CHERISH SUNSHINE
承輝國際

CHERISH SUNSHINE INTERNATIONAL LIMITED
承輝國際有限公司

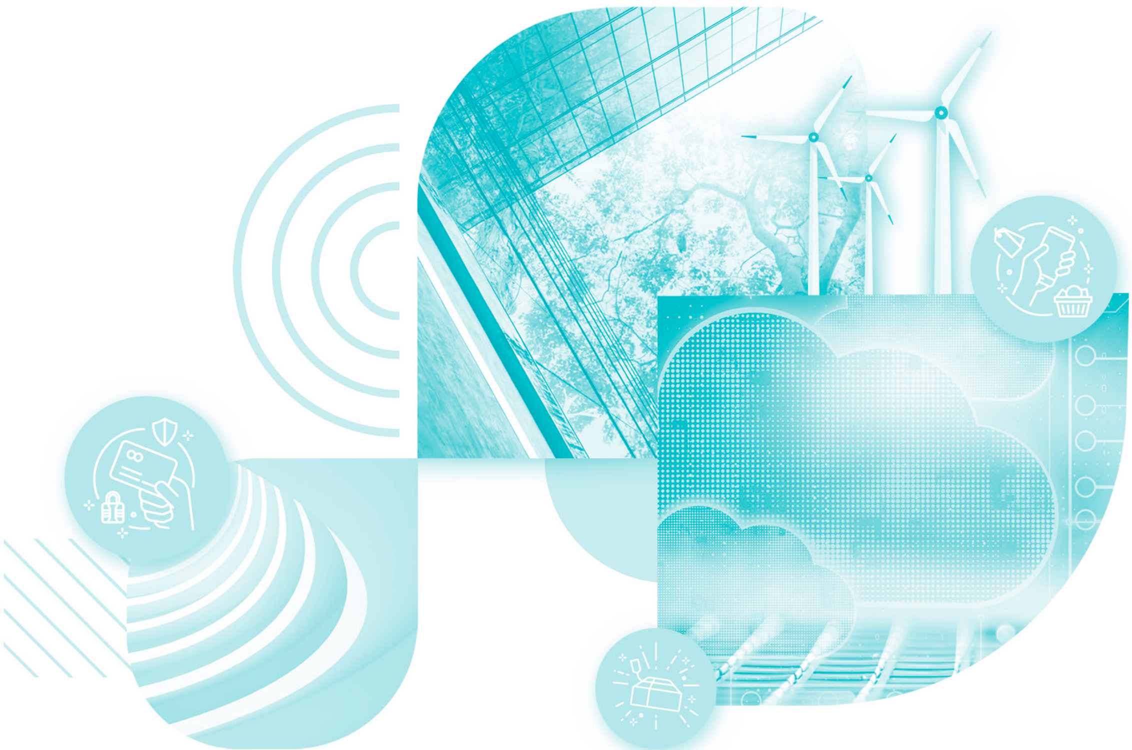
(formerly known as China Public Procurement Limited 中國公共採購有限公司)

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

ANNUAL REPORT

2022/2023



Contents

Corporate Information

DIRECTORS

Executive Directors

Ms. Wu Siyuan *(Chairman)* *MSc, BSc*
(appointed as Chairman on 29 April 2022, ceased as Chief Executive on 7 March 2023)
Mr. Shi Qiang *(Chief Executive)* *MBA, LL.B*
(appointed as executive Director and Chief Executive on 7 March 2023)
Ms. He Qian, *CPA (PRC), EMBA, BAcc*
Mr. Zheng Jinwei *EMBA, BEng*
(ceased as Chairman and Executive Director on 29 April 2022)

Non-executive Directors

Ms. Liu Qian, *EMBA, MA, BEng*
Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*
Mr. Li Guanghua, *EMBA, BEng*

Independent Non-executive Directors

Mr. Jiang Jun, *BAcc*
Mr. Zhong Dengyu, *CPA (PRC)*
Ms. Deng Hua, *LL.M, LL.B*
(appointed on 25 August 2022)
Mr. Wang Shuai
(ceased on 25 August 2022)

BOARD COMMITTEES

Audit Committee

Mr. Zhong Dengyu *(Chairman)*
Mr. Jiang Jun
Ms. Deng Hua, *LL.M, LL.B*
(appointed on 25 August 2022)
Mr. Wang Shuai
(ceased on 25 August 2022)

