

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Unity Group Holdings International Limited
知行集團控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1539)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
For the year ended 31 March		
Revenue	46,550	80,434
Leasing services of energy saving systems and products	20,453	6,603
Trading of energy saving products	18,538	64,646
Consultancy service	4,863	9,185
Renewable energy service	2,696	–
Gross profit	27,713	32,563
EBITDA <i>(note 1)</i>	(8,617)	(341,351)
EBIT <i>(note 1)</i>	(11,395)	(346,541)
Loss attributable to owners of the Company	(25,084)	(382,145)
Basic loss per share <i>(HK cents)</i>	(1.1)	(22.8)
Diluted loss per share <i>(HK cents)</i>	(1.1)	(22.8)
Adjusted loss attributable to owners of the Company excluding some major extraordinary or non-operating income and expenses <i>(note 2)</i>	(26,808)	(30,997)
Adjusted basic loss per share <i>(HK cents) (note 2)</i>	(1.1)	(1.8)
Adjusted diluted loss per share <i>(HK cents) (note 2)</i>	(1.1)	(1.8)
As at 31 March		
Total assets	373,638	417,811
Total liabilities	246,986	272,170
Net assets	126,652	145,641

Note 1: EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation. EBIT is defined as earnings before interest expenses and other finance costs and tax.

Note 2: Amounts are calculated based on adjusted loss after excluding some major extraordinary or non-operating income and expenses as defined by the Group's management. Details of which can be referred to page 29 of this announcement.

- The Group's revenue decreased by 42.1% from approximately HK\$80.4 million for the year ended 31 March 2022 to approximately HK\$46.6 million for the year ended 31 March 2023.
- The Group's gross profit decreased by 14.9% from approximately HK\$32.6 million for the year ended 31 March 2022 to approximately HK\$27.7 million for the year ended 31 March 2023.
- The Group's loss attributable to owners of the Company amounted to approximately HK\$382.1 million for the year ended 31 March 2022 while the Group's loss attributable to owners of the Company amounted to approximately HK\$25.1 million for the year ended 31 March 2023.
- The Group's adjusted loss attributable to owners of the Company excluding some major extraordinary or non-operating income and expenses decreased by 13.6% from approximately HK\$31.0 million loss for the year ended 31 March 2022 to approximately HK\$26.8 million loss for the year ended 31 March 2023.
- Basic or diluted loss per share was approximately HK22.8 cents for the year ended 31 March 2022 while basic or diluted loss per share was approximately HK1.1 cents for the year ended 31 March 2023. Adjusted basic or diluted loss per share calculated with reference to the adjusted loss decreased by 38.9% from approximately HK1.8 cents for the year ended 31 March 2022 to approximately HK1.1 cents for the year ended 31 March 2023.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Unity Group Holdings International Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the year ended 31 March 2023 together with the comparative audited figures for the prior year as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<i>5(a)</i>	46,550	80,434
Cost of sales		<u>(18,837)</u>	<u>(47,871)</u>
Gross profit		27,713	32,563
Other income and gains	<i>5(b)</i>	1,020	9,595
Administrative expenses		(36,408)	(29,042)
Selling and distribution costs		(6,111)	(2,696)
Finance costs	<i>6</i>	(23,260)	(49,398)
Other expenses		(50,663)	(60,870)
Gain/(loss) on extinguishment of financial liabilities	<i>7</i>	51,591	(303,485)
Share of results of associates		<u>1,463</u>	<u>7,394</u>
Loss before income tax	<i>7</i>	(34,655)	(395,939)
Income tax credit	<i>8(a)</i>	<u>10,641</u>	<u>9,034</u>
Loss for the year		<u>(24,014)</u>	<u>(386,905)</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other comprehensive (expense)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		(357)	556
Share of other comprehensive income of associates		<u>35</u>	<u>488</u>
Other comprehensive (expense)/income for the year, net of tax		<u>(322)</u>	<u>1,044</u>
Total comprehensive (expense)/income for the year		<u>(24,336)</u>	<u>(385,861)</u>
Loss for the year attributable to:			
Owners of the Company		(25,084)	(382,145)
Non-controlling interests		<u>1,070</u>	<u>(4,760)</u>
		<u>(24,014)</u>	<u>(386,905)</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(25,589)	(381,118)
Non-controlling interests		<u>1,253</u>	<u>(4,743)</u>
		<u>(24,336)</u>	<u>(385,861)</u>
Loss per share attributable to owners of the Company:			
	<i>10</i>		
– Basic (<i>HK cents</i>)		<u>(1.1)</u>	<u>(22.8)</u>
– Diluted (<i>HK cents</i>)		<u>(1.1)</u>	<u>(22.8)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,115	6,979
Intangible assets		–	–
Interests in associates		67,293	65,795
Equity investment at fair value through profit or loss		25,878	29,140
Trade receivables	<i>11</i>	9,719	16,087
Finance lease receivables		12,889	2,184
Deposits		641	693
Deferred tax assets	<i>8(b)</i>	51,458	43,365
		171,993	164,243
Current assets			
Inventories		1,671	1,257
Trade receivables	<i>11</i>	155,392	186,559
Finance lease receivables		2,628	7,903
Deposits, prepayments and other receivables		11,881	12,530
Amount due from an associate		12,005	19,008
Cash and cash equivalents		18,068	26,311
		201,645	253,568
Current liabilities			
Trade payables	<i>12</i>	8,698	31,636
Contract liabilities		312	546
Accruals, other payables and deposits received		42,936	122,696
Borrowings	<i>13</i>	9,000	32,999
Lease liabilities		2,650	2,404
Amounts due to the scheme creditors	<i>14</i>	133,779	–
Amount due to a related company		352	280
Amounts due to directors		2,986	12,135
Provision for taxation		–	2,548
Financial liabilities at fair value through profit or loss		3,558	3,717
		204,271	208,961
Net current (liabilities)/assets		(2,626)	44,607
Total assets less current liabilities		169,367	208,850

