nevertheless, the Company will continue to review its operation and seek to re-comply with the Code Provision C.2.1 of the CG Code by splitting the roles of chairman and chief executive officer at a time when it is appropriate to increase the independence of corporate governance of the Group.

BOARD MEETINGS

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group’s business.

During the Year, seven Board meetings were held. Apart from the Board meetings and Board committee meetings, written approval from Board committees had also been obtained by written resolutions on a number of matters. An annual general meeting and a private meeting between the Chairman and the INEDs as required by the Code Provision C.2.7 of the CG Code had been held during the Year.

DIRECTORS' ATTENDANCE AT BOARD/BOARD COMMITTEE/GENERAL MEETINGS

Here below are details of all Directors' attendance at the Board meeting, Board committee meetings and general meeting held during the year ended 31 March 2024:

	Board meeting	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
<i>Executive Directors</i>					
Mr. Cheng Tsang Fu Dennis	7/7	N/A	3/3	N/A	1/1
Ms. Liu Lee Lily	7/7	N/A	N/A	2/2	1/1
Mr. Chui Kai Tai	5/7	N/A	N/A	N/A	1/1
Mr. Lee Chi Wai (李治緯) (appointed on 13 November 2023)	2/3	N/A	N/A	N/A	N/A
Ms. Keung Hon Sing Samuel (姜漢星) (appointed on 3 May 2024)	N/A	N/A	N/A	N/A	N/A
Ms. Lin Xiaoling (resigned on 21 June 2024)	3/7	N/A	N/A	N/A	N/A
<i>Non-executive Directors</i>					
Prof. Leung Yiu Cheong	5/7	N/A	N/A	N/A	1/1
Prof. Leung Kwok Hi Michael (resigned on 3 May 2024)	6/7	N/A	N/A	N/A	1/1
<i>Independent non-executive Directors</i>					
Mr. Chow Kwok Kee (周國基)	7/7	3/3	3/3	2/2	1/1
Mr. Xu Zhi Qiang (許志強)	7/7	3/3	3/3	2/2	1/1
Mr. Chiu Wai Hon (趙維漢)	6/7	3/3	3/3	2/2	1/1
Ms. Cheung Kong Hung (張江紅) (appointed on 1 February 2024)	1/1	1/1	1/1	N/A	N/A

Corporate Governance Report

At the annual general meeting, the chairman of the Board as well as chairman of the Audit Committee, Nomination Committee and remuneration committee of the Company (the “Remuneration Committee”) or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting.

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

All directors are also entitled to have access to board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors shall receive a prompt and full response by the management.

APPOINTMENT, RE-ELECTION AND REMOVAL

Each of our executive Directors has entered into a service agreement with the Company. The terms and conditions of each of such service agreements are similar in all material aspects. Each service agreement is for an initial term of three years and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months’ prior notice in writing.

Each of our non-executive Directors has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of three years commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least three months’ notice in writing.

Each of our independent non-executive Directors has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of one year commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month’s notice in writing.

In accordance with the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and 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.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

INDUCTION AND CONTINUOUS PROFESSIONAL TRAININGS OF DIRECTORS

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

The Directors understand the need to continue developing and refreshing their knowledge and skills for making contributions to the Company. The Company provides regular updates, changes and developments relating to the Group's business and the legislative and regulatory requirements to the Directors.

The Directors have complied with the requirement of the Code Provision C.1.4 of the CG Code on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and has kept a record of training that they received for the year ended 31 March 2024.

BOARD COMMITTEES

Audit Committee

The Company established the audit committee on 19 January 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix C1 to the GEM Listing Rules. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; review financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company.

Corporate Governance Report

The composition of the Audit Committee during the Year and up to the date of this report is as follows:

Independent non-executive Directors

Mr. Chiu Wai Hon (趙維漢) (*Chairman*)

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Ms. Cheung Kong Hung (張江紅) (*appointed on 1 February 2024*)

The Audit Committee has reviewed this annual report, including the audited consolidated results of the Group for the year ended 31 March 2024.

None of the members of the Audit Committee is a former partner of the Company's existing auditing firm. Mr. Chiu Wai Hon, who has appropriate professional qualifications and experience in accounting, was appointed as the chairman of the Audit Committee.

During the year ended 31 March 2024, the Audit Committee has reviewed the Group's unaudited results for the three months ended 30 June 2023, six months ended 30 September 2023 and annual audited results for the financial year ended 31 March 2024 and also reviewed the system of internal control of the Group in accordance with the Code Provision D.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group after gradually reorganised the existing daily operations. The Audit Committee has closely monitored and supervised the internal control procedures of the Group.

During the year ended 31 March 2024, the Audit Committee held 3 meetings for, inter alia, reviewing the Group's quarterly, interim and annual results, the financial reporting and compliance procedures, reviewing and approving internal control review report and considering the re-election of auditor of the Company. Details of the attendance of the members of the audit committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the GEM Listing Rules. The terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance-based remuneration; make recommendations to the Board on the remuneration packages of all Directors and senior management of the Group; and ensure none of the Directors determine their own remuneration. The remuneration committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

The composition of the Remuneration Committee during the Year and up to the date of this report is as follows:

Executive Director

Ms. Liu Lee Lily (廖莉莉)

Independent non-executive Directors

Mr. Chiu Wai Hon (趙維漢) (*Chairman*)

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Ms. Cheung Kong Hung (張江紅) (*appointed on 1 February 2024*)

For the year ended 31 March 2024, the remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

During the year ended 31 March 2024, the Remuneration Committee held 2 meetings for, inter alia, reviewing and approving the remuneration packages of the existing Directors. Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the GEM Listing Rules. The terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and succession planning for Directors, in particular, the chairman of the Board and the chief executive officer of the Company.

The composition of the Nomination Committee during the Year and up to the date of this report is as follows:

Executive Director

Mr. Cheng Tsang Fu Dennis (鄭曾富) (*Chairman*)

Independent non-executive Directors

Mr. Chow Kwok Kee (周國基)

Mr. Xu Zhi Qiang (許志強)

Mr. Chiu Wai Hon (趙維漢)

Ms. Cheung Kong Hung (張江紅) (*appointed on 1 February 2024*)

Corporate Governance Report

Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

During the year ended 31 March 2024, the Nomination Committee held 3 meetings for, inter alia, considering the appointment of new Directors, the retirement and re-election of the Directors at the annual general meeting and to assess, review and make recommendations on the structure, size, diversity and composition of the Board. Details of the attendance of the members of the nomination committee in the said meeting are set out under the subheading "Directors' Attendance at Board/Board Committee/General Meetings" above.

NOMINATION POLICY

The Board has adopted a nomination policy which sets out the criteria and process in the nomination and appointment of Directors. Below are the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

Selection Criteria

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

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent directors in accordance with the GEM Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- any other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

NOMINATION PROCESS

The Board has the relevant procedures for Directors' nomination which are pursuant to the GEM Listing Rules and the Company's article of association as detailed below.

(a) Appointment of New Director

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

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the GEM Listing Rules and/or applicable laws and regulations.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education 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.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness.

CORPORATE GOVERNANCE FUNCTION

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 19 January 2018 and is in compliance with the Code Provision A.2.1 of the CG Code as set out in Appendix C1 to the GEM Listing Rules. The Board will review the policy of the corporate governance and the corporate governance report of the Company annually.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the Consolidated Financial Statements for the year ended 31 March 2024 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

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

The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on pages 67 to 72 of this report.

External Auditor's Remuneration

During the year ended 31 March 2024, the fees of the external auditor of the Company in respect of audit and non-audit services provided to the Group were as follows:

Service rendered	2024 HK\$'000	2023 HK\$'000
Audit services	530	530

The audit committee has expressed its views to the Board that the level of fees of the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the auditor and the management of the Company during the Year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Responsibility of the Board

The Board is committed to the maintenance of good corporate governance, practices and procedures, and implements an effective risk management and internal control systems of the Group. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Our Risk Management and Internal Control Framework

Risk Management and Risk Assessment

The Board has the overall responsibilities of the risk management and internal controls systems of the Group. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management system on an ongoing basis.

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal controls. Essential to the Group's risk management and internal control systems are policies and procedures that are documented and communicated to employees.

Corporate Governance Report

To provide sound and effective risk management, the Group has established a risk management system which includes the following key features:

- An organisational structure for different responsible parties with defined authority, responsibilities and risk management roles;
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly;
- A risk management policy has been established to provide a framework, which includes a risk assessment process, for the identification, analysis, evaluation, treatment, monitoring and reporting of the Group's key risks to support the achievement of the organisation's overall strategic objectives.

Risk assessment has been performed by management to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives and to respond to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group. Remedial measures are developed to manage these risks to an acceptable level. The results of risk assessment is reported to and discussed with the Board.

Internal Control

The Group has maintained internal control policies to provide sufficient guidelines for the management staff and employees of the Company to work efficiently under a standardised work procedure. The internal control policies cover various operating processes from risk assessment, financial reporting, cost management, pricing for projects, staff recruitment and training to IT system. In light of the size and scale of the Group's businesses, the Board is delegated with the responsibility for overseeing the risk management and internal control systems of the Group on an ongoing basis and for reviewing its effectiveness. Therefore, the Group currently do not have an internal audit department.

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of Shareholders and the Group's assets and the internal control systems will be reviewed annually.

Review of Risk Management and Internal Control Systems

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified.

The Board has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting, and financial reporting functions, and their training programmes and budget.

INSIDE INFORMATION

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the GEM Listing Rules and Securities and Futures Ordinance ("SFO").

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to both the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors, officers and senior management of the Group. The Board emphasizes that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

DELEGATION BY THE BOARD

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the establishment of the Audit Committee, Remuneration Committee and Nomination Committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

Corporate Governance Report

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

The controlling shareholders (as defined in the GEM Listing Rules) of the Company gave a non-competition undertaking in favour of the Company and confirm that they and their associates have not breached the terms of the undertaking contained in the Non-competition Deed during the Year. The Board comprising all the independent non-executive Directors, based on the written confirmation provided by the controlling shareholder, is of the view that the controlling shareholder has been in compliance with the non-competition undertaking in favour of the Company for the Year.

SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration payment of the Group for the year ended 31 March 2024 falls within the following bands:

	Number of individuals
Nil to HK\$1,000,000	2
HK\$1,000,001 to HK\$2,000,000	1

COMPANY SECRETARY

The Company appointed Mr. Au Hok Man Jefferson ("Mr. Au") as its company secretary and assistant financial controller on 29 May 2017. The biographical details of Mr. Au are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the Year, Mr. Au, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the CG Code.

CHANGES IN CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the annual general meeting held on 1 August 2022 to adopt the second amended and restated articles of association of the Company, in order to, among others, (i) reflect the Proposed Change of Company Name; (ii) comply with the Core Shareholder Protection Standards as set out in Appendix 3 to the GEM Listing Rules; and (iii) comply with other relevant changes to the applicable laws of the Cayman Islands and the GEM Listing Rules.

A copy of the second amended and restated articles of association of the Company is published on both the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 58 of the Articles of Association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a member of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at www.coolpointinnonism.com.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website.

DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any final dividend for a financial year will be subject to Shareholders' approval. In proposing any dividend payout, the Board shall also take into account, among other things, the Group's financial results, financial position, cash flow situation, business conditions and strategies, expected future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under the Articles of the Association of the Company and all applicable laws and regulations.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Saved as mentioned under the sub-heading “The Procedures for Sending Enquires to the Board” above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.coolpointinnonism.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on Tuesday, 10 September 2024. At the annual general meeting, the chairman of the Board as well as chairman of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditor shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company’s branch share registrar in Hong Kong, details of which are as follows:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Telephone no.: (852) 2980 1333
Fax no.: (852) 2810 8185

Shareholders are encouraged to communicate with the Company for requesting publicly available information and any enquiries in relation to the Group:

Attention: The Board of Directors/Company Secretary
Address: Unit 315A, 3/F., Building 5W Phase One, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong
Email: info@coolpointinnonism.com
Telephone no.: (852) 3620 3636

Environmental, Social and Governance Report

GENERAL

The Group is pleased to present the Environmental, Social and Governance (“ESG”) report for the year ended 31 March 2024 (the “ESG Report”). The objective of the ESG Report is to highlight the Group’s ESG performance for the purpose of assisting all stakeholders in understanding the Group’s ESG concepts and practices in achieving sustainable development for the future. The ESG Report demonstrates the Group’s approach and performance in terms of ESG management and corporate sustainable development for the year ended 31 March 2024. The Group’s ESG Report has been set out in accordance with the standards as set out by the Stock Exchange in its ESG Reporting Guide under Appendix C2 to the GEM Listing Rules. Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 38 to 54 of this report.

Given that the Company is an investment holding company, the content of this ESG Report are concerned primarily with the operations of DCB Company Limited, a major subsidiary of the Company, which is engaged in provision of fitting-out and renovation services in Hong Kong.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends and pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

REPORTING PERIOD

The ESG Report specifics the environmental, social and governance activities, issues and measures being taken during the year ended 31 March 2024, the same as the annual reporting period of the Group.

REPORTING PRINCIPLES

The following principles are adopted in the ESG Report:

- **Materiality:** Important and relevant information to stakeholders on different ESG aspects is covered in the ESG Report. A materiality assessment was conducted to determine material ESG issues with results approved by the Board.
- **Quantitative:** The relevant standards, methodologies and assumptions used to prepare the quantitative information is disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.
- **Consistency:** Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.
- **Balance:** The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

Environmental, Social and Governance Report

GOVERNANCE ON ESG ASPECTS

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

ESG MANAGEMENT APPROACH

The Board leads and provides direction to management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance. The Board reviews ESG affairs regularly, including environmental protection, employment and labour practices, operating practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group. The Board continues to explore ways to further strengthen the ESG governance of the Group.

STAKEHOLDER ENGAGEMENT

The Group actively engages with stakeholders to identify ESG issues that need to be addressed. Stakeholder engagement is the process by which an organisation involves parties who may be affected by the decision it makes or can influence the implementation of its decisions. The management had performed the following:

- generated a full and complete list of stakeholders by consulting various departments within the Group;
- relied on the on-going communication channels and day-to-day interactions and dedicated meetings (whenever deemed necessary) to engage these stakeholders; and
- reduced the list of stakeholders into a workable size, and complete the Stakeholder Influence-Dependency Matrix to work out a list of key stakeholders.

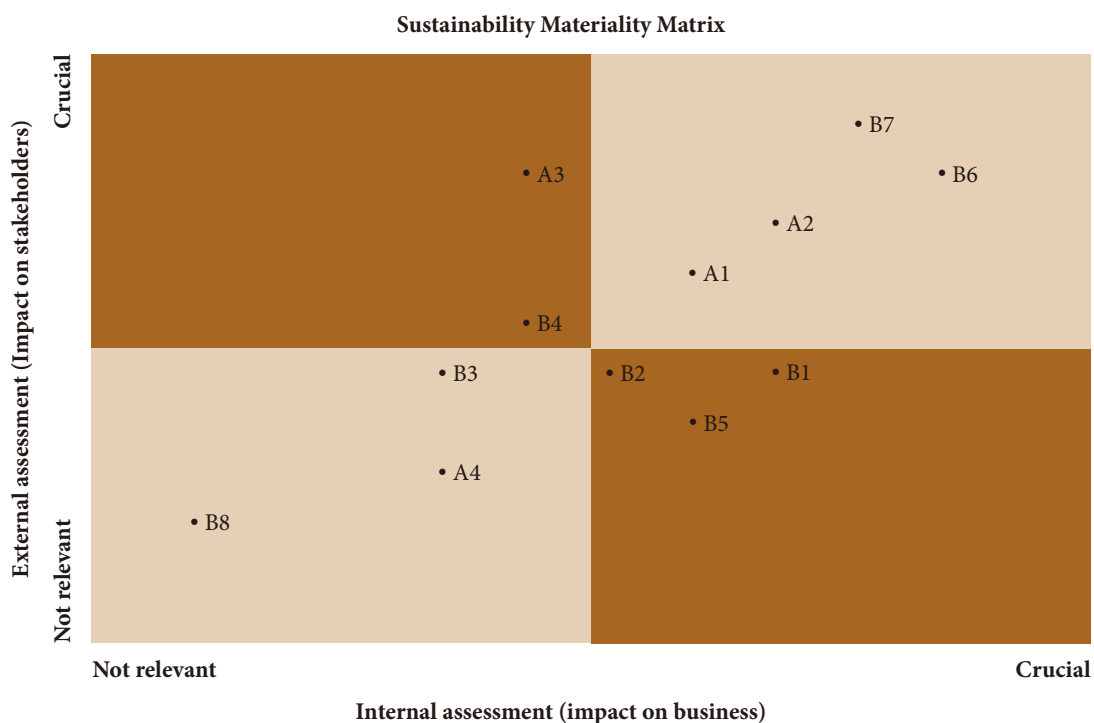
Stakeholders

Communication channels

Government/regulatory organisations	<ul style="list-style-type: none">• Announcement and other regulatory reports
Shareholders/investors	<ul style="list-style-type: none">• Information disclosed on both the websites of the Stock Exchange and the Company• Annual general meeting and other shareholders' meetings
Employees	<ul style="list-style-type: none">• Employee performance evaluation• On-the-job training• Internal e-mail
Customer	<ul style="list-style-type: none">• The Company's website• E-mail
Community	<ul style="list-style-type: none">• Industry events• Corporate social responsibility activities

MATERIALITY ASSESSMENT

During the year ended 31 March 2024, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group’s business objectives and development direction satisfy with the stakeholders’ expectations and requirements. The Group’s and stakeholders’ matters of concern are listed out in the following materiality matrix:



A1: Environmental

A2: Use of resources

A3: The environment and natural resource

A4: Climate change

B1: Employment

B2: Health and safety

B3: Development and training

B4: Labour standards

B5: Supply chain management

B6: Product responsibility

B7: Anti-corruption

B8: Community investment

Environmental, Social and Governance Report

During the year ended 31 March 2024, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and the information disclosed in this ESG Report meets the requirements of ESG Reporting Guide.

CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on ESG report or towards our performance in respect of sustainable development.

A. ENVIRONMENT

A1. Emissions

The Group's core business, which mainly involves the provision of fitting-out and renovation services for the private sector in Hong Kong, relies on digital communication and technology using electronic devices and does not involve any manufacturing or production process in the course of business. Therefore, during the year ended 31 March 2024, the Group and its offices did not generate significant amount of emissions, water pollutants and wastes during business operation, except for greenhouse gas ("GHG") emissions.

The main source of emissions was the indirect GHG emissions from electricity consumption in the workplaces. We have taken energy saving initiatives such as applying optimal temperature setting for office air conditioning; using energy efficient products; switching off the lights for unoccupied zones and turning off idle electronics etc.

GHG emissions

Use of electricity in offices and petrol for vehicles were the main sources of GHG emissions. During the year ended 31 March 2024, the Group's total GHG emissions amounted to approximately 112.5 tonnes (2023: 76.3 tonnes) and the total GHG emissions per employee was 1.4 tonnes/employee (2023: 1.3 tonnes/employee). A summary of the Group's GHG emissions is shown below:

GHG Performance Summary

GHG Scope	2024		2023	
	Tonnes	Intensity – Tonnes per employee	Tonnes	Intensity – Tonnes per employee
Direct GHG emission (Scope 1)				
– petrol consumption	32.1	0.4	34.2	0.6
Indirect GHG emission (Scope 2)				
– electricity consumption	48.1	0.6	42.1	0.7
Other indirect GHG emission (Scope 3)				
– business air travel	32.3	0.4	–	–
Total GHG emission	112.5	1.4	76.3	1.3

The Group has incorporated green initiatives in the staff handbook to raise their environmental awareness. We also promote best practices for environmental management by displaying notices and posters around the offices.

The Group has complied with relevant environmental laws and regulations in Hong Kong. During the year ended 31 March 2024, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group. We have established clear and effective lines of communication with our subcontractors to ensure compliance with environmental laws and regulations. Non-compliance or violation may result in immediate remedies or penalties.