Remuneration Committee

Mr. Jiang Jun *(Chairman)*
Mr. Zhong Dengyu
Ms. Wu Siyuan *MSc, BSc*
(appointed on 29 April 2022)
Mr. Zheng Jinwei
(ceased on 29 April 2022)

Nomination Committee

Ms. Wu Siyuan *(Chairman)* *MSc, BSc*
(appointed on 29 April 2022)
Mr. Jiang Jun
Mr. Zhong Dengyu
Mr. Zheng Jinwei *(Chairman)*
(ceased on 29 April 2022)

AUTHORISED REPRESENTATIVES

Ms. Wu Siyuan *(as to Listing Rules)*
(appointed on 29 April 2022)
Ms. Wong Kwun Yuet Shavonne
(as to Listing Rules)
Mr. Lau Man Kit
(as to Companies Ordinance)

COMPANY SECRETARY

Ms. Wong Kwun Yuet Shavonne

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 109–14, Block 1,
No. 1818–2 Wenyi West Road
Yuhang Street, Yuhang District
Hangzhou, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 705, 7/F
Nam Wo Hong Building
148 Wing Lok Street
Sheung Wan
Hong Kong

AUDITOR

Crowe (HK) CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditor

LEGAL ADVISERS

As to Hong Kong law
Chiu & Partners

As to Bermuda law
Conyers Dill & Pearman

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Hangzhou

STOCK CODE

1094

WEBSITE

www.sunshine1094.com

Chairman's Statement

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Cherish Sunshine International Limited (the"**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present to you this annual report of the Group for the year ended 31 March 2023.

BUSINESS PERFORMANCES

For the year ended 31 March 2023 (the "**Year**"), Cherish Sunshine International Limited has continued its year-on-year growth momentum despite the increasingly uncertain and turbulent domestic and international economic environment. The Group's strategy to extend and expand its services to the private sector mainly to the clients in the trading industry and new energy industry has produced an exciting result because the Group has increased its total sales revenue by approximately 93.7% from the previous 15-month period ended 31 March 2022 and achieved approximately 100% business growth for each of its business segments, except the office leasing part. We are encouraged and pleased to see improved business performances coming out of the hard work and efforts of the dedicated management team. And the strategic adjustment to focus more resources on the procurements opportunities coming out of new energy construction projects has also helped to boost the significant sales revenue growth. For example, the procurement services revenue has increased over 300% to approximately HK$56.4 million for the Year.

However, the management did not feel complacent but more pressure instead. For example, the unsteady and unpredictable Sino-US relationship has pushed the central government of PRC to be more risk cautious about information and data protection and tightened risk control measures. As a result, the central government raised new requests to replace the foreign-background IT related software and hardware with domestic alternatives and many of the governmental clients of the Group has put forward the request of this kind to us. This is the new challenge that the Company has to face up and there is a risk undoubtedly that we might lose out if we do not deal with seriously and quickly. The Company always attaches great importance to technology innovation and improvement for its procurement information technology services and there is no exception on this occasion. A special team led by our experienced management officer has been formed to cater to the new needs from our clients and the Company will strive for market competitiveness in the procurement services business as ever.

On 16 October 2022, the 20th National Congress of the Communist Party of China (CPC) was held in Beijing. The report of the 20th CPC Congress proposed to actively and steadily promote carbon peak and carbon neutrality with China's energy and resources endowment and is implementing the carbon peak action in a planned and controlled manner. Against this supportive policy from the central government, the new energy market such as the wind and solar power generation business will be booming for the foreseeable future. For example, according to the statistics from the National Energy Administration, the newly installed solar power generation capacity in China reached a record high of 87.41GW in 2022, representing a year-on-year increase of 59.3%. Over the past year, the Group has achieved good revenue growth from its involvement into this new market and has full confidence in the future development of this booming market. The Group therefore will strategically continue exploring both online and off-line procurement services opportunities arising from those renewable energy EPC (Engineering, Procurement, Construction) project businesses and will devote more resources to support the Company's business growth objectives.