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current liabilities			
Trade payables	<i>12</i>	–	2,263
Deposits received		1,713	2,849
Lease liabilities		674	3,100
Notes payable		–	54,997
Amounts due to the scheme creditors	<i>14</i>	40,328	–
		<u>42,715</u>	<u>63,209</u>
Net assets		<u>126,652</u>	<u>145,641</u>
EQUITY			
Share capital		23,857	23,857
Reserves		113,861	134,103
Equity attributable to the owners of the Company		137,718	157,960
Non-controlling interests		(11,066)	(12,319)
Total equity		<u>126,652</u>	<u>145,641</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2023

1. GENERAL INFORMATION

The name of the Company was changed from “Synergy Group Holdings International Limited” to “Unity Group Holdings International Limited” (the “**Company**”) with effect from 2 September 2022. The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 2011. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is 15th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the “**Group**” hereafter. The Group is principally engaged in the provision of leasing services of energy saving systems and products, consultancy service, installation services of renewable energy systems and trading of energy saving products.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective 1 April 2022

In current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group’s consolidated financial statements for the annual year beginning on 1 April 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018-2020

None of these amendments to HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause ²
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 16	Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for the annual period beginning on or after 1 January 2023

² Effective for the annual period beginning on or after 1 January 2024

³ The amendments should be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

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

3. BASIS OF PREPARATION

(a) Basis of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values.

(c) Going concern basis

The Group incurred a loss of approximately HK\$24,014,000 and had net cash used in operating activities of HK\$9,094,000 for the year ended 31 March 2023 and as of that date, the Group’s current liabilities of HK\$204,271,000 included amounts due to the scheme creditors of HK\$133,779,000 in relation to the debt restructuring as disclosed in note 14. While as at 31 March 2023, the Group had cash and cash equivalents of HK\$18,608,000. These conditions may cast significant doubt on the Group’s ability to continue as a going concern.

In light of these, the directors of the Company have prepared a cash flow forecast of 12 months from the end of the reporting period (“**Cash Flow Forecast**”) for assessing the appropriateness of the use of the going concern basis for the preparation of these consolidated financial statements. When preparing the Cash Flow Forecast, the directors of the Company have given careful consideration of the future liquidity and performance of the Group and available sources of finance, particularly with the following plans and measures taken into account:

- (i) The Group has been actively carrying out the debt restructuring scheme (the “**Scheme**”) (as detailed in note 14) that is aimed at alleviating the liquidity pressure and improving financial position of the Group. All necessary statutory, regulatory, and creditors’ approvals in respect of the Scheme had been obtained and the Scheme became effective on 21 February 2023.

Out of the total balance of HK\$174,107,000 as at 31 March 2023 (note 14) under the Scheme that are due to the scheme creditors, an aggregate amount of HK\$104,399,000 would be settled by issuance of shares and shares of an equivalent amount were duly issued on 28 June 2023.

The remaining balance of HK\$69,708,000, including the interest calculated thereon, would be cash-settled according to the repayment schedule that only HK\$29,380,000 is repayable before 31 March 2024 and HK\$40,328,000 is repayable after 31 March 2024.

- (ii) The Group is proposing an issuance of convertible bond with the principal amount of US\$15,000,000 (“**Convertible Bond**”).

The details of issuance of Convertible Bond are set out in the Company’s circular issued on 28 June 2023. The issuance of the Convertible Bond, among others, is subject to an approval from shareholders and the relevant EGM has been scheduled on 18 July 2023.

- (iii) During the year, the Group started a new project under the business of provision of leasing service of energy saving systems and products in relation to the collaboration with the Malaysian state government to achieve its green initiatives (the “**Project**”). The Group has entered into a financing agreement with a financing provider who collaborates with the Group to provide receivable-based financing for the Project. The directors of the Company assessed that the financing arrangement would enable operational liquidity of the Project and the Group to meet the working capital need of the Group when necessary over the forecast period.

Based on the above, the directors of the Company are of the opinion that the Group would have sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Nevertheless, the validity of the use of the going concern basis of accounting is dependent on the successful implementation of the plans and measures while there are inherent uncertainties associated with their future outcomes, including the finalisation and continuation of the above-mentioned financing arrangements to the Group. These indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

Should the Group be unable to continue to operate the business as a going concern, adjustments would have to be made to write down the carrying values of the Group’s assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

(d) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is the Company’s presentation and functional currency and all values are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT INFORMATION

During the year ended 31 March 2023, the chief operating decision maker has decided to rename the segments of “provision of leasing services of energy saving system” to “provision of leasing service of energy saving systems and products” and “provision of consultancy services on leasing service of energy saving system” to “provision of consultancy services”.

On 30 May 2022, the Group announced the establishment of renewable energy business segment and has been active in the renewable energy business. In this regard, the chief operating decision maker has identified this business as the separate and new business segment for performance evaluation.

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

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

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the year.