In addition to the General Disclosure in Aspect A1, we have also fulfilled our disclosure obligation of the Environmental KPIs, which is summarised below:

“Comply or explain” Provisions

KPI A1.1	The types of emissions and respective emissions data.	Disclosed
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Disclosed
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Not applicable

Environmental, Social and Governance Report

A2. Use of Resources

Energy Consumption

Due to the business nature of the Group, the level of energy, electricity and water consumption is relatively low, especially water consumption is very minimal. As aforementioned, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption and petrol consumption account for a substantial part of the Group's carbon emission.

During the year ended 31 March 2024, the Group's consumption in petrol and electricity is shown below:

Energy Type	2024			2023		
	Quantity	Unit	Intensity - Unit per employee	Quantity	Unit	Intensity - Unit per employee
Petrol	11,847	litre	153.9	12,644	litre	225.8
Electricity	76,385	kWh	992.0	66,761	kWh	1,192.2

On top of the measures of mitigating the energy consumption mentioned in previous section, the Group strives to utilize telephone or video conference to minimize face-to-face meeting so as to reduce unnecessary business trips and thus petrol consumption in traveling. The Group encourages resources saving in daily office operation and proactively fosters a low-carbon corporate culture, which further increases our employees' awareness in energy conservation.

Water consumption and use of packaging materials

During the year ended 31 March 2024, the Group does not consume significant amount of water in its business activities. Nevertheless, we have been promoting water conservation by posting water-saving messages in office pantries and washrooms to raise our employees' awareness in environmental protection.

We do not produce packaging for physical products for sale and therefore this disclosure obligation is not applicable to the Group.

In addition to the General Disclosure stated in Aspect A2, we have also fulfilled our disclosure obligation of the KPIs, which is summarised as follows:

“Comply or explain” Provisions

KPI A2.1	Direct and/or indirect energy consumption by type and intensity.	Disclosed
KPI A2.2	Water consumption in total and intensity.	Not applicable
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed
KPI A2.4	Description on whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Issues in sourcing water – not applicable; Remaining – disclosed
KPI A2.5	Total packaging material used for finished products.	Not applicable

A3. The Environment and Natural Resources

The Group’s business has little impact on the environment and natural resources. The Group’s subcontractors carry out most of the works indoor where pollutants are concealed, which can help minimise the potential air quality impact. The Group will carry out continuous monitoring and step up control measures to reduce environmental impact caused by our business operation.

A4. Climate Changes

The Group performs the risk analysis to assess the positive and negative consequences and the likelihood that those consequences will occur. The Group provides guidelines and resources for staff to identify and mitigate significant climate-related issues which have impacted the Group.

The Group has principally engaged in the provision of fitting-out and renovation services in Hong Kong. Climate change is having effects on worker safety, weather delays, construction materials design and insurance costs in the construction industry. Physical risks, like high temperature, heavy rain and other extreme weather conditions, may affect the Group’s operation and the execution of the construction projects negatively.

Therefore, the Group always endeavours to reduce the emission of greenhouse gas, non-hazardous wastes and resource consumption in order to manage climate-related issues. The Group also provides guidelines to the staff to meet the challenge from the climate-related issues. Proper resting areas and sufficient water or drinks are provided to the employees and the sub-contractors in the construction sites to avoid heatstroke in hot weather.

Environmental, Social and Governance Report

B. SOCIAL

B1. Employment

Employees are the Group's most valuable assets and the success of the business depends on the Group's workforce. During the year ended 31 March 2024, the Group has fully complied with the statutory requirements in Hong Kong, including the Companies Ordinance, Employment Ordinance, the Minimum Wages Ordinance, the Personal Data Privacy Ordinance and other relevant rules and regulations.

The Group's staff handbook contains policies in regards to recruitment, promotion, discipline, working hours, leave, equal opportunity and anti-discrimination etc. The human resources department is responsible for ensuring all employees have fully understood the contents of the handbook. We will also update the policies periodically. The Group strive to provide a competitive remuneration package to its staff and in addition to salary and double pay, the Group also provide discretionary bonus, training allowance and overseas company trip.

We are committed to safeguarding the rights and interests of the staff. The management regularly reviews employee remuneration and benefits policies in reference to the market standard. Remuneration and benefits are adjusted annually in accordance with the employees' individual performance, contribution and market conditions. Discretionary bonus will be granted to reward employees for their outstanding performances.

As at 31 March 2024, we employed 80 employees in Hong Kong. Our employee profile is illustrated as follows:

NUMBER OF EMPLOYEES BY GENDER

Male	56
Female	24
Total	80

NUMBER OF EMPLOYEES BY AGE

Below 30	8
30-50	54
Above 50	18
Total	80

NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE

Permanent staff	80
Part-time/Contract staff	0
Total	80

Employee turnover rate is around 2.6% for the year ended 31 March 2024.

During the year ended 31 March 2024, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B2. Health and Safety

The Group attaches the utmost importance to workplace safety. We have hired a safety officer to conduct regular trainings to our staff and subcontractors. A workplace safety policy has also been developed and everyone at the workplace are required to abide to. The safety officer and the project manager are required to ensure that everyone at the workplace has followed the policies.

During the year ended 31 March 2024, the Group has complied with the legislative requirements in Hong Kong, including the Occupational Safety and Health Ordinance.

During the preceding three years and the year ended 31 March 2024, the Group was not aware of any non-compliance with the health and safety laws and regulations, and there were no employee deaths due to work. During the year ended 31 March 2024, there were no workdays lost due to employee work injuries.

Environmental, Social and Governance Report

B3. Development and Training

The Group believes that continuous education and training is important to maintain the service quality, so the Group uses the best effort to train and retain appropriate and suitable personnel. New employees are required to receive induction training to familiarise themselves with the applicable rules and regulations and the requirements of their jobs before they start their work. The Group also provides health and safety-related training to all staff. The Group also encourages relevant personnel to attend training courses to keep them up to date with the latest developments and best practices in the industry to enhance their work performance.

The summary of the Group's employee training record is as follows:

		Percentage of employee trained	Average training hours completed by employee
By gender	Female	52%	4.2
	Male	47%	3.8
By employment level	Senior management	90%	7.2
	Middle management	47%	3.7
	General employee	42%	3.3

B4. Labour Standards

The Group prohibits the employment of child or forced labour. Our rigorous recruitment and verification procedures, which includes checking candidates' identity documents, has effectively screened out the underage applicants. There are regular reviews and inspections to ensure the absence of child or forced labour in the workplace.

The Group has complied with the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) on the Employment of Adolescents under the Age of 16 and their Legal Rights and Interests and Provisions on the Prohibition of Child Labor in Hong Kong.

During the year ended 31 March 2024, the Group complied with all the laws and regulations relating to the prevention of child labor or forced labor. The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B5. Supply Chain Management

The Group believes that sourcing and selection of suitable suppliers play an important part in ensuring the provision of quality services to customers and has established policy in the selection of suppliers. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join.

The Group uses evaluation forms to review the suitability of new suppliers and the continual performance of the existing suppliers. The scope of evaluation covers aspects such as quality of work, price, reliability, social and environmental awareness etc.. Our supplier review also assess their performance in occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. The assessment results will be used as a benchmark for the continuation or termination of cooperation.

As at 31 March 2024, the Group had 282 qualified materials suppliers and 122 qualified subcontractors. All qualified materials supplies and qualified subcontractors are from Hong Kong.

During the Reporting Period, no major complaints on the quality of materials used and the performance of works have been received.

Environmental, Social and Governance Report

B6. Product Responsibility

The Group attaches great importance to service quality and safety and we have in place project quality and safety inspection policies. Our communication with customers confirms their requirements and expectation prior to commencement of works, and effectively coordinates various aspects of projects to ensure satisfactory delivery of service.

During the year ended 31 March 2024, the Group was not aware of any non-compliance with relevant laws and regulations related to health and safety, advertising, labelling and privacy matter relating to the services provided.

B7. Anti-Corruption

Our staff handbook and relevant policies stipulate that our staff cannot solicit or accept any advantage or bribes from any business associates. Our staff are also required to declare any potential conflict of interest that they may face when engaging customers, suppliers and subcontractors. Employees, in carrying out their duties, should always act in the best interest of the Group.

When conflict of interest arises, the employee concerned is obliged to report it to the management in a timely manner. The Group encourages the reporting of misconduct, fraud and corruption, and has adopted a whistle-blowing policy so that employees can confidentially report unethical and illegal behaviours to the management and Company Secretary.

During the year ended 31 March 2024, the Group was not aware of any non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

B8. Community Investment

The Group strives to become a responsible and caring corporation and maintains positive interaction and relationships with the community to support its long-term development.

The Group encourages employees to contribute their time and expertise to philanthropic and volunteer activities to benefit our society. Our employees can also take the opportunity to understand more about social and environmental issues while at the same time help enhance the corporate image of the Group.

The Group will consider from time to time to make donations to charities and participating in community projects.

Independent Auditor's Report



TO THE SHAREHOLDERS OF COOLPOINT INNONISM HOLDING LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Coolpoint Innonism Holding Limited (the “Company”) and its subsidiaries (“the Group”) set out on pages 73 to 137, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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.

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Key audit matter

How the matter was addressed in our audit

Recognition of contract revenue, contract assets and contract liabilities

Refer to notes 6 and 20 to the consolidated financial statements

We identified the recognition of contract revenue, contract assets and contract liabilities as a key audit matter due to the significance of these balances to the Group's consolidated financial statements as a whole together with management judgements and estimation involved in the determination of the outcome and the percentage of completion of each of the fitting-out and renovation works.

As at 31 March 2024, the Group recorded contract assets of approximately HK\$91,651,000 and contract liabilities of approximately HK\$13,738,000. The Group has recognised contract revenue and cost of services amounted to approximately HK\$341,562,000 and HK\$331,007,000 respectively for the year ended 31 March 2024.