BUSINESS PROSPECTS

The high regard for the promotion and development of renewable and green energy held by China and the western developed countries that have been affected greatly by the Russia-Ukruaine war means that the new energy market is one of the few industries that will be certain to thrive for the foreseeable future. According to the International Energy Agency (IEA), global renewable energy will increase by 2,400GW over the next five years and the Chinese government aimed at reaching a total installed capacity of over 1,200GW of wind and solar power by 2030 which accounted for nearly half of the world's total new additional capacity. Undoubtedly, the Company very much would like to grasp this unprecedented opportunity and grow itself as fast as possible. In addition to increasing its inputs into the supply chain of the EPC business for the new solar and wind power generation projects, the Company may also move further to be more involved with providing services to those existing power projects that are owned by those state-background power companies. The Company has already started offering basic maintenance services to those big corporate clients' power stations since 2021 and have achieved satisfactory growth for the last 2 years. Building on the good relations with them, we may consider offering more comprehensive and wider range of services to those corporate clients who have large power-generation station asset portfolios, with the aim of becoming a one-stop solution service provider to them. The management believes that the service fees derived from those power generation asset portfolios will provide a new steady income stream for the business which potentially may greatly increase the profitability of the Group.

The Group as well as its management also strongly supports environment protection and would like to be more actively participate by exploring the sustainability related business opportunities, such as carbon credit asset trading, development and management. Both the world and China are taking active actions to protect the Earth and that provides rich soil to grow the environmentally sustainable business. For example, in April 2023, the European Parlimant finally approved the world's first Carbon Border Adjustment Mechanism (CBAM) — a tariff to be levied on carbon intensive products, such as cement or fertilizer. Domestically, China is widely expected to relaunch its China Certified Emission Reduction (CCER) system, the voluntary carbon credit plan that was abandoned several years ago. And Hong Kong also stands on the front line to support a long-term sustainable economy growth. One example is that Hong Kong Stock Exchange launched a new trading market for carbon credits and instruments in October 2022, called Core Climate. As a a listed company in Hong Kong Stock Exchange possessing rich public relations resources with local governments at different levels throughout China, the management believes that the Group holds a unique and advantageous position to connect the overseas market capital with China's rich carbon neutrality related assets held by local governments. The management might experiment in this regard and would keep a close eye on the risks and rewards brought by this new market trend.

I. BUSINESS REVIEW

The Year was a challenging year full of uncertainty and turbulence, not only for the Group, but also for the entire world. The outbreak of Russia-Ukruaine war not only disrupted the global energy and food supply landscape affecting the environment and the livelihood of mankind, but also reshaped the political and economic outlook worldwide. Fortunately, China relaxed its Covid-19 control measures and took measures to revive the economy amidst the challenging environment during the Year, effects of which, although not immediate, have been showing gradually. Despite the unfavourable and uncertain environment, the Group had nearly doubled its total revenue for the Year, as compared to the 15-month Period. That was mainly attributable to our strategic business rebalancing adjustment between exploiting procurement business opportunities from the private sector whilst continuing our inputs into the traditional public sector services. We are glad to see that this new strategy has worked well and is in line with our expectation. For example, the bidding-tendering transactions carried out on the procurement software platform which we provided for one of our large clients amounted to a monetary value of approximately HK$3.7 billion during the Year. That led to the a revenue increase of over 9 times as compared to the revenue generated from the same clients during the 15-months Period. The procurement services revenue derived from the Engineering, Procuremnt and Construction business (the "**EPC**" business) from the renewable energy projects also contributed approximately HK$40 million to the total revenue of the Group for the Year as compared with nil for the 15-months Period. The Company's ever pursuit of technical improvement and innovation also played an important role in the business growth. Over the Year, the Group has made substantial progress in the digitalisation of our system. For example, our clients can now scan the code using the mobile phones to participate in the procurement platform bidding-tendering process and seal the deal using digital stamps. The clients could also use different internet browsers to log onto the bidding system and could even negotiate with other parties via the remote audio-video functions. All of these have greatly enhanced our competitiveness and led to satisfactory result. Over the Year, the Group has developed over a dozen of new public sector clients and expanded its market share in Hubei province to become one of the largest procurement service providers. The Group appreciates that its technical competitiveness is crucial to its growth and will continue its inputs into its research and development to cater for the ever changing and varying needs from both public and private sector clients.

Provision of procurement services and other IT services

During the Year, the Group managed to achieve revenue growth both from the public and private sector clients. The total procurement services revenue (including provision of procurement services, provision of EPC services and procurement of goods for EPC services) has increased to approximately HK$56.3 million during the Year from approximately HK$14.6 million for the 15-month Period. That was mainly attributed to the Group's exploitation of business opportunities brought by the EPC business model widely adopted within the new energy industry, which contributed approximately HK$40 million to the total procurement services revenue. The procurement services provided to the public sector clients has also achieved a double-digit revenue growth and our market share in the Hubei province continued its growth to have become one of the largest service providers in that region. The software development services and other IT maintenance and improvement services rendered to the private sector clients have also grown to approximately HK$7.8 million during the Year. The fast revenue growth of our online and offline services to both the public and private sector clients brought great confidence to the management and proved that it was a correct decision to rebalance our operational resources between clientele of different background. It has also proven that the Group should not only stick to its traditional business model but should also have the courage to jump out of its comfort zone to experiment and explore business opportunities carefully.