	Leasing service of energy saving systems and products <i>HK\$'000</i>	Trading of energy saving products <i>HK\$'000</i>	Consultancy service <i>HK\$'000</i>	Renewable energy service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2023					
Revenue from external customers	<u>20,453</u>	<u>18,538</u>	<u>4,863</u>	<u>2,696</u>	<u>46,550</u>
Reportable segment (loss)/profit	<u>(29,962)</u>	<u>8,121</u>	<u>(11,323)</u>	<u>85</u>	<u>(33,079)</u>
Depreciation	<u>1,019</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,019</u>
Year ended 31 March 2022					
Revenue from external customers	<u>6,603</u>	<u>64,646</u>	<u>9,185</u>	<u>–</u>	<u>80,434</u>
Reportable segment loss	<u>(17,774)</u>	<u>(23,194)</u>	<u>(1,702)</u>	<u>–</u>	<u>(42,670)</u>
Depreciation	<u>4,575</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,575</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Reportable segment loss	(33,079)	(42,670)
Unallocated corporate income	973	8,881
Unallocated corporate expenses	(32,343)	(16,661)
Finance costs	(23,260)	(49,398)
Gain/(loss) on extinguishment of financial liabilities	51,591	(303,485)
Share of results of associates	1,463	7,394
	<u> </u>	<u> </u>
Loss before income tax	<u><u>(34,655)</u></u>	<u><u>(395,939)</u></u>

5. REVENUE AND OTHER INCOME AND GAINS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customer within the scope of HKFRS 15		
Trading of energy saving products	18,538	64,646
Consultancy service income	4,863	9,185
Renewable energy service income	2,696	–
	<u> </u>	<u> </u>
	26,097	73,831
Revenue from other sources		
Leasing service income	20,453	6,603
	<u> </u>	<u> </u>
	<u><u>46,550</u></u>	<u><u>80,434</u></u>
Timing of revenue recognition		
At a point in time	26,097	73,831
	<u> </u>	<u> </u>

(b) An analysis of the Group's other income and gains is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income		
– from bank deposits	165	–*
– from other receivables	396	396
	<u>561</u>	<u>396</u>
Fair value gain on equity investment at fair value through profit or loss (“FVTPL”)	–	1,140
Gain on modification of financial liabilities	–	7,243
Government grants	65	22
Others	394	794
	<u>1,020</u>	<u>9,595</u>

* Represents the amount less than HK\$1,000.

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses for financial liabilities carried at amortised cost:		
Interest on amounts due to the scheme creditors	50	–
Interest on borrowings	7,537	15,327
Interest on notes payable	1,330	18,997
Interest on other payable	13,769	14,266
Interest on bonds payable	–	159
Interest on lease liabilities	149	180
	<u>22,835</u>	<u>48,929</u>
Interest on financial liabilities at FVTPL	425	469
	<u>23,260</u>	<u>49,398</u>

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	1,450	1,380
Cost of inventories recognised as expenses		
– Cost of inventories sold	14,958	42,304
– Write-off of inventories	29	584
	14,987	42,888
Depreciation of property, plant and equipment		
– Owned assets	628	3,240
– Right-of-use assets	2,150	1,950
	2,778	5,190
Employee benefit expenses (including directors' remuneration)		
– Salaries and welfare	15,008	12,102
– Equity-settled share option expense	5,347	148
– Defined contributions	989	618
	21,344	12,868
Provision for warranty provision, net	95	35
Bad debts written off	55	–
Provision for impairment loss of financial assets	46,026	51,066
Fair value loss/(gain) on equity investment at FVTPL	3,262	(1,140)
Fair value loss on financial liabilities at FVTPL	–	19
Impairment loss of property, plant and equipment	–	9,173
Write-off of property, plant and equipment	338	–
Net foreign exchange losses	3,325	62
Gain on early termination of lease	(2)	(1)
(Gain)/loss on extinguishment of financial liabilities	(51,591)	303,485
Gain on modification of financial liabilities	–	(7,243)

8. INCOME TAX CREDIT

(a) Income tax

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
– Over-provision in respect of prior years	(2,548)	–
Deferred tax		
– Current year	<u>(8,093)</u>	<u>(9,034)</u>
Income tax credit	<u><u>(10,641)</u></u>	<u><u>(9,034)</u></u>

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

Provision for the Enterprise Income Tax in the People's Republic of China (the "PRC") is calculated based on a statutory tax rate 25% (2022: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC.

(b) Deferred tax

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

	Impairment loss <i>HK\$'000</i>	Tax depreciation <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021	33,765	566	34,331
Credited/(charged) to profit or loss for the year	<u>9,430</u>	<u>(396)</u>	<u>9,034</u>
At 31 March 2022	43,195	170	43,365
Credited to profit or loss for the year	<u>8,093</u>	<u>–</u>	<u>8,093</u>
At 31 March 2023	<u><u>51,288</u></u>	<u><u>170</u></u>	<u><u>51,458</u></u>

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2022: Nil).

10. LOSS PER SHARE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company	<u>(25,084)</u>	<u>(382,145)</u>

	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares		
Weighted average number of shares for the purpose of calculating basic loss per share	<u>2,385,668</u>	<u>1,676,200</u>

Bonus element arising from the issue of shares to the existing shareholders at the price lower than market value had been adjusted on the determination of weighted average number of shares for the year ended 31 March 2022.

Diluted loss per share is the same as basic loss per share for the year ended 31 March 2023 and 31 March 2022. There are no dilutive effects on the impact of the exercise of the share options and shares settlement to certain scheme creditors as they are anti-dilutive.

11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	479,019	469,330
<i>Less:</i> Provision for impairment loss	<u>(313,908)</u>	<u>(266,684)</u>
Trade receivables, net	<u>165,111</u>	<u>202,646</u>
Classified as:		
Non-current assets (<i>note</i>)	9,719	16,087
Current assets	<u>155,392</u>	<u>186,559</u>
	<u>165,111</u>	<u>202,646</u>

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

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	20,595	34,333
31 to 90 days	10,078	8,132
91 to 180 days	6,493	6,939
181 to 365 days	12,122	38,656
Over 365 days	<u>115,823</u>	<u>114,586</u>
	<u>165,111</u>	<u>202,646</u>

12. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>8,698</u>	<u>33,899</u>
Classified as:		
Non-current liabilities	–	2,263
Current liabilities	<u>8,698</u>	<u>31,636</u>
	<u>8,698</u>	<u>33,899</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	7,962	15,038
31 to 90 days	192	19
91 to 180 days	71	662
181 to 365 days	–	590
Over 365 days	<u>473</u>	<u>17,590</u>
	<u>8,698</u>	<u>33,899</u>

The Group generally made purchase with various terms, operating on cash on delivery or payment in advance terms, except for a supplier who has granted a settlement schedule of up to 60 months to the Group.

13. BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unsecured and guaranteed bank loans:		
Amounts repayable on demand	9,000	2,849
Secured and guaranteed other loans:		
Amounts repayable within one year	–	13,800
Unsecured and guaranteed other loans:		
Amounts repayable within one year	–	16,350
Total borrowings classified as current liabilities	<u>9,000</u>	<u>32,999</u>

14. AMOUNTS DUE TO THE SCHEME CREDITORS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current liabilities	40,328	–
Current liabilities	<u>133,779</u>	–
	<u>174,107</u>	–

Note:

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

Under cash option, the outstanding balances would be settled on the following basis:

- (1) 5% of total outstanding principal on the effective date of the Scheme;
- (2) 40% of total outstanding principal prior to the first anniversary of the effective date of the Scheme;

- (3) 40% of total outstanding principal prior to the second anniversary of the effective date of the Scheme; and
- (4) 15% of total outstanding principal at the end of the Scheme.

All outstanding interest would be discharged on the effective date of the Scheme and the outstanding balance would be charged at 2.5% per annum commencing on the effective date of the Scheme.

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

All scheme creditors have elected the settlement option before 22 March 2023, in which certain scheme creditors with the total admitted claims balances of approximately HK\$104,399,000 as at 31 March 2023 have elected the equity option. For the remaining balances of HK\$69,708,000, those balances would be settled by cash according to the abovementioned schedule.

The abovementioned settlement shares has been approved by independent shareholders in an extraordinary general meeting on 15 June 2023 for allotment and issuance. Subsequent to reporting date on 28 June 2023, 730,061,232 shares were allotted and issued to the relevant scheme creditors.

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

15. EVENTS AFTER REPORTING PERIOD

- (a) The Group is collaborating with ORIX Finance Services Hong Kong Limited (“**ORIX Finance**”) who provides receivable-based financing for the Project. The Group has successfully completed drawdown of approximately HK\$10 million from ORIX Finance subsequent to year end. Details are set out in the announcement dated 21 April 2023.
- (b) The Company entered into a convertible bond subscription agreement with a subscriber pursuant to which the subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the convertible bond in an aggregate principal amount of US\$15,000,000 at the issue price. Details are set out in the announcement dated 9 June 2023 and the circular dated on 28 June 2023.
- (c) As detailed in note 14, 730,061,232 settlement shares were allotted and issued on 28 June 2023. The relevant amount due to scheme creditors of HK\$104,399,000 has been extinguished.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

The total revenue of the Group was approximately HK\$46.6 million for the year ended 31 March 2023, representing a decrease of approximately 42.1% as compared to approximately HK\$80.4 million for the year ended 31 March 2022.

An analysis of revenue is presented as follows:

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Leasing service of energy saving systems and products			
Malaysia Project	(a)	14,447	–
Others		6,006	6,603
Trading of energy saving products	(b)	18,538	64,646
Consultancy service income	(c)	4,863	9,185
Renewable energy service income	(d)	2,696	–
		46,550	80,434

Notes:

- (a) This refers to the “Light Source in the Darkness” project in Malaysia (the “**Malaysia Project**”), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time. The Malaysia Project is receiving a lot of compliments by customers and government support locally. The Malaysia Project starts out in Selangor state of Malaysia which has a total of 8,320 condominiums and targets to install 6 million LED lights by 2025. During the year ended 31 March 2023, installation of approximately 52,000 LED lights has been completed under the Malaysia Project, which led to an increase of revenue from nil for the year ended 31 March 2022 to approximately HK\$14.4 million for the year ended 31 March 2023.

- (b) The decrease was the result of decrease in demand from the Group's trading customers as certain of them have substantially finished their deployment in their previous lighting works and as such temporarily reduced their purchase of lighting products from the Group in the first half of the year ended 31 March 2023.
- (c) The decrease was due to the decrease in the number of consultancy projects.
- (d) This refers to revenue from solar photovoltaic systems installed by the Group and delivered to customers, there was no such project during the year ended 31 March 2022, hence the increase in revenue in the current year.

The Group's gross profit margin improved from approximately 40.5% for the year ended 31 March 2022 to approximately 59.5% for the year ended 31 March 2023 mainly due to the fact that revenue from the Malaysia Project has a relatively higher gross profit margin.

Other income and gains

The Group's other income and gains for the year ended 31 March 2023 of approximately HK\$1.0 million mainly comprised (i) interest income of approximately HK\$0.6 million; (ii) written off of borrowings of approximately HK\$0.3 million; and (iii) government grants of approximately HK\$0.1 million. The other income and gains for the year ended 31 March 2022 was approximately HK\$9.6 million, which mainly included (i) the fair value gain on equity investment at FVTPL of HK\$1.1 million; (ii) interest income of approximately of HK\$0.4 million; (iii) reversal on warranty provision of approximately HK\$0.4 million; and (iv) reversal of over booked expense of approximately HK\$0.4 million; and (v) gain on modification of financial liabilities of approximately HK\$7.2 million.