The Group recognises contract revenue and profit of fitting-out and/or renovation works and contract assets and contract liabilities according to the management's estimation of the total outcome of the project as well as the percentage of completion of contract works which is measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

Our procedures in relation to the recognition of revenue from and service costs for fitting-out and renovation works and the related contract assets and contract liabilities included:

- Evaluating the estimation of revenue and profit recognised on fitting-out and renovation works on a sample basis, by:
 - obtaining an understanding of the Group's process and controls over contract revenue and budget estimations;
 - agreeing the contract sum, variation orders and budgeted costs to respective signed contracts, correspondence with customers and approved budgets; and
 - challenging the reasonableness of key judgments inherent in budgets (such as sub-contracting charges, costs of materials, staff costs, etc.) with reference to the actual costs of completed projects that were similar in scale and nature.
- Assessing the reliability of the approved budgets by comparing the actual outcome against the management's estimation of completed contracts on a sample basis; and
- Checking the accuracy of the contract assets and contract liabilities by agreeing the amount of progress billings issued to customers and agreeing the amount of contract costs incurred to related invoices, fee notes and other relevant documents, on a sample basis.

KEY AUDIT MATTERS (continued)

Key audit matter

How the matter was addressed in our audit

Impairment loss of trade receivables and contract assets

Refer to notes 19 and 20 to the consolidated financial statements

We identified the impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of the balances to the consolidated financial statements as a whole and degree of estimations made by the management of the Group.

As disclosed in note 5 to the consolidated financial statements, the management assesses the expected credit loss (“ECL”) of trade receivables and contract assets based on the historical default rates, past-due status and financial capability of the individual debtors taking into consideration of forward-looking information.

As disclosed in notes 19 and 20 to the consolidated financial statements, the carrying amounts of trade receivables and contract assets of the Group at 31 March 2024 are approximately HK\$43,382,000 and HK\$91,651,000 respectively, which represents 25.7% and 54.3% respectively of the Group’s total assets as at that date.

Our procedures in relation to the impairment assessment of trade receivables and contract assets included:

- Understanding key internal controls on how management assess the ECL of trade receivables and contract assets;
- Obtaining aged analysis of trade receivables and testing the accuracy of information used by management by comparing individual items in the analysis with relevant supporting documents, on a sample basis;
- Evaluating the reasonableness of management assessment on ECL by reviewing historical repayment records of relevant debtors and forward-looking information that management has taken into account; and
- Discussing with project managers employed by the Group for their evaluation of the impact of disputes with customers and unforeseen delay of construction projects, if any, on the credit risk of trade receivables and contract assets and checking to relevant correspondences and documents to assess the reasonableness of project managers’ evaluation.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

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

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

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

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 27 June 2024

Lee Chi Hang

Practising certificate number: P01957

Unit 1510-1517, 15/F., Tower 2, Kowloon Commerce Centre,
No. 51 Kwai Cheong Road, Kwai Chung,
New Territories, Hong Kong

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	6	345,630	260,473
Cost of services		(333,643)	(238,783)
Gross profit		11,987	21,690
Other income and gains/(losses), net	7	32	1,455
Allowance reversed/(recognised) on:			
– trade receivables	19	922	(1,432)
– other receivables	19	(1,075)	(231)
– contract assets	20	(4,862)	(1,027)
Administrative expenses		(19,147)	(18,610)
Finance costs	8	(2,404)	(576)
(Loss)/profit before tax	9	(14,547)	1,269
Income tax expense	10	–	(101)
(Loss)/profit and other comprehensive (expense)/ income for the year		(14,547)	1,168
(Loss)/profit and other comprehensive (expense)/ income for the year attributable to:			
Owners of the Company		(14,545)	1,188
Non-controlling interest		(2)	(20)
		(14,547)	1,168
		2024 HK cents	2023 HK cents
(Loss)/earnings per share			
Basic	14	(4.28)	0.36

Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Plant and equipment	15	2,031	1,146
Right-of-use assets	16	2,944	3,588
Financial assets at fair value through profit or loss	17	3,678	3,675
Rental deposit		39	–
		8,692	8,409
Current assets			
Inventories	18	657	163
Trade and other receivables	19	43,383	14,021
Deposits and prepayments		820	895
Contract assets	20	91,651	88,338
Amounts due from non-controlling interests	21	175	146
Pledged bank deposits	22	–	6,085
Bank balances and cash	22	23,274	26,326
		159,960	135,974
Current liabilities			
Trade and other payables	23	34,854	20,380
Contract liabilities	20	13,738	12,263
Amount due to ultimate holding company	24	8,000	11,900
Bank and other borrowings	25	7,409	13,000
Lease liabilities	26	2,376	1,827
Current income tax payable		101	101
		66,478	59,471
Net current assets		93,482	76,503
Total assets less current liabilities		102,174	84,912
Non-current liabilities			
Amount due to ultimate holding company	24	5,900	–
Bank and other borrowings	25	27,000	–
Lease liabilities	26	664	1,804
Other non-current liabilities	27	258	258
		33,822	2,062
Net assets		68,352	82,850
Capital and reserves			
Share capital	28	3,400	3,400
Reserves		64,778	79,323
Equity attributable to owners of the Company		68,178	82,723
Non-controlling interest		174	127
Total equity		68,352	82,850

The consolidated financial statements on pages 73 to 137 were approved and authorised for issue by the board of directors on 27 June 2024 and are signed on its behalf by:

Cheng Tsang Fu Dennis
DIRECTOR

Liu Lee Lee Lily
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve (note) HK\$'000	Retained profits/ (accumulated loss) HK\$'000	Subtotal HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 April 2022	3,200	48,097	10,010	9,584	70,891	-	70,891
Profit and total comprehensive income for the year	-	-	-	1,188	1,188	(20)	1,168
Issue of shares for cash	200	10,600	-	-	10,800	-	10,800
Share issue expenses	-	(156)	-	-	(156)	-	(156)
Capital contribution to a subsidiary from non-controlling interest	-	-	-	-	-	147	147
At 31 March 2023 and 1 April 2023	3,400	58,541	10,010	10,772	82,723	127	82,850
Loss and total comprehensive expense for the year	-	-	-	(14,545)	(14,545)	(2)	(14,547)
Capital contribution to a subsidiary from non-controlling interest	-	-	-	-	-	49	49
	3,400	58,541	10,010	(3,773)	68,178	174	68,352

Note: The amount arose from the group reorganisation in relation to the allotments and issue of ordinary shares of the Company during the year ended 31 March 2018.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

Notes	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	(14,547)	1,269
Adjustments for:		
Allowance (reversed)/recognised on:		
- trade receivables	(922)	1,432
- other receivables	1,075	231
- contract assets	4,862	1,027
Finance costs	2,404	576
Depreciation of plant and equipment	571	459
Depreciation of right-of-use assets	2,324	2,382
Loss on disposal of plant and equipment	227	-
Interest income	(232)	(133)
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	(16)	204
Operating cash flows before movements in working capital	(4,254)	7,447
Increase in inventories	(494)	(163)
(Increase)/decrease in trade and other receivables	(29,515)	2,371
Decrease in deposits and prepayments	36	400
Increase in contract assets	(8,175)	(10,256)
Decrease in amount due from non-controlling interest	20	1
Increase in trade and other payables	13,445	6,067
Increase/(decrease) in contract liabilities	1,475	(12,739)
Cash used in operations	(27,462)	(6,872)
Income tax refunded/(paid)	-	-
NET CASH USED IN OPERATING ACTIVITIES	(27,462)	(6,872)
INVESTING ACTIVITIES		
Interest received	232	133
Decrease in financial assets at fair value through profit or loss	13	-
Investment in financial assets at fair value through profit or loss	-	(3,879)
Purchase of plant and equipment	(1,713)	(143)
Proceeds from disposal of plant and equipment	30	-
Decrease in pledged bank deposits	6,085	3,994
NET CASH GENERATED FROM INVESTING ACTIVITIES	4,647	105

	Notes	2024 HK\$'000	2023 HK\$'000
FINANCING ACTIVITIES			
Issue of shares		–	10,800
Share issue expenses		–	(156)
Borrowings from ultimate holding company	33	11,400	11,900
Repayment of borrowings from ultimate holding company	33	(9,400)	–
Borrowings from directors of the Company	33	27,000	–
New bank loans raised	33	–	9,000
Repayment of bank loan	33	(5,591)	(6,000)
Repayments of lease liabilities	33	(2,443)	(2,502)
Interest paid	33	(1,203)	(396)
NET CASH GENERATED FROM FINANCING ACTIVITIES		19,763	22,646
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,052)	15,879
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		26,326	10,447
CASH AND CASH EQUIVALENTS AT END OF YEAR represented by bank balances and cash		23,274	26,326

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL

Coolpoint Innonism Holding Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 February 2018. The Company’s registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group, comprising the Company and its subsidiaries, is located at Unit 315A, 3/F, Building 5W Phase One, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

The directors consider the ultimate holding company to be the Company’s parent company, Advance Goal Group Limited (“Advance Goal”), a private company incorporated in the British Virgin Islands (“BVI”), of which the Company’s directors, Mr. Cheng Tsang Fu Dennis (“Mr. Dennis Cheng”) and Ms. Liu Lee Lee Lily (“Ms. Lily Liu”), and a former director, Mr. Cheng Tsang Wai (“Mr. Dick Cheng”), are shareholders.

The Company is an investment holding company and the principal activities of the Company’s subsidiaries are set out in note 37. The Company’s subsidiaries are principally engaged in the provision of fitting-out services, renovation services and Nano-AM application services (note 6) in Hong Kong.

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

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of the reporting period, as explained in the accounting policies set out in note 4. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the preparation of the consolidated financial statements for the year ended 31 March 2024, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA:

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

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

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

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

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

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

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

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

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

Change in accounting policy as a result of application of the HKICPA's guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

As disclosed in note 27, the Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered that the impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

New and amendments to HKFRSs in issue not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to HKFRSs not yet effective for the current year will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”) (continued)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the 2020 Amendments and the 2022 Amendments will not result in reclassification of the Group’s liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

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

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

Revenue from contracts with customers

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

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

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

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Output method

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

Contract assets/contract liabilities

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

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

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

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined, using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

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

Short-term leases and leases of low-value assets

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

Right-of-use Assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use Assets (continued)

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and are 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.

Lease liabilities

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

The lease payments includes:

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

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

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

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

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

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Government subsidies

Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the subsidies will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such subsidies are presented under "other income".