The uncertain Sino-US relationship has brought impact to the domestic software market as the central government of the People's Republic of China (the "**PRC**") has increased its speed of replacing foreign background IT software and hardware equipments with China-made products. The competition in the domestic software market has therefore intensified. The management took prompt actions, including but not limited to improving the quality of our services, to deal with this unprecedented challenge and was glad to see some positive effects. For example, our clients can now log onto our bidding system using various internet browsers instead of the traditional Microsoft browser. The management has budgeted approximately HK$5.9 million out of its proceeds from the rights issue which was completed during the Year as its research and development expenditure to further improve its technical capability. The Group may also extend its bidding-tendering service package to the logistic industry clients which may potentially be another new client base to the Group.

Trading business

The Group is pleased to see that its trading business revenue has increased to approximately HK$170.0 million for the Year as compared with approximately HK$85.1 million for the 15-month Period. The significant revenue increase was partly attributed to the Group's promotion of the bidding software technical services to customers in the trade sector and partly attributed to the recovery of the economy after the relaxation of the COVID-19 control measures in the PRC which had been in place since November 2022. As the economy is gradually recovering, the management is of the view that both the domestic and international trade will grow in the foreseeable future and the Group's business should be able to slowly benefit from the recovery process.

Rental income

The government's stringent control measures against the COVID-19 pandemic during the first three quarters of the Year unfortunately had an impact on the rental income of the Group's own commercial building located in Donghu New Technology Development Zone, Wuhan City, Hubei Province, the PRC. As some tenants either chose to leave for cheaper office spaces or demanded a rental discount or freeze, the rental income for the Year decreased by 30.9% to approximately HK$17 million as compared with the 15-month Period. Due to the uncertain international macro-economic environment and the domestic property market conditions, the Company remains conservative about the future income contributions from the rental business.

Energy management contracting business

The Group provides basic operational and maintenance services to solar power generation plants of large power companies, some of which are state-owned. During the Year, the Group recorded a rapid growth in the revenue of this segment from approximately HK$1.3 million for the 15-month Period to approximately HK$6.6 million for the Year. The management are optimistic and holds a positive view about the potential business development in this area and may recruit more staff to secure more large power corporate clients in order to further increase the revenue. In addition, through our interactions with those large power companies, we came to realise that the services that those corporate clients demanded had different degrees of variety and sophistication. Encouraged by the fast revenue growth from these quality large power corporate clients, the management are considering to strengthen its business relationship with them by trying to offer them a wider scope of services to address the different levels of needs of the large power companies with higher levels of added values. Hopefully, by recruiting more experienced personnel, the Group would be able to create a bigger income stream that could enhance the total business profitability of the Group.

II. FINANCIAL REVIEW

Pursuant to a resolution passed by the Board on 30 November 2021, the Company changed its financial year end date from 31 December to 31 March. Accordingly, the current year financial statements cover a twelve month period ended 31 March 2023 while the comparative financial statements cover a fifteen month period ended 31 March 2022. The comparative figures are therefore not directly comparable.

Operational Performance

1. Revenue

Revenue of the Group for the Year was HK$271,719,000 (15-month Period: HK$140,256,000).

The revenue for the Year included (i) revenue from provision of procurement services and other IT services of HK$78,075,000, accounting for 28.7% of the total revenue (15-month Period: HK$29,169,000, 20.8%); (ii) revenue from trading business of HK$169,969,000, accounting for 62.6% of the total revenue (15-month Period: HK$85,141,000, 60.7%); (iii) rental income of HK$17,032,000, accounting for 6.3% of the total revenue (15-month Period: HK$24,654,000, 17.6%); and (iv) revenue from energy management contracting business of HK$6,643,000, accounting for 2.4% of the total revenue (15-month Period: HK$1,292,000, 0.92%).

2. Cost of sales

Cost of sales for the Year was HK$234,084,000 (15-month Period: HK$116,037,000). The increase in cost of sales was in line with the growth of revenue. Through business expansion and new business implementation, we recorded more material costs reflecting our purchases to meet orders of customers under trading sector and more technical and human resources consumed for new contracts in segments of provision of procurement services and other IT services and energy management contracting business.