Selling and distribution costs

The Group's selling and distribution costs for the year ended 31 March 2023 were approximately HK\$6.1 million, representing an increase of approximately 126.7% from approximately HK\$2.7 million for the year ended 31 March 2022. The increase was mainly due to the increase of (i) advertising and promotion expenses from approximately HK\$0.1 million for the year ended 31 March 2022 to approximately HK\$1.9 million for the year ended 31 March 2023; (ii) salaries expenses and other employees benefits from approximately HK\$2.6 million for the year ended 31 March 2022 to approximately HK\$4.1 million for the year ended 31 March 2023; (iii) travelling expenses from nil for the year ended 31 March 2022 to approximately HK\$0.1 million for the year ended 31 March 2023. All of the above increases were due to the Group's increased cost for the Malaysia Project.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2023 were approximately HK\$36.4 million, representing an increase of approximately 25.4% from approximately HK\$29.0 million for the year ended 31 March 2022. The increase was the mixed effect of the (i) increase in currency exchange loss from approximately HK\$0.1 million for the year ended 31 March 2022 to approximately HK\$3.3 million for the year ended 31 March 2023; (ii) increase in equity-settled share option expense from approximately HK\$0.1 million to approximately HK\$5.3 million for the year ended 31 March 2023; which is partially off-set by the decrease of donation expense from approximately HK\$1.0 million for the year ended 31 March 2022 to nil for the year ended 31 March 2023.

Finance costs

The Group's finance costs decreased from approximately HK\$49.4 million for the year ended 31 March 2022 to approximately HK\$23.3 million for the year ended 31 March 2023. The decrease was mainly due to (i) the reduction of interest-bearing debts by proceeds from shares subscription in January 2022; and (ii) the sanction of the scheme of arrangement (the "Scheme") by the High Court which became effective on 21 February 2023, where debts owed to the relevant scheme creditors have accrued interest at 2.5% per annum since such effective date, which is much lower than the interest rate before.

Other expenses

The Group's other expenses decreased from approximately HK\$60.9 million for the year ended 31 March 2022 to approximately HK\$50.7 million for the year ended 31 March 2023. The decrease was the mixed effect of the (i) decrease of provision for impairment loss of financial assets from approximately HK\$51.1 million for the year ended 31 March 2022 to approximately HK\$46.0 million for the year ended 31 March 2023; (ii) decrease in impairment of property, plant and equipment from approximately HK\$9.2 million for the year ended 31 March 2022 to nil for the year ended 31 March 2023; which is partially off-set by the increase of fair value loss on equity investment from nil for the year ended 31 March 2022 to approximately HK\$3.3 million for the year ended 31 March 2023.

Gain/(loss) on extinguishment of financial liabilities

The Group recognised a gain on extinguishment of financial liabilities amounted to approximately HK\$51.6 million during the year ended 31 March 2023 on contrary to a loss of approximately HK\$303.5 million for the year ended 31 March 2022. The gain was recognised from the waiver of all the loan interests and default interests of approximately HK\$51.6 million upon the Scheme becoming effective on 21 February 2023, whereas the loss for the year ended 31 March 2022 was recognised in accordance with the requirement of HK(IFRIC) Interpretation 19 as a result of the issuance of certain shares on 20 January 2022 at a discount to market price.

Provision for expected credit losses on financial assets

The Group has elected to measure loss allowances for trade receivables and finance lease receivables using HKFRS 9 simplified approach and has calculated expected credit losses (“ECLs”) based on lifetime ECLs. The ECL on these assets are assessed individually for debtors which are assessed to be credit-impaired and collectively for other debtors using a provision matrix that is based on historical observed default rates, adjusted for forward looking factors specific to the debtors and the economic environment. To measure the ECLs using provision rates, trade receivables and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due or repayment schedule.

Under HKFRS 9, the losses allowances are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The expected credit losses were assessed taking into account the probability of default, exposure at default and loss given default.

Probability of default is the risk that the borrower will be unable or unwilling to repay its debt in full or on time. The risk of default is derived by analysing the obligor’s capacity to repay the debt in accordance with contractual terms. It is generally associated with financial characteristics such as inadequate cash flow to service debt, declining revenues or operating margins, high leverage, declining or marginal liquidity, and the inability to successfully implement a business plan. The assessment of the default probabilities were referenced to Bloomberg, and the average cumulative issuer-weighted global default rates stated in “Annual Default Study: Corporate default rate will rise in 2023 and peak in early 2024” published by Moody’s. Forward-looking information has been considered in adjusting the historical default rates to reflect forecasts of future economic conditions when calculating the expected credit losses, with reference to the default rate forecasts projected by Moody’s. According to Moody’s, the macroeconomic and credit factors in formulating the default rate forecasts include performance of the economy, unemployment, high-yield spread, the availability of coronavirus vaccines, development and management of the pandemic, fiscal and monetary policies, trade tensions and geopolitical instability which demonstrated the potential for market swings and affected the pace of the global economic recovery.

Exposure at default is the amount of money that is invested in certain financial instrument that is exposed to credit risk. It represents the gross exposure under a facility upon default of an obligor, or a loss that a lender would suffer if the borrower (counterparty) fully defaults on his debt (e.g. cannot repay the loan received). The exposure at default was referenced to the amount of outstanding balances of the trade and finance lease receivables as at 31 March 2023.

Loss given default is the share of a financial asset that the lender shall lose if a borrower defaults and is calculated as “1 – recovery rate”, in which the recovery rate is the remaining share of a financial asset that is expected to recover when a borrower defaults. The recovery rates for the trade and finance lease receivables were referenced to the average senior unsecured bond recovery rates before default stated in Annual Default Study and the actual historical recovery rate.

Provision for ECLs on financial assets during the year decreased from approximately HK\$51.1 million during the year ended 31 March 2022 to HK\$46.0 million during the year ended 31 March 2023. The provision for ECLs made for the year ended 31 March 2023 is the mixed result of (i) general decrease in overall default risk and credit risk of the debtors as recoverability improves; (ii) longer ageing of certain trade receivables during the year due to the previous effect of the epidemic on certain debtors; and (iii) full impairment of certain other receivables that management assessed necessary.

Settlement of trade receivables have improved generally while some customers still struggle with temporary cash flows difficulties. Management believed that the recoverability of trade receivables will continue to improve over time.