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

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

Current tax

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

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Borrowing costs

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

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the provision of fitting-out and/or renovation works contracts with customers that with agreed-upon specification are recognised at the date of services performed, based on the best estimate made by the management of the Group of the expenditure required to settle the Group's obligation.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses on change in fair value will either be recorded in profit or loss or other comprehensive income. For investments in equity investments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

(iii) Measurement (continued)

Debt instruments (continued)

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. Interest income from these financial assets is included in finance income or other income using the effective interest method.

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to recognise fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Where the Group elected to present equity investments at fair value through profit or loss, changes in the fair value of financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income and are included in other income and gains.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

(i) Initial recognition and measurement

The Group's financial liabilities are classified as financial liabilities at amortised cost, which include trade and other payables, amount due to ultimate holding company, bank borrowings and lease liabilities.

These financial liabilities are recognised initially at fair value, net of directly attributable transaction costs.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities (continued)

(ii) *Subsequent measurement*

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

(iii) *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Revenue recognition of construction work

The Group recognises contract revenue and profit of a construction contract (fitting-out and/or renovation works) according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit/loss recognised.

Revenue from fitting out works and renovation works recognised for the current year amounted to approximately HK\$255,786,000 (2023: HK\$172,991,000) and HK\$85,776,000 (2023: HK\$83,010,000) respectively. As at 31 March 2024, the carrying amount of contract assets amounted to approximately HK\$91,651,000 (2023: HK\$88,338,000). As at that date, the carrying amount of contract liabilities amounted to approximately HK\$13,738,000 (2023: HK\$12,263,000). Details regarding the contract assets and contract liabilities are set out in note 20.

Impairment of trade and other receivables and contract assets

The Group applies the lifetime expected credit loss provision basis, the simplified approach, to provide for expected credit loss in respect of trade receivables. The provision rates are based on groupings of various debtors that have similar credit risk characteristics and the Group's historical default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of other receivables and contract assets. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered. The provision for expected credit loss is sensitive to changes in estimates.

As at 31 March 2024, the carrying amounts of trade receivables, other receivables and contract assets of the Group are approximately HK\$43,382,000 (2023: HK\$12,945,000) (note 19), HK\$1,000 (2023: HK\$1,076,000) (note 19) and HK\$91,651,000 (2023: HK\$88,338,000) (note 20) respectively.

6. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2024 HK\$'000	2023 HK\$'000
Fitting-out work	255,786	172,991
Renovation work	85,776	83,010
Nano-AM work		
Nano-AM and repairs services	2,390	3,146
Maintenance services	1,678	1,326
	345,630	260,473
Disaggregation by time of revenue recognition within the scope of HKFRS 15		
Over time	343,240	257,327
At point in time	2,390	3,146
	345,630	260,473

Information reported to the executive directors of the Company, who are also the chief operating decision maker (“CODM”) and the directors of an operating subsidiary, for the purposes of resource allocation and performance assessment focuses on types of services delivered or provided.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE AND SEGMENT INFORMATION (continued)

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Fitting-out work – refers to works conducted on new buildings.
- (b) Renovation work – refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works.
- (c) Nano-AM work – refers to the provision and application of nanophotocatalytic antifouling materials (the “Nano-AM”) on various types of repairs and maintenance works for yachts.

Segment revenue and results

The Group provides fitting-out and renovation services to customers. Such services are recognised as a performance obligation satisfied over time as the Group's performance creates or enhances an asset that the customer controls as the Group performs. Revenue is recognised for these services based on the stage of completion of the contract using input method.

The Group provides yacht services to customers regarding the Nano-AM and repairs and maintenance to customers. The individual Nano-AM and repairs services are regarded as a performance obligation and the revenue from these services is recognised at point in time when the related distinctive services are completed. Revenue from maintenance services are recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance.

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

For the year ended 31 March 2024

	Fitting-out work HK\$'000	Renovation work HK\$'000	Nano-AM work HK\$'000	Total HK\$'000
Segment revenue	255,786	85,776	4,068	345,630
Segment profit/(loss)	10,835	(4,220)	1,432	8,047
Government subsidies				–
Interest income				232
Other unallocated income and losses, net				(200)
Unallocated expenses				(22,626)
Loss before tax				(14,547)

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 March 2023

	Fitting-out work HK\$'000	Renovation work HK\$'000	Nano-AM work HK\$'000	Total HK\$'000
Segment revenue	172,991	83,010	4,472	260,473
Segment profit	9,975	7,543	1,713	19,231
Government subsidies				1,513
Interest income				133
Other unallocated income and losses, net				(191)
Unallocated expenses				(19,417)
Profit before tax				1,269

Segment revenue represents revenue from external customers. There were no inter-segment sales for the year ended 31 March 2024 (2023: Nil).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit/loss before tax earned/sustained by each segment without allocation of government subsidies, other unallocated income and unallocated expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM and is not used for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Other segment information

For the year ended 31 March 2024

	Fitting-out work HK\$'000	Renovation work HK\$'000	Nano-AM work HK\$'000	Total HK\$'000
Capital expenditure allocated to segments	-	-	-	-
Unallocated capital expenditure				3,393
Total capital expenditure				3,393
Depreciation allocated to segments	-	-	-	-
Unallocated depreciation				2,895
Total depreciation				2,895
Impairment loss (reversed)/ recognised, allocated to segments on				
Trade receivables	(783)	(139)	-	(922)
Contract assets	464	4,398	-	4,862
Unallocated impairment loss recognised on other receivables				1,075
Total impairment losses				5,015

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Other segment information (continued)

For the year ended 31 March 2023

	Fitting-out work HK\$'000	Renovation work HK\$'000	Nano-AM work HK\$'000	Total HK\$'000
Capital expenditure allocated to segments	-	-	-	-
Unallocated capital expenditure				1,142
Total capital expenditure				1,142
Depreciation allocated to segments	-	-	-	-
Unallocated depreciation				2,841
Total depreciation				2,841
Impairment loss recognised, allocated to segments on				
Trade receivables	1,017	415	-	1,432
Contract assets	706	321	-	1,027
Unallocated impairment loss recognised on other receivables				231
Total impairment losses				2,690

Geographical information

The Group's revenue was derived from operations in Hong Kong and all of the Group's non-current assets are located in Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

		2024 HK\$'000	2023 HK\$'000
	Operating segment		
Customer A	Renovation work	49,383	N/A ²
Customer B	Fitting-out and renovation works	44,610	N/A ²
Customer C	Fitting-out work	43,228	N/A ²
Customer D	Fitting-out work	38,166	N/A ²
Customer E	Fitting-out work	N/A ¹	68,729
Customer F	Renovation work	N/A ¹	30,315

1 The revenue from each of the customer E and customer F for the year ended 31 March 2024 did not exceed 10% of the total revenue of the Group for the year.

2 The revenue from each of the customer A, customer B, customer C and customer D for the year ended 31 March 2023 did not exceed 10% of the total revenue of the Group for that year.

7. OTHER INCOME AND GAINS/(LOSSES), NET

	Notes	2024 HK\$'000	2023 HK\$'000
Bank interest income		232	133
Sundry income		24	15
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss (note 17)		16	(204)
Government subsidies under the Employment Support Scheme	(i)	–	1,490
Government subsidies under the Distance Business Programme	(ii)	–	23
Loss on disposal of plant and equipment		(227)	–
Net exchange losses		(13)	(2)
		32	1,455

Notes:

- (i) For the year ended 31 March 2023, government subsidies amounted to HK\$1,490,000 were received by a subsidiary from the Employment Support Scheme under Anti-Epidemic Fund in Hong Kong. There were no unfulfilled conditions or contingencies relating to these subsidies.
- (ii) For the year ended 31 March 2023, government subsidies amounted to HK\$23,000 were received by a subsidiary from the Distance Business Programme under the Anti-Epidemic Fund in Hong Kong. There were no unfulfilled conditions or contingencies relating to these subsidies.

8. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on		
Amount due to ultimate holding company	765	–
Bank and other borrowings	1,467	396
Lease liabilities	172	180
	2,404	576

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For the year ended 31 March 2024

9. (LOSS)/PROFIT BEFORE TAX

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before tax has been arrived after charging:		
Directors' emoluments (note 11)		
Fees	–	61
Salaries, allowances and other benefits	3,640	3,740
Discretionary bonus	–	1,700
Retirement benefit scheme contributions	24	36
	3,664	5,537
Other staff costs		
Salaries, allowances and other benefits	32,853	29,028
Discretionary bonus	1,764	1,593
Retirement benefit scheme contributions	1,027	919
	35,644	31,540
Total staff costs	39,308	37,077
Less: amount included in cost of services	(29,468)	(26,303)
Amounts included in administrative expenses	9,840	10,774
Auditor's remuneration	530	530
Depreciation of plant and equipment (note 15)	571	459
Depreciation of right-of-use assets (note 16)	2,324	2,382

10. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax Provision for the year	–	101
Income tax expense	–	101

Hong Kong Profits Tax of the qualifying group entity is calculated at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the remaining amount of the estimated assessable profits of the Group.