3. *Gross profit*

Gross profit for the Year was HK$37,635,000 (15-month Period: HK$24,219,000). But the gross profit margin for the Year was 13.9%, representing a decrease of 3.4 percentage points as compared to the gross profit margin of 17.3% for the 15-month Period.

The slight decrease in gross profit margin was mainly attributable to the increase in business of provision of procurement services and the impact on the average gross margin of leasing business for the Year, which was a bit lower than that of the 15-month Period. Rental discount was offered to a particular tenant with a longer lease contract with the Group, and the rental deposits forfeited due to the termination of rental agreements during the Year was also less than the amount forfeited during the 15-month Period. On the other hand, the profit margin of the procurement services from the procurement of goods for EPC services and the provision of EPC services for the Year was relatively lower in comparison with other business segments of our Group, therefore the increase in the proportion of this business also contributed to the overall gross profit margin decrease.

4. *Other income and losses*

The other income and losses for the Year was a loss of HK$5,637,000 (15-month Period: loss of HK$5,785,000). The other income and losses mainly comprised fair value losses on investment properties, government grants and exchange loss for the Year.

5. *Administrative expenses*

The administrative expenses for the Year was HK$61,422,000 (15-month Period: HK$46,120,000). The administrative expenses mainly comprised staff cost, legal and other professional fees, depreciation for property, plant and equipment and right-of-use assets and general office expenses. The average monthly expenses increased in comparison with that of 15-month Period. The main reason for the increase is the hiring of a number of additional staff for business expansion especially in the segments of provision of procurement services and other IT services and energy management contracting business in the Year.

6. *Reversal of impairment loss for intangible assets*

As at 31 March 2023, based on the valuation conducted by an independent qualified professional valuer, the Group made a reversal of impairment loss for intangible assets, which amounted to HK$13,746,000 arising from an increase in the recoverable amount of intangible assets due to the improvement of financial results of the relevant cash-generating unit resulting from successful expansion of customers' base in the PRC during the year ended 31 March 2023.

7. *Reversal of impairment loss for trade and other receivables, reversal of impairment loss for prepayments and reversal of impairment loss for loan receivables*

Based on the expected credit loss calculation performed by an independent qualified professional valuer for the Year, the Group made a net reversal of impairment loss for trade and other receivable of HK$76,000 (15-month Period: a net impairment loss of HK$397,000) as the Group considered recoverability of these receivables were in an acceptable level; a reversal of impairment loss for prepayments of HK$11,405,000 (15-month Period: an impairment loss of HK$6,060,000) and a reversal of impairment loss for loan receivables of HK$4,837,000 (15-month Period: a net impairment loss of HK$2,651,000) as such amounts have been recovered by the successful legal actions taken in the Year.

8. *Finance costs*

Finance costs for the Year was HK$3,671,000 (15-month Period: HK$2,146,000). They were interests on convertible bonds, interests on bank and other borrowings and interests on lease liabilities. The increase in finance costs is mainly due to amortisation of interests on convertible bonds.

9. *Income tax credit*

Income tax credit of the Group for the Year amounted to HK$16,995,000 (15-month Period: HK$7,445,000). The income tax credit mainly arised from a reversal of the deferred taxation on land appreciation tax of our properties located in Wuhan, Hubei Province, the PRC and a reversal of provision for enterprise income tax which was made based on a tax opinion issued by an independent internationally renowned professional tax consulting firm engaged by the Group.

10. *Profit/(loss) for the Year/period*

Profit for the Year amounted to HK$13,594,000 (15-month Period: a loss of HK$33,918,000). The profit for the Year was mainly due to reversals of impairment loss on trade and other receivables and intangible assets and a reversal of a tax provision.

Financial Position

1. Liquidity and capital structure

As at 31 March 2023, the Group maintained bank and cash balances of HK$8,478,000 (31 March 2022: HK$27,592,000) of which HK$6,812,000 (31 March 2022: HK$25,180,000) were denominated in RMB. The total assets of the Group amounted to HK$593,424,000 (31 March 2022: HK$369,218,000), the total equity amounted to HK$310,367,000 (31 March 2022: HK$194,659,000), the total liabilities amounted to HK$283,057,000 (31 March 2022: HK$174,559,000). The assets-liabilities ratio (total assets over total liabilities) was 2.10:1 (31 March 2022: 2.12:1), the current ratio (current assets over current liabilities) was 1.22:1 (31 March 2022: 0.55:1) and the gearing ratio (total bank and other borrowings and convertible bonds over total equity) was 0.44:1 (31 March 2022: 0.13:1).