In respect of the determination of the ECLs of trade and finance lease receivables of the Group as at 31 March 2023 for financial reporting purpose, the Group has engaged an independent valuer (the “**Valuer**”), to assist in the relevant calculation of the ECLs. The Valuer is a professional surveyors firm in Hong Kong with appropriate qualification and experience to perform similar type of valuation.

The tables below set out the comparison in key inputs used in the valuation of the expected credit loss of trade and finance lease receivables excluding trade and finance lease receivable under individual assessment as at 31 March 2023 and 31 March 2022:

	Valuation as at 31 March 2023	Valuation as at 31 March 2022
Expected loss rate of trade receivables by past due status		
Neither past due nor impaired	1.21%	1.90%
1 to 30 days past due	5.67%	7.28%
31 to 90 days past due	10.79%	13.61%
91 to 180 days past due	19.18%	25.31%
181 to 365 days past due	27.34%	40.35%
Over 365 days past due	87.01%	71.25%
	Valuation as at 31 March 2023	Valuation as at 31 March 2022
Expected loss rate of finance lease receivables by years		
Within 1 year	5.53%	25.36%
Within 1 – 2 years	25.00%	34.90%
Within 2 – 3 years	26.06%	41.50%
Within 3 – 4 years	N/A	46.47%

Expected loss rates are based on historical observed default rates. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The decrease in expected loss rates was mainly due to the decrease in the historical observed default rates and the forward-looking adjustment that may impact the customer's ability to repay the outstanding balances.

With reference to valuation prepared by the Valuer and the internally assessed parameters and assumptions adopted in the calculation of expected credit loss of trade and finance lease receivables, the Directors and the audit committee of the Board (the “**Audit Committee**”) considered the relevant calculations of the ECLs for the year ended 31 March 2023 are fair and reasonable and the relevant calculations reflected a realistic forecast by taking into account the macro-economic factors, the historical credit loss and forward-looking information as mentioned above.

Given the objective assessment by the Valuer, and taking into consideration of the status of the receivables as discussed above, the management acknowledged that adopting a set of lower expected loss rates (except for long overdue balances) as compared to 31 March 2022 was in a reasonable range in arriving at the provision for ECLs regarding trade receivables and finance lease receivables amounted to approximately HK\$45.0 million during the year ended 31 March 2023.

For other receivables, the management assessed that an amount of HK\$1.0 million (2022: Nil) is credit impaired and impairment loss is fully provided and recognised in profit or loss.

Income tax credit

The Group recognised income tax credit amount to approximately HK\$10.6 million for the year ended 31 March 2023 (2022: approximately HK\$9.0 million), approximately HK\$8.1 million were deferred tax credit and approximately HK\$2.5 million were current tax credit.

Share of results of associates

The Group’s share of results of associates for the year ended 31 March 2023 was approximately HK\$1.5 million, decreasing from approximately HK\$7.4 million for the year ended 31 March 2022. The decrease was mainly due to the decrease in the amount of sharing of results of an associate and its subsidiaries, namely KSL Group (as defined below), as the business for installation of the customised LED products in the retail outlets of a major retailer in South Africa had entered into its final stage, resulting in the decrease in trading revenue of customised LED products.

EBITDA/EBIT

As a result of the foregoing, the Group’s EBITDA decreased from a loss of approximately HK\$341.4 million for the year ended 31 March 2022 to a loss of approximately HK\$8.6 million for the year ended 31 March 2023. The Group’s EBIT decreased from a loss of approximately HK\$346.5 million for the year ended 31 March 2022 to a loss of approximately HK\$11.4 million for the year ended 31 March 2023.

Loss for the year attributable to the owners of the Company

As a result of the foregoing, our loss attributable to the owners of the Company decreased by approximately 93.4% from a loss of approximately HK\$382.1 million for the year ended 31 March 2022 to a loss of approximately HK\$25.1 million for the year ended 31 March 2023. Excluding some major extraordinary or non-operating income and expenses, the adjusted loss attributable to the owners of the Company decreased by approximately 13.5% from approximately HK\$31.0 million for the year ended 31 March 2022 to a loss of approximately HK\$26.8 million for the year ended 31 March 2023.

The following table reconciles the adjusted loss attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses as defined by the Group's management for the years presented to the audited loss attributable to the owners of the Company for the years indicated:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loss for the year attributable to the owners of the Company	(25,084)	(382,145)
Add back/(less) major extraordinary or non-operating expenses/(income):		
Impairment loss of property, plant and equipment	–	9,173
Fair value loss/(gain) on equity investment at FVTPL	3,262	(1,140)
(Gain)/loss on extinguishment of financial liabilities	(51,591)	303,485
Provision for expected credit loss on financial assets, net of deferred tax	37,933	42,032
Gain on modification of financial liabilities	–	(7,243)
Finance cost on modification of financial liabilities	–	4,631
Share-based payment expenses in respect of share options	5,347	148
Net foreign exchange loss	3,325	62
Adjusted loss attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses	<u>(26,808)</u>	<u>(30,997)</u>

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group mainly finances its business with internally generated cash flows and bank and other borrowings. As at 31 March 2023, current assets of the Group amounted to approximately HK\$201.6 million, representing a decrease of 20.5% from approximately HK\$253.6 million as at 31 March 2022. The current assets mainly comprised cash and bank balances of approximately HK\$18.1 million (2022: approximately HK\$26.3 million), trade receivables of approximately HK\$155.4 million (2022: approximately HK\$186.6 million), amount due from an associate of approximately HK\$12.0 million (2022: approximately HK\$19.0 million), and deposits, prepayments and other receivables of approximately HK\$11.9 million (2022: approximately HK\$12.5 million). As at 31 March 2023, the Group's current liabilities mainly comprised borrowings of approximately HK\$9.0 million (2022: approximately of HK\$33.0 million), amounts due to the scheme creditors of approximately HK\$133.8 million (2022: nil), trade payables of approximately HK\$8.7 million (2022: approximately HK\$31.6 million) and accruals, other payables and deposits received of approximately HK\$43.0 million (2022: approximately HK\$122.7 million). The Group's current ratio decreased from approximately 1.2 times as at 31 March 2022 to approximately 1.0 times as at 31 March 2023.