At the end of the reporting period, the Group has unused tax losses of approximately HK\$21,457,000 (2023: HK\$7,448,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

The income tax expense can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before tax	(14,547)	1,269
Tax at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	(2,400)	209
Tax effect of expenses not deductible for tax purpose	595	486
Tax effect of income not taxable for tax purpose	(34)	(262)
Tax effect of temporary difference not recognised	(468)	479
Tax effect of tax loss not recognised	2,311	–
Utilisation of tax losses previously not recognised	–	(715)
Effect of income tax at concessionary rate	(2)	(98)
Others	(2)	2
Income tax expense	–	101

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company for their services rendered to the entities, comprising the Group, are as follows:

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000 (note below)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
2024					
<i>Executive directors:</i>					
Mr. Cheng Tsang Fu Dennis	-	2,308	-	6	2,314
Ms. Liu Lee Lee Lily	-	1,332	-	18	1,350
Mr. Chui Kai Tai	-	-	-	-	-
Ms. Lin Xiaoling (note 1)	-	-	-	-	-
Mr. Lee Chi Wai (note 2)	-	-	-	-	-
<i>Non-executive directors:</i>					
Prof. Leung Yiu Cheong	-	-	-	-	-
Prof. Leung Kwok Hi Michael (note 3)	-	-	-	-	-
<i>Independent non-executive directors:</i>					
Mr. Chiu Wai Hon (note 4)	-	-	-	-	-
Mr. Chow Kwok Kee	-	-	-	-	-
Mr. Xu Zhi Qiang (note 5)	-	-	-	-	-
Ms. Cheung Kong Hung (note 6)	-	-	-	-	-
	-	3,640	-	24	3,664

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000 (note below)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
2023					
<i>Executive directors:</i>					
Mr. Cheng Tsang Fu Dennis	-	2,210	1,400	18	3,628
Ms. Liu Lee Lee Lily	-	1,530	300	18	1,848
Mr. Chui Kai Tai	-	-	-	-	-
Ms. Lin Xiaoling (note 1)	-	-	-	-	-
<i>Non-executive directors:</i>					
Prof. Leung Yiu Cheong	-	-	-	-	-
Prof. Leung Kwok Hi Michael (note 3)	-	-	-	-	-
<i>Independent non-executive directors:</i>					
Mr. Cheung Kwok Keung (note 7)	61	-	-	-	61
Mr. Chiu Wai Hon (note 4)	-	-	-	-	-
Mr. Chow Kwok Kee	-	-	-	-	-
Ms. Lin Xiaoling (note 1)	-	-	-	-	-
Mr. Xu Zhi Qiang (note 5)	-	-	-	-	-
	61	3,740	1,700	36	5,537

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For the year ended 31 March 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Note: Discretionary bonus was determined with reference to the Group's operating results and individual performance of the executive directors of the Company.

- (1) Ms. Lin Xiaoling resigned as independent non-executive director on 3 November 2022, appointed as executive director on 4 November 2022 and resigned as executive director on 21 June 2024.
- (2) Mr. Lee Chi Wai was appointed as executive director on 13 November 2023.
- (3) Prof. Leung Kwok Hi Michael resigned as non-executive director on 3 May 2024.
- (4) Mr. Chiu Wai Hon was appointed as independent non-executive director on 7 February 2023.
- (5) Mr. Xu Zhi Qiang was appointed as independent non-executive director on 4 November 2022.
- (6) Ms. Cheung Kong Hung was appointed as independent non-executive director on 1 February 2024.
- (7) Mr. Cheung Kwok Keung resigned as independent non-executive director on 7 February 2023.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2023: two directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits	4,254	3,834
Discretionary bonus	220	510
Retirement benefit scheme contributions	36	36
	4,510	4,380

The number of the highest paid employees (not directors of the Company) whose emoluments fell within the following bands is as follows:

	2024	2023
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	2	2
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1
	3	3

During the year ended 31 March 2024, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors) as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil). None of the directors of the Company nor the five highest paid individuals waived any emoluments during the year ended 31 March 2024 (2023: Nil).

13. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year (2023: nil).

14. (LOSS)/EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/earnings for the purpose of basic loss/earnings per share		
(Loss)/profit for the year attributable to the owners of the Company	(14,545)	1,188

	2024 '000	2023 '000
Number of ordinary shares for the purpose of basic loss/earnings per share		
Weighted average number of shares in issue during the year	340,000	333,260

No diluted loss/earnings per share is presented for the years ended 31 March 2024 and 2023 as there were no potential ordinary shares in issue for both of these years.

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For the year ended 31 March 2024

15. PLANT AND EQUIPMENT

	Furniture and equipment HK\$'000	Decoration HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 April 2022	635	237	1,596	2,468
Additions	143	–	–	143
At 31 March 2023 and 1 April 2023	778	237	1,596	2,611
Additions	321	104	1,288	1,713
Disposals	–	–	(280)	(280)
At 31 March 2024	1,099	341	2,604	4,044
Accumulated depreciation				
At 1 April 2022	488	135	383	1,006
Depreciation for the year	97	48	314	459
At 31 March 2023 and 1 April 2023	585	183	697	1,465
Depreciation for the year	132	54	385	571
Eliminated on disposals	–	–	(23)	(23)
At 31 March 2024	717	237	1,059	2,013
Carrying amount				
At 31 March 2024	382	104	1,545	2,031
At 31 March 2023	193	54	899	1,146

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and equipment	20% to 30%
Decoration	20%
Motor vehicles	20%

16. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
Cost	
At 1 April 2022	6,870
Additions	999
Derecognised upon termination of lease	(1,837)
At 31 March 2023 and 1 April 2023	6,032
Additions	1,680
Derecognised upon termination of lease	(1,459)
At 31 March 2024	6,253
Accumulated depreciation	
At 1 April 2022	1,899
Depreciation provided for the year	2,382
Derecognised upon termination of lease	(1,837)
At 31 March 2023 and 1 April 2023	2,444
Depreciation provided for the year	2,324
Derecognised upon termination of lease	(1,459)
At 31 March 2024	3,309
Carrying amount	
At 31 March 2024	2,944
At 31 March 2023	3,588

The right-of-use assets represent the Group's rights to use certain leased properties as office, staff quarter and car parking space for its operations under operating lease arrangement over the lease terms, which ranged from one year seven months to four years (2023: two to four years).

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For the year ended 31 March 2024

16. RIGHT-OF-USE ASSETS (continued)

Expenses have been charged to the consolidated statement profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets	2,324	2,382
Interest on lease liabilities	172	180
Rental expense relating to short-term leases	–	–

The total cash outflow for leases for the year ended 31 March 2024 is approximately HK\$2,443,000 (2023: HK\$2,502,000), which was included in financing activities.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Life insurance contract, at fair value	3,678	3,675

Movements of the financial assets at fair value through profit or loss during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	3,675	–
Investment in financial assets during the year	–	3,879
Gain/(loss) on change in fair value (note 7)	16	(204)
Exchange loss on year end translation	(13)	–
At end of the year	3,678	3,675

In September 2022, the Group entered into a life insurance policy (the “Policy”) with an insurance company to insure a senior management personnel of a subsidiary of the Company. Under the Policy, both of the beneficiary and policy holder is a subsidiary of the Company and the policy amount is US\$520,000 (equivalent to HK\$4,083,000).

The fair value of the life insurance contract at 31 March 2024 was estimated to be US\$470,000 (equivalent to approximately HK\$3,678,000) (2023: US\$468,000 (equivalent to approximately HK\$3,675,000)), which represents its guaranteed cash value refundable to the Group if the insurance contract was terminated as at that date. The guaranteed cash value increases over time and is estimated to be US\$520,000 during the 7th year of the insurance contract.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

As at 31 March 2024, the life insurance contract with the carrying amount of HK\$3,678,000 (2023: HK\$3,675,000) was pledged for the Group's bank borrowings as disclosed in Note 25.

Details of the fair value measurement of the life insurance contracts are set out in Note 32(c).

18. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	657	163

19. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables, gross	44,300	14,785
Less: Impairment loss recognised	(918)	(1,840)
Trade receivables, less impairment losses	43,382	12,945
Other receivables, gross	1	1,554
Less: Impairment loss recognised	-	(478)
Other receivables, less impairment losses	1	1,076
Total trade and other receivables	43,383	14,021

The Group does not allow any credit period to its customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

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19. TRADE AND OTHER RECEIVABLES (continued)

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

The Group's trade receivables as at 31 March 2024 with the aggregate carrying amount of approximately HK\$43,382,000 (2023: HK\$12,945,000) were past due at the reporting date. The Group does not hold any collateral over these balances. Trade receivables are non-interest bearing.

The following is an analysis of the trade receivables which are past due based on the invoice date and net of provisions but not impaired:

	2024 HK\$'000	2023 HK\$'000
Overdue		
0 to 30 days	33,331	9,724
31 to 60 days	5,087	914
61 to 90 days	4,345	–
Over 90 days	619	2,307
	43,382	12,945

An impairment assessment for trade receivables was performed at the reporting date based on expected credit loss provisioning methodology with reference to historical experience and forward-looking information, details of which are set out in note 32(b).

Movements in the provision for impairment loss of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	1,840	408
Impairment loss (reversed) recognised for the year	(922)	1,432
At end of the year	918	1,840

The carrying amount of other receivables at 31 March 2023 represents advance to a third party amounted to approximately HK\$1,076,000, which is unsecured, interest free and repayable on demand.

19. TRADE AND OTHER RECEIVABLES (continued)

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of other receivables. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

Movements in the provision for impairment loss of other receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	478	247
Impairment loss recognised for the year	1,075	231
Eliminated on other receivables written off	(1,553)	-
At end of the year	-	478

The other receivable of HK\$1,553,000 remained outstanding for over 3 years. During the current year, management of the Group has assessed that it is not likely that the receivable will be repaid to the Group, accordingly, impairment loss has been made against the receivable. Having considered that such receivable has been outstanding for over 3 years, management determined that the receivable is also written off during the year, which is still subject enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

20. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2024 HK\$'000	2023 HK\$'000
Fitting-out work	76,027	67,330
Renovation work	17,322	25,028
	93,349	92,358
Less: Impairment loss recognised	(1,698)	(4,020)
	91,651	88,338

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are classified to trade receivables when the rights become unconditional.

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20. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Contract assets (continued)

The Group's contracts include payment schedules which require stage payments over the contract period once certain specified milestones are reached.

Included in contract assets at 31 March 2024 are retention money held by customers for contract work amounted to a total of approximately HK\$42,020,000 (2023: HK\$13,448,000), of which approximately HK\$18,959,000 (2023: HK\$5,248,000) was expected to be recovered or settled in more than twelve months from the end of the reporting period. The customers of the Group normally hold retention money of typically 5% to 10% of each interim payment, to the maximum of 5% of the total contract amount. 50% of the retention money is usually released after the issue of the certificate of practical completion and the remaining portion is usually released upon the issue of certificate of making good defects after the expiry of the defect liability period which is typically 12 months or for certain projects 24 months.

Retention money is unsecured, interest free and expected to be realised within the Group's normal operating cycle.