2. Structure of interest-bearing bank and other borrowing

As at 31 March 2023, the Group's interest-bearing bank and other borrowings amounted to approximately HK$113,801,000 (31 March 2022: HK$25,897,000) which were all denominated in RMB (31 March 2022: all denominated in RMB).

The percentage of interest-bearing bank and other borrowings wholly repayable within one year and in the second to the fifth years were 100% and 0% (31 March 2022: 19.05% and 76.19%), respectively. As at 31 March 2023, all interest-bearing other borrowings were arranged at a fixed annual interest rate of 14.4% and secured by a charge over the Group's buildings, investment properties, certain right-of-use assets and certain trade receivables.

III. OTHER ISSUES

1. Material investment, material acquisition and disposal of subsidiaries and future material investments or capital and assets acquisition plan

The Group did not have any material investment and material acquisition or disposal of subsidiaries, associates and joint venture during the Year.

The Group did not have any specific and formalised plans for future material investments or capital assets as at 31 March 2023. Nevertheless, the Group will continue to explore and evaluate projects and investment opportunities with potentials to create value for its shareholders in the long run.

2. Pledge of assets

As at 31 March 2023, the Group had other borrowings of RMB100,000,000 (equivalent to approximately HK$113,801,000) from a financial institution in the PRC by pledging the Group's building, investment properties, certain right-of-use assets and certain trade receivables.

3. Litigation and contingent liabilities

In November 2019, the Beijing Dongcheng District People's Court ("**Beijing Dongcheng District Court**") published an announcement regarding a summons issued to Gongcai Network Technology Limited (公採網絡科技有限公司) ("**Gongcai Network**"), a wholly-owned subsidiary of the Company, in respect of a civil case relating to a license fee income recognised as other income by the Group in 2012. Guocai South China Metal Exchange Service Limited (the "**Plaintiff**") claimed that the relevant work and services mentioned in the service contracts and supplemental contracts entered into between the Plaintiff, Gongcai Network and other parties in 2012, were not performed by Gongcai Network. As a result, the Plaintiff claimed for a refund from Gongcai Network of RMB13,500,000 (approximately HK$15,363,000), which the Plaintiff paid on 3 January 2013, together with accrued interests for the period from 4 January 2014 to 4 September 2019 of RMB7,506,000 (approximately HK$8,542,000) (collectively the "**Claimed Amounts**"). Due to the outbreak of Covid-19 pandemic, the hearing that had been scheduled to be conducted on 17 February 2020 was postponed, and based on the judgement made by Beijing Dongcheng District Court on 29 December 2020, the claims from the Plaintiff was rejected.

On 12 January 2021, the Plaintiff filed an appeal (the "**Appeal**") to No. 2 Intermediate People's Court of Beijing Municipality ("**No. 2 Intermediate Court**") on the Claimed Amounts. Based on the judgement made by No. 2 Intermediate Court on 30 June 2021, the claims from the Plaintiff was rejected, and the judgement was finalised.

On 22 October 2021, the Plaintiff filed a retrial application with the Higher People's Court of Beijing Municipality ("**Higher People's Court**") for the final judgment. On 11 February 2022, the Higher People's Court made the final judgement and rejected the retrial application from the Plaintiff.

On 6 September 2022, the Plaintiff filed a procuratorate application to No. 2 People's Procuratorate of Beijing Municipality. On 29 December 2022, No. 2 People's Procuratorate of Beijing Municipality rejected the procuratorate application from the Plaintiff. Therefore, the Group did not have any contingent liabilities at the end of the reporting period.

4. Foreign exchange exposure

During the Year, the Group mainly earned revenue in RMB and incurred costs mainly in Hong Kong dollars and RMB. Because the reporting currency for the Group is Hong Kong dollars that is pegged against the US dollars, the foreign exchange fluctuation has not and will not affect the daily normal business operation, the Group does not foresee any real significant risk to its financial health in the near future. However, any permanent or significant changes in RMB against Hong Kong dollars may still have an impact on the Group's financial results and positions in future. The management will monitor the foreign exchange risk and may adopt appropriate hedging policy when necessary.