The Group underwent the Scheme to restructure its financial liabilities during the year ended 31 March 2023 and changes in the debt structure of the Group is summarized as follows:

	2023	2022
	<i>HK\$'million</i>	<i>HK\$'million</i>
Bank borrowings	9.0	2.8
Other borrowings	–	33.0
Settlement payables	–	47.1
Note payables	–	55.0
Due to scheme creditors to be settled by cash payments	69.7	–
Due to scheme creditors settled subsequently by issue of shares of the Company	104.4	–
	<u>183.1</u>	<u>137.9</u>

The overall increase in the debts is mainly due to the fact that certain trade payables and other payables are also admitted to the Scheme and become part of the debts.

Out of the total amounts due to the scheme creditors of HK\$174.1 million, HK\$104.4 million has been settled on 28 June 2023 through the completion of issue of shares of the Company pursuant to the terms of the Scheme. The remaining HK\$69.7 million due to the scheme creditors will be settled by cash payments over a period of two and a half years at a fixed interest rate of 2.5% per annum. The bank borrowings of HK\$9 million in the current year has a maturity of 10 years and incurs interest at floating interest rate. For further details, please refer to the Company's announcement dated 3 August 2022, 14 October 2022, 11 November 2022, 17 February 2023, 14 April 2023 and 15 June 2023.

As at 31 March 2023, the Group's total equity was approximately HK\$126.7 million, representing a decrease of approximately 13.0% from approximately HK\$145.6 million as at 31 March 2022. As at 31 March 2023, the Group has no charges on its assets.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2023.

GUARANTEES

The Group had no material guarantees as at 31 March 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY OR ASSOCIATED COMPANY

The Group had no material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2023.

SIGNIFICANT INVESTMENTS

As at 31 March 2023, the Group held two investments with a value above 5% of the total assets of the Group. The two investments are (a) the interests in associates in Kedah Synergy Limited ("**KSL**"), together with its subsidiaries (the "**KSL Group**"), which accounted for approximately 18.0% of the Group's total assets as at 31 March 2023 (the "**Investment in Associates**"); and (b) the equity investment at fair value through profit or loss in InVinity Energy Group Limited, which accounted for approximately 6.9% of the Group's total assets as at 31 March 2023 (the "**Equity Investment**").

Investment in Associates

The Investment in Associates represents the Group's investment in the KSL Group. The KSL Group includes associated companies of the Group which were owned as to 47.5% by the Group as at 31 March 2023. The KSL Group is principally engaged in trading of energy saving products and provision of cost-saving energy management solutions. The total initial investment cost in the KSL Group was approximately HK\$27.7 million. As at 31 March 2023, the Investment in Associates was approximately HK\$67.3 million.

The Investment in Associates is accounted for by equity method in which 47.5% share of the results of the KSL Group is reflected in the carrying amount of the investment. During the year ended 31 March 2023, share of profits from the KSL Group amounted to approximately HK\$1.5 million (2022: approximately HK\$7.4 million) was recognised in the consolidated statement of comprehensive income of the Group.

The decrease in share of profits was due to the decrease in the net profit attributable to the shareholders of the KSL Group from approximately HK\$15.6 million for the year ended 31 March 2022 to approximately HK\$3.1 million for the year ended 31 March 2023, as the trading revenue of customised LED product decreased.

No dividend income from KSL was recognised during the year ended 31 March 2023. The Group will continue to hold the investment in the KSL Group as long-term investment as the management believes the investment will continue to generate profit for the Group and the business of the KSL Group is in line with the Group's core business.

Equity Investment

The Equity Investment represents the Group's approximately 23.6% equity interest in InVinity Energy Group Limited ("**InVinity**", together with its subsidiaries, the "**InVinity Group**"). The InVinity Group is principally engaged in investing in mining activities in relation to vanadium. The total initial investment cost in InVinity was US\$3.2 million, or approximately HK\$24.8 million. As at 31 March 2023, the carrying amount of Equity Investment was approximately HK\$25.9 million (2022: approximately HK\$29.1 million).

The Group will continue to hold the investment in InVinity as long-term investment as the management believes the investment is in line with the Group's business strategy and development in the global energy market.

Saved as disclosed above, there were no other significant investments held, and other plans for material investments or capital assets during the year ended 31 March 2023.

EMPLOYEES AND REMUNERATION POLICIES

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

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (“**MPF Scheme**”). Under the MPF Scheme, each of the Group companies (i.e. the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ monthly earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary.

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

GRANT OF SHARE OPTIONS

On 12 December 2022, the Company granted a total of 90,068,000 share options to subscribe for an aggregate of 90,068,000 ordinary shares of HK\$0.01 each in the share capital of the Company, comprising (i) 1,000,000 share options to four Directors; and (ii) 89,068,000 share options to certain qualified participants, being employees of the Group, under the share option scheme adopted by the Company on 5 March 2015 (as amended on 26 October 2016) (the “**Share Option Scheme**”). Details of the grant are set out in the Company’s announcement dated 12 December 2022.

On 20 March 2023, the Company granted a total of 28,356,680 share options to subscribe for an aggregate of 28,356,680 ordinary shares of HK\$0.01 each in the share capital of the Company, comprising (i) 23,856,680 share options to an executive Director; and (ii) 4,500,000 share options to a qualified participant, being an employee of the Group, under the Share Option Scheme. Details of the grant are set out in the Company’s announcements dated 20 March 2023 and 15 June 2023, and the Company’s circular dated 23 May 2023.