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of contract assets. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

Movements in the impairment loss of contract assets recognised are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of the year	4,020	2,993
Impairment loss recognised for the year	4,862	1,027
Eliminated on contract assets written off	(7,184)	–
At end of the year	1,698	4,020

During the current year, having considered that a contract employer of the Group is in financial difficulties, management of the Group has assessed that it is not likely that the Group is able to recover the related contract assets amounted to HK\$7,184,000 to be billed to the employer, accordingly considered it appropriate to recognise additional impairment loss amounted to approximately HK\$5,002,000 on the contract assets and to write off such contract assets for the year under review. Nonetheless, this contract assets are still subject enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

20. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Contract liabilities

	2024 HK\$'000	2023 HK\$'000
Fitting-out work	8,765	7,262
Renovation work	4,538	4,747
Nano-AM work	435	254
	13,738	12,263

The Group requires certain fitting-out and renovation work customers to provide upfront deposits ranged from 10% to 30% of the total contract sum as part of its credit risk management policies. When the Group receives a deposit before the contract work commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the relevant contract exceeds the amount of the deposits.

For the maintenance services of Nano-AM work, the Group receives quarterly, semi-annually or annually maintenance service fees before services are rendered by the Group, which will give rise to contract liabilities until the related maintenance services are performed by the Group.

The following table shows the revenue recognised in the current reporting period which relates to brought-forward contract liabilities.

	2024 HK\$'000	2023 HK\$'000
Revenue recognised for the year that was included in the contract liabilities balance at the beginning of the year		
– Fitting-out work	7,117	11,989
– Renovation work	4,055	8,681
– Nano-AM work	254	–
	11,426	20,670

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in prior years (2023: Nil).

The changes in contract assets and contract liabilities are due to (a) changes in the progress of contract works when the Group satisfies the performance obligations under the contracts; (b) reclassification of contract assets to trade receivables when the Group has unconditional right to the receivables; and (c) maintenance services of Nano-AM work are performed by the Group.

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20. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Contract liabilities (continued)

The following table shows how much of the revenue expected to be recognised relates to contracts with an original expected duration of more than one year:

	2024 HK\$'000	2023 HK\$'000
Expected to be recognised within one year	13,738	12,009
Expected to be recognised after one year	–	–
	13,738	12,009

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

21. AMOUNTS DUE FROM NON-CONTROLLING INTERESTS

The amounts due from non-controlling interests of subsidiaries are unsecured, interest free and repayable on demand.

22. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Pledged bank deposits (note a)	–	6,085
Bank balances and cash classified as cash and cash equivalents in the consolidated statement of cash flows (note b)	23,274	26,326

Notes:

- (a) The bank deposits at 31 March 2023, which carried interest at the interest rates ranged from 0.01% to 0.675% per annum with the maturity period of one to six months, were pledged to banks for general banking facilities granted to the Group, as detailed in note 25.
- (b) The bank balances at 31 March 2024 carried interest at prevailing market rate of 0.88% per annum (2023: 0.75% per annum).

23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	28,787	16,754
Accrued interest on amount due to ultimate holding company	286	–
Accrued interest on borrowings from directors of the Company	743	–
Other accruals and payables	5,038	3,626
	34,854	20,380

The ageing analysis of the trade payables based on invoice date at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
1-30 days	20,149	16,528
31-60 days	7,575	25
61-90 days	1,036	25
Over 90 days	27	176
	28,787	16,754

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24. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	2024 HK\$'000	2023 HK\$'000
Amount due to Advance Goal Group Limited	13,900	11,900
Repayable:		
– on demand or within one year	8,000	11,900
– in the second year	5,900	–
	13,900	11,900
Analysed for reporting purpose:		
Non-current liabilities	5,900	–
Current liabilities	8,000	11,900
	13,900	11,900

The amount due to ultimate holding company is unsecured, carries interest at the rate of One Month Hong Kong Interbank Offered Rate, being 4.8% per annum as at 31 March 2024 (2023: interest free) and is repayable on demand, except for the amounts of HK\$1,900,000 and HK\$4,000,000 repayable in May 2025 and March 2026 respectively (2023: repayable on demand).

25. BANK AND OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Secured bank loans	7,409	13,000
Borrowings from directors of the Company	27,000	–
Total borrowings	34,409	13,000
Borrowings repayable:		
– on demand or within one year	7,409	13,000
– in the second year	27,000	–
	34,409	13,000
Analysed for reporting purpose:		
Non-current liabilities	27,000	–
Current liabilities	7,409	13,000
	34,409	13,000

The borrowings from directors of the Company are unsecured, carry interest at the rate of One Month Hong Kong Interbank Offered Rate, being 4.8% per annum as at 31 March 2024 (2023: nil) and are repayable in May 2025, June 2025 and March 2026 with the amount of HK\$12,000,000, HK\$5,000,000 and HK\$10,000,000 respectively.

At the end of the reporting period, bank facilities granted to the Group amounted to a total of HK\$30,000,000 (2023: HK\$75,900,000), of which HK\$7,409,000 (2023: HK\$13,000,000) for bank borrowings and approximately HK\$10,380,000 (2023: HK\$20,599,000) for the guarantees under performance bonds (note 30) were utilised by the Group at that date. The bank borrowings outstanding at 31 March 2024 carried interest at Bank's Best Lending Rate minus 2.25%, being 3.63% per annum as at 31 March 2024 (2023: 2.02% to 7.08% per annum). The bank facilities were secured by:

- (i) pledge of bank deposits amounted to approximately HK\$6,085,000 for the year ended 31 March 2023 (note 22);
- (ii) charge over the Group's life insurance contract with guaranteed cash value of approximately HK\$3,678,000 (2023: HK\$3,675,000) (note 17);
- (iii) personal guarantee given by three directors of a subsidiary of the Company; and
- (iv) Corporate guarantee provided by the Company to the extent of HK\$35,000,000 (2023: unlimited).

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26. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable		
Within one year	2,376	1,827
Within a period of more than one year but not more than three years	664	1,804
	3,040	3,631
Less: Amount due for settlement within one year included in current liabilities	(2,376)	(1,827)
Amount due for settlement after one year shown under non-current liabilities	664	1,804

The weighted average incremental borrowing rates applied to lease liabilities ranged from 2.85% to 7.28% (2023: 2.85% to 6.8%) per annum.

27. OTHER NON-CURRENT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Provision for long service payments ("LSP")	258	258

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance (note 3) was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

28. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	10,000,000	100,000
Issued and fully paid:		
At 1 April 2022	320,000	3,200
Issue of shares (note)	20,000	200
At 31 March 2023, 1 April 2023 and 31 March 2024	340,000	3,400

Note:

On 2 August 2022, the Company, through shares placement arrangement, issued 20,000,000 ordinary shares at the issue price of HK\$0.54 per share for a total cash consideration of approximately HK\$10,800,000 (before expenses) to provide general working capital for the operations of the Group.

29. RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the “MPF Scheme”) for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. The Group contributes at the lower of HK\$1,500 or 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. As at 31 March 2024, the Group had no forfeited contribution which was available to reduce the contribution payable in future years.

Contribution paid or payable to the above scheme by the Group for the year ended 31 March 2024 amounted to approximately HK\$1,051,000 (2023: HK\$955,000) which was charged to profit or loss in respect of the year.

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30. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of fitting-out works and renovation works undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds. At the end of the reporting period, the Group had outstanding guarantees for performance bonds issued in favour of customers of the Group as follows:

	2024 HK\$'000	2023 HK\$'000
Surety bonds for performance guarantees issued by banks	10,380	20,599

31. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of the Group's equity, comprising issued share capital and reserves.

The directors of the Company review the capital structure from time to time. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the capital structure. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts, if any.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
At fair value through profit or loss	3,678	3,675
At amortised cost		
– Trade and other receivables	43,383	14,021
– Deposits	745	795
– Amounts due from non-controlling interests	175	146
– Pledged bank deposits	–	6,085
– Bank balances and cash	23,274	26,326
	71,255	51,048
Financial liabilities		
At amortised cost		
– Trade and other payables	28,832	16,754
– Amount due to ultimate holding company	13,900	11,900
– Bank and other borrowings	34,409	13,000
– Lease liabilities	3,040	3,631
	80,181	45,285

b. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, deposits, amounts due from non-controlling interests, pledged bank deposits, bank balances and cash, trade and other payables, amount due to ultimate holding company, bank and other borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings with variable interest rates (see notes 22 and 25 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and borrowings.

The Group manages its interest rate exposure based on the interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility of the interest rate.

As at 31 March 2024 and 2023, if interest rates on the bank and other borrowings and amount due to ultimate holding company had been decreased/increased by 50 basis points with all other variables held consistent, the Group's post-tax loss for the year ended 31 March 2024 would decrease/increase by approximately HK\$202,000 respectively (2023: the Group's post-tax profit for the year ended 31 March 2023 would increase/decrease by approximately HK\$54,000 respectively).

Credit risk

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets is derived from its trade and other receivables, contract assets and deposits at banks.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

32. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

(i) Trade receivables and contract assets arising from contracts with customers

The Group applies the simplified approach to provide for expected credit losses for trade receivables prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The Group did not specify a credit term in their agreements with the customers as the payment from the customers was based on a monthly progress payment as specified in the tender documents. Once the work completed had been verified by the customer, the Group typically received payment within 45 days of presentation of an invoice. Management of the Group conduct regular reviews on customers' payment history, length of relationship and outstanding payment (if any) and assesses whether provisions for trade receivables are required.

As at 31 March 2024, the Group has assessed that the expected credit losses for trade receivables was estimated to be approximately HK\$918,000 (2023: HK\$1,840,000) which is based on lifetime expected credit loss provision basis with reference to the past default history of customers.