5. Staff and remuneration policy

The Group determines staff remuneration in accordance with market terms, individual qualifications and performances. Remuneration of Directors are determined and from time to time reviewed by the Board based on the recommendations from the remuneration committee of the Company with reference to the Group's operating results, individual performance and comparable market statistics. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. As at 31 March 2023, the Group employed approximately 196 employees (as at 31 March 2022: 135), and the total remuneration of employees (including the Directors) was approximately HK$55,115,000 for the Year (15-month Period: HK$39,499,000). During the Year, the Company adopted a new share option scheme and a new share award plan to replace its then existing share option scheme which was due to expire in 2023, with a view of attracting and retaining quality personnel and providing them with an incentive to contribute to the business growth of the Group.

6. Completion of the placing of the convertible bonds

To facilitate the business development of the Group, on 3 December 2021 (after trading hours), the Company entered into a convertible bond placing agreement with the placing agent (the "**CB Placing Agreement**"), pursuant to which the Company proposed to offer for subscription, and the placing agent had agreed to procure subscriptions for, the convertible bonds (the "**Convertible Bonds**") on a best effort basis subject to the terms and conditions set out in the CB Placing Agreement. On 19 April 2022, all conditions precedent to the CB Placing Agreement had been fulfilled and completion of the placing of the Convertible Bonds took place. Convertible Bonds in the aggregate principal amount of HK$27,500,000, which may be converted into 18,333,333 conversion shares of the Company based on the initial conversion price of HK$1.50 (subject to adjustment) per share upon full conversion, were issued by the Company to Sea Best Group Limited and Mr. Wu Feng. The net price per conversion share is approximately HK$1.43. The conversion shares shall rank *pari passu* in respect of the voting rights with all other shares of the Company in issue on the date of issue and allotment of the conversion shares. The Convertible Bonds carry coupon interest at the rate of 5% per annum with a term of 7 years. The closing price of the shares of the Company on the date of the CB Placing Agreement was HK$1.53 per share. The net proceeds from the placing of the Convertible Bonds of approximately HK$26,300,000 had been utilised in full during the Year for expansion of the existing procurement and tendering business to customers in trading industry and general working capital purposes.

7. Issue of Awarded Shares

At the special general meeting of the Company held on 25 October 2022, relevant resolutions were passed by the shareholders of the Company approving the allotment and issue of in aggregate 10,769,000 new shares of the Company (the "**Awarded Shares**") under the share award plan of the Company adopted on 29 April 2022 (the "**Share Award Plan**") to the trustee of the trust administering the Share Award Plan pursuant to specific mandate, to hold on trust for certain share award grantees. The allotment and issue of the Awarded Shares to the trustee had been completed on 27 October 2022. All Awarded Shares are yet to be vested as at the date of this report.

For further details, please refer to the announcements of the Company dated 2 September 2022 and 25 October 2022 and the circular of the Company dated 5 October 2022.

8. Increase in Authorised Share Capital

Pursuant to an ordinary resolution passed by the shareholders of the Company on 20 December 2022, the Company increased its authorised share capital from HK$50,000,000 divided into 400,000,000 ordinary shares and 100,000,000 preference shares of par value of HK$0.10 each to HK$500,000,000 divided into 4,900,000,000 ordinary shares and 100,000,000 preference shares of par value of HK$0.10 each by creating an additional 4,500,000,000 unissued ordinary shares of the Company.

9. Rights Issue

On 18 October 2022, in order to satisfy the funding needs of the Group for the Group's business expansion, the Company proposed to conduct rights issue of not more than 201,366,286 rights shares (the "**Rights Share(s)**") at the subscription price of HK$0.63 per Rights Share on the basis of five (5) Rights share for every eight (8) existing shares of the Company in issue (the "**Rights Issue**"). An underwriting agreement was entered into between the Company and Eastmount Global Limited, a substantial shareholder of the Company, as the underwriter to the Rights Issue on 18 October 2022 (the "**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the Rights Issue had been conducted on a fully underwritten basis. A placing agreement (the "**Placing Agreement**") had also been entered into between the Company and Eddid Securities and Futures Limited as the placing agent (the "**Placing Agent**") on the same day, pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for unsubscribed Rights Shares. An aggregate of 189,907,953 new shares were allotted and issued by the Company on 8 February 2023 as a result of the Rights Issue. Among all 189,907,953 new shares issued, Eastmount Global Limited, as the underwriter, had performed its underwriting obligation under the Underwriting Agreement and took up 123,596,678 Rights Shares that were unsubscribed and were not placed by the Placing Agent.

The Rights Shares had been offered for subscription at the subscription price of HK$0.63 per Rights Share. The gross proceeds from the Rights Issue were approximately HK$119.6 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, were approximately HK$117.1 million. The net price per Rights Share is therefore HK$0.62. The Rights Shares (when allotted, fully paid or credited as fully paid and issued) rank *pari passu* in all respect among themselves and with the shares of the Company in issue as at the date of allotment and issuance. The closing price of the shares as quoted on the Stock Exchange on 18 October 2022, being the date of publication of the announcement in relation to the Rights Issue, was HK$0.73 per share. The utilisation of the net proceeds from the Rights Issue has been summarised as follows:

		Approximate percentage of total net proceeds	Allocation of net proceeds	Amount utilised up to 31 March 2023	Balance as at 31 March 2023	Expected timeline for utilisation
			HK$'000	HK$'000	HK$'000	
1)	Research and development of the procurement service software	5%	5,855	966	4,889	By the end of February 2024
2)	Procurement services business	50%	58,550	58,550	—	N/A
3)	Trading business	10%	11,710	11,710	—	N/A
4)	Investment in office properties in Hong Kong	20%	23,420	—	23,420	By the end of February 2024
5)	General working capital	15%	17,565	17,565	—	N/A
			117,100	88,791	28,309	

As at 31 March 2023, the net proceeds were used for paying orders for procurement services business and trading business of approximately HK$70.3 million; research and development of the procurement service software of approximately HK$966,000 and payment to suppliers and operating expenses of approximately HK$17.5 million as intended.

For further details of the Rights Issue, please refer to the announcements of the Company dated 18 October 2022, 29 November 2022, 20 December 2022 and 7 February 2023 and the prospectus of the Company dated 6 January 2023.

10. Events after the reporting period

Save as disclosed in note 45 to this report, there are no other material events subsequent to the end of the period.

IV. BUSINESS PROSPECTS

The Group's improved and upgraded IT software to serve the procurement and tendering processes for clients in the private business sector has produced an encouraging outcome and further enhanced the management's confidence to further pursue the Group's current business strategy in a more comprehensive and extensive manner. One way to do so is to seek more new collaboration with large power companies, which possess large portfolios of power plants that require routine operational maintenance services and are investing heavily into building more new renewable energy generation plants by adopting the EPC model. Renewable energy projects usually require strong support from local governments and that provides a unique position for the Group, thanks to its years of relationship with and experience of dealing with local governments. Therefore, the Group is of the view that the Group should utilise its special position to solicit more clients and business opportunities and generate more income. Apart from the new energy industry clients, the Group would also like to explore the business opportunities with clients in the logistic industry. The Group has also formed partnership with a logistic company to experiment our bidding-tending software application, targeting to open up the Group's business opportunities in the logistic industry which is also a huge market with great potential.

The Group has successfully taken the largest market share in Hubei province in relation to the public procurement IT services, thanks to our dedication to and focus on technical improvement and quality services. The revenue from one of our traditional large clients has also reached its record high level and is still expected to grow further in the future. All of these pleasing results demonstrated the acknowledgement from the market of the quality of our IT services. Despite the encouraging results, the management is not complacent and is actively preparing to tackle the new challenge posed by the governments' request to replace foreign-background IT softwares and hardwares with domestic alternatives. The resulting intensified competition in the industry represents one of the toughest challenges faced by the Group. The management has allocated special budget for the Group to tackle the difficulty and is confident that the Group can continue to provide quality services to our clients.

Biography of Directors and Senior Management

DIRECTORS

Executive Directors

Ms. Wu Siyuan, aged 30, has been appointed as an executive Director since 19 November 2021. She was further appointed as the chairman of the Board and the nomination committee of the Company (the "**Nomination Committee**") and member of the remuneration committee of the Company (the "**Remuneration Committee**") on 29 April 2022. She also served as the Chief Executive of the Company from 19 November 2021 to 7 March 2023. Ms Wu graduated from Henan University in 2013 with a Bachelor's Degree in Finance, and from Hunan University in 2016 with a Master's Degree in Finance. From July 2016 to April 2018, she worked in the channel management department of Bank of Shanghai Co., Ltd.* (上海銀行股份有限公司), responsible for the marketing and operation of mobile sales channels. From May 2018 to October 2020, she worked as the investment director in Shanghai Fuluona Asset Management Co., Ltd.* (上海富羅納資產管理有限公司). From October 2020 to October 2021, she worked as the standing deputy general manager in Shanghai Akcome