SHARE OPTION SCHEME

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

FOREIGN CURRENCY EXPOSURE

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

GEARING RATIO

As at 31 March 2023, the gearing ratio of the Group, which is calculated on the basis of the amount of total debts divided by the total equity, was 144.6%, which has increased from 98.3% as at 31 March 2022.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 March 2023.

The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

FUTURE OUTLOOK

The Group's financial status has vastly improved after a series of restructuring actions made by the Group. In particular, the Scheme became effective during the year and the Group successfully obtained all required approvals for issue of shares of the Company on 15 June 2023, which effectively reduced the relevant financial liabilities from approximately HK\$178 million to approximately HK\$69 million and also reduced relevant interest payment liabilities of around HK\$51.6 million.

Furthermore, the Group successfully secured new sources of financing including new bank loans, receivable financing by ORIX Finance Services Hong Kong Limited ("**ORIX Finance**") and a convertible bond amount to US\$15 million from an Abu Dhabi investor (subject to fulfilment of certain conditions).

The Group will continue to build new banking relationships, explore other means of financings such as bonds and equity issuance, so as to continue refining the capital structure of the Group.

Business

Malaysia

The Group's "Light Source in the Darkness" project in Malaysia, (the "**Malaysia Project**"), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time, is receiving a lot of compliments by customers and government support locally. The Malaysia Project starts out in Selangor state of Malaysia which has a total of 8,320 condominiums and targets to install 6 million LED lights by 2025.

In particular, the local government announced a collaboration with the Group on 19 March 2023, setting a performance indicator with a government policy to install LED lights at no less than 832 condominiums by 31 December 2023.

To cope with the capital funding need for the Malaysia Project, the Group partnered with ORIX Finance who provides receivable-based financing for the Malaysia Project, and has successfully drawn down HK\$10 million based on receivables of completed 24 completed contracts.

With the support from ORIX Finance and the local government, the Group expects to exceed the Malaysia Project's minimum target and thereby greatly improves the Group's cash flow.

Mainland China

The Group is collaborating with affiliated entities of Power Construction Corporation of China ("**Power China**") to co-develop renewable energy projects in Mainland China throughout Greater Bay Area, Yunan and Hainan which targeted renewable energy systems project pipeline of total capacity of approximately 2.6 GW, and total estimated monetary amount of approximately RMB5.7 billion for survey and design, equipment procurement and construction services. The Group has assigned appropriate personnel to oversee and execute the project.

The Group is also in discussion of various energy saving solution projects in the PRC. The Group believes there will be many more similar opportunities in the future given the "double carbon" objectives in the Mainland China.

Middle East

The Group has built new business connections in the United Arab Emirates ("**U.A.E.**") which has strong demand in energy saving solutions and renewable energy given U.A.E.'s carbon net zero target by 2050. We have also secured a convertible bond investment from an Abu Dhabi investor (subject to fulfilment of certain conditions).

The Group is currently in discussion with a major conglomerate in U.A.E. on collaboration in energy savings and renewable solutions. The Group will continue to explore opportunities in U.A.E and the rest of Middle East.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 March 2023, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the businesses of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31 March 2023.

CORPORATE GOVERNANCE

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

The Company has applied the principles as set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules, together with compliance with the relevant code provisions.

The Board is of the view that, throughout the year ended 31 March 2023, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code, except for the deviation from code provision C.2.1 as explained below:

Code provision C.2.1

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

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Corporate Governance Code have been applied will be included in the Company's 2022/2023 Annual Report.

COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted its own code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the “**Securities Dealing Code**”) on terms no less exacting than the standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors and relevant employees, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code throughout the year ended 31 March 2023 and up to the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee was established with its defined written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision D.3.3 of the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (Chairman of the Audit Committee), Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony, with Mr. Chung possessing the appropriate professional qualifications and accounting and related financial management expertise. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as reviewing the efficiency and effectiveness of the Group’s operations, external audit and of risk management and internal control systems.

The Audit Committee has reviewed the audited consolidated annual results of the Group for the year ended 31 March 2023, including the accounting principles and practices adopted by the Group, which was of the opinion that such financial information complied with the applicable accounting standards and requirements and the Listing Rules, and adequate disclosures had been made.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) is scheduled to be held on Thursday, 28 September 2023. A circular containing, among other matters, further information relating to the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be Thursday, 28 September 2023) be closed from Thursday, 21 September 2023 to Thursday, 28 September 2023, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 20 September 2023.

PRE-EMPTIVE RIGHTS

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

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the preliminary announcement of Group’s results for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2023.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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.

Material Uncertainty Related to Going Concern

We draw attention to note 3(c) to the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK\$24,014,000 and had net cash used in operating activities of HK\$9,094,000 for the year ended 31 March 2023 and as of that date, the Group's current liabilities of HK\$204,271,000 that included amounts due to the scheme creditors of HK\$133,779,000 in relation to the debt restructuring as disclosed in note 30. While as at 31 March 2023, the Group had cash and cash equivalents of HK\$18,608,000. These conditions along with other matters set forth in note 3(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.unitygroup.eco>). The Annual Report of the Company for the year ended 31 March 2023 containing the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board
Unity Group Holdings International Limited
Wong Man Fai Mansfield
*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 30 June 2023

As at the date of this announcement, the executive Director is Mr. Wong Man Fai Mansfield; the non-executive Director is Mr. Tsang Sze Wai Claudius; and the independent non-executive Directors are Mr. Chung Koon Yan, Mr. Cheung Yick Hung Jackie, Dr. Wong Chi Ying Anthony and Mr. Tang Warren Louis.