The loss allowance for trade receivables was determined as follows:

	0-30 days	31-90 days	More than 90 days	Total
31 March 2024				
Expected loss rate	0.83%	0.83%	47.49%	
Gross carrying amount (HK\$'000)	33,612	9,511	1,177	44,300
Loss allowance (HK\$'000)	(280)	(79)	(559)	(918)
31 March 2023				
Expected loss rate	1.23%	1.30%	42.53%	
Gross carrying amount (HK\$'000)	9,845	926	4,014	14,785
Loss allowance (HK\$'000)	(121)	(12)	(1,707)	(1,840)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

(i) Trade receivables and contract assets arising from contracts with customers (continued)

For contract assets, management made periodic collective assessments as well as individual assessment on the recoverability of contract assets based on lifetime expected credit loss basis with reference to the expected credit rating of the customers and their respective default rates. The expected credit loss rate for the Group's contract assets not written off is 1.8% (2023: 4.4%). The Group has assessed that the expected loss for contract assets at 31 March 2024 was estimated to be approximately HK\$1,698,000 (2023: HK\$4,020,000).

The assessment of the expected credit losses also incorporated forward looking information.

The credit quality of the debtors is assessed based on their financial position, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. As at 31 March 2024, the Group had a concentration of credit risk as 70% (2023: 61%) of the total trade receivables was due from the Group's five largest debtors. However, the Group concludes that the default risk in relation to the five largest debtors should be low as they have good reputation and financially sound. The Group's historical experience in collection of receivables falls within recorded allowance and the directors do not expect any major impairment on trade receivables, and receivables from other counterparties.

(ii) Other receivables

As at 31 March 2024, the Group has assessed that the expected loss for the recoverability of other receivables not written off was approximately HK\$Nil (2023: HK\$478,000) based on the lifetime expected credit loss basis with reference to the expected credit rating of the debtors and their respective default rates according to periodic collective assessments as well as individual assessment.

The assessment of the expected credit loss also incorporated forward looking information.

32. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

(iii) Cash at bank and bank deposits

The table below shows the details of bank deposit balances maintained at the end of the reporting period:

	Rating	2024 HK\$'000	2023 HK\$'000
Pledged bank deposits	Aa3	–	6,085
Bank balances	Aa3 to A3	23,269	26,270

The rating represents long-term credit rating provided by Moody's, an internationally recognised credit rating agency. A rating within the "A" category is judged to be upper-medium grade and are subject to low credit risk under the rating regime of Moody's. Accordingly, management of the Group considers that the credit risk on the bank deposits and bank balances is limited as there are no default history of the banks in the past.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturities at the end of each reporting period for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing interest rate at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

32. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

	Weighted average effective interest rate %	Payable on demand or within one year HK\$'000	Payable after one year but within five year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2024					
Non-derivative financial liabilities					
Trade and other payables	-	28,832	-	28,832	28,832
Amount due to ultimate holding company	4.4%	8,235	6,342	14,577	13,900
Bank and other borrowings	3.6% to 4.8%	7,679	29,281	36,960	34,409
Lease liabilities	4.7%	2,481	685	3,166	3,040
		47,227	36,308	83,535	80,181
At 31 March 2023					
Non-derivative financial liabilities					
Trade and other payables	-	16,754	-	16,754	16,754
Amount due to ultimate holding company	-	11,900	-	11,900	11,900
Bank and other borrowings	2.7% to 4.4%	13,586	-	13,586	13,000
Lease liabilities	4.2%	1,946	1,865	3,811	3,631
		44,186	1,865	46,051	45,285

32. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2024				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss				
Life insurance contract	–	–	3,678	3,678
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2023				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss				
Life insurance contract	–	–	3,675	3,675

There were no transfers between levels 1, 2 and 3 during the year.

The fair value of the life insurance contract is estimated by the management to be approximately their guaranteed cash value as valued by the insurer.

The unobservable input is the guaranteed cash value quoted by the insurance company according to the life insurance contract. When the guaranteed cash value is higher, the fair value of the life insurance contract will be higher.

The fair value of financial assets and financial liabilities measured at amortised cost are determined in accordance with general accepted pricing models based on discounted cash flow analysis.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Accrued interests included in trade and other payables HK\$'000	Amount due to ultimate holding company HK\$'000	Lease liabilities HK\$'000	Bank and other borrowings HK\$'000	Total HK\$'000
At 1 April 2022	-	-	4,954	10,000	14,954
Financing cash inflows	-	11,900	-	9,000	20,900
Financing cash outflows	(396)	-	(2,502)	(6,000)	(8,898)
Non-cash changes					
Finance costs recognised	396	-	180	-	576
New leases entered during the year	-	-	999	-	999
At 31 March 2023 and 1 April 2023	-	11,900	3,631	13,000	28,531
Financing cash inflows	-	11,400	-	27,000	38,400
Financing cash outflows	(1,203)	(9,400)	(2,443)	(5,591)	(18,637)
Non-cash changes					
Finance costs recognised	2,232	-	172	-	2,404
New leases entered during the year	-	-	1,680	-	1,680
At 31 March 2024	1,029	13,900	3,040	34,409	52,378

34. MAJOR NON-CASH TRANSACTIONS

Right-of-use assets of approximately HK\$1,680,000 (2023: HK\$999,000) with the corresponding amount of lease liabilities of approximately HK\$1,680,000 (2023: HK\$999,000) were recognised for the year ended 31 March 2024.

35. RELATED PARTY DISCLOSURES

In addition to the transactions, balances with certain related parties disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions:

(a) Interest on borrowings from directors and amount due to ultimate holding company

	2024 HK\$'000	2023 HK\$'000
Interest on borrowings from directors (Note 25)	971	–
Interest on amount due to ultimate holding company (Note 24)	765	–
	1,736	–

(b) Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Group. The remuneration of the directors of the Company is set out in note 11.

36. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 19 January 2018 to enable the Company to grant share options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group.

Pursuant to the Share Option Scheme, the directors of the Company may, at their absolute discretion, offer to grant an option to subscribe for the shares to the following persons (the “Eligible Persons”): (a) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (b) any full-time or part-time employees of the Company or any of its subsidiaries; (c) any consultants or advisers of the Group; (d) any providers of goods and/or services to the Group; (e) any customers of the Group; (f) any holders of securities issued by the Company or any of its subsidiaries; and (g) any other person, who, at the sole discretion of the directors of the Company, has contributed to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

36. SHARE OPTION SCHEME (continued)

An option shall have been accepted by an Eligible Person within 7 days from the date of the offer of grant of the option. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 32,000,000 shares, being 10% of the shares in issue as at the date on which the Company's shares were listed on GEM of the Stock Exchange. No share options had been granted by the Company under the Share Option Scheme up to the date of issuance of these financial statements. Therefore, the number of shares available for issue is 32,000,000 shares, being approximately 9.4% of the shares in issue as at the date of issuance of these financial statements.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each Eligible Person in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in a general meeting with such grantee and his/her close associates abstaining from voting.

The subscription price per share under the Share Option Scheme shall be a price determined by the directors of the Company, but shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant, which must be a trading day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of the shares on the date of grant of the option.

Unless there is an early termination of the Share Option Scheme pursuant to the rules of the Share Option Scheme, the Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted. The period during which an option may be exercised will be determined by the directors of the Company in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

During the years ended 31 March 2024 and 2023, no options under the Share Option Scheme were granted, exercised, forfeited or lapsed and no options remained outstanding at 31 March 2024 and 31 March 2023.

37. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place of operation	Place of incorporation/ establishment	Paid up issued/ registered capital	Equity interests attributable to the Company at 31 March		Principal activities
				2024	2023	
Directly held:						
Multi Rewards Limited	Hong Kong	British Virgin Islands	Paid up issued capital US\$1	100%	100%	Investment holding
Aviva Yacht Holdings Limited	Hong Kong	British Virgin Islands	Paid up issued capital US\$10,000	100%	100%	Investment holding
Best Housing Services Limited	Hong Kong	Hong Kong	Paid up issued capital HK\$300,000	51%	51%	Provision of renovation services
Indirectly held:						
DCB Company Limited	Hong Kong	Hong Kong	Paid up issued capital HK\$10,010,000	100%	100%	Provision of fitting-out and renovation services
Aviva Yacht (Far East) Limited	Hong Kong	Hong Kong	Paid up issued capital HK\$1,000,000	100%	100%	Provision of Nano coating technology antifouling and maintenance service for yacht
ESG Yacht Limited	Hong Kong	Hong Kong	Paid up issued capital HK\$100,000	51%	-	Inactive
快易環境科技（東莞）有限公司	The PRC	The PRC	Registered capital RMB3,000,000	57%	-	Inactive

None of the subsidiaries had issued any debt securities at the end of the reporting periods or during the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investments in subsidiaries	231	231
Current assets		
Amounts due from subsidiaries	51,313	51,326
Bank balances and cash	5,208	8,400
	56,521	59,726
Current liabilities		
Accruals	544	516
Amounts due to subsidiaries	158	170
	702	686
Net current assets	55,819	59,040
Net assets	56,050	59,271
Capital and reserves		
Share capital	3,400	3,400
Reserves (note)	52,650	55,871
Total equity	56,050	59,271

The Company's statement of financial position was approved and authorised for issue by the board of directors on 27 June 2024 and are signed on its behalf by:

Cheng Tsang Fu Dennis
DIRECTOR

Liu Lee Lee Lily
DIRECTOR

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

Movements in the Company's reserves:

	Share premium HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2022	48,097	150	48,247
Loss and total comprehensive expense for the year	-	(2,820)	(2,820)
Issue of shares for cash	10,600	-	10,600
Share issue expenses	(156)	-	(156)
At 31 March 2023 and 1 April 2023	58,541	(2,670)	55,871
Loss and total comprehensive expense for the year	-	(3,221)	(3,221)
At 31 March 2024	58,541	(5,891)	52,650

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, extracted from the published audited consolidated financial statements and the Prospectus is as follows:

Results

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	345,630	260,473	213,122	224,875	234,991
(Loss)/profit before tax	(14,547)	1,269	(13,563)	2,558	(4,803)
Income tax expense	-	(101)	-	-	(148)
(Loss)/profit and total comprehensive (expense)/income for the year attributable to the owners of the Company	(14,545)	1,188	(13,563)	2,558	(4,951)

Assets and liabilities

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	168,652	144,383	125,418	125,170	131,614
Total liabilities	(100,300)	(61,533)	(54,527)	(37,196)	(43,798)
Total equity	68,352	82,850	70,891	87,974	87,816
Non-controlling interest	174	127	-	-	-
Equity attributable to owners of the Company for the year	68,178	82,723	70,891	87,974	87,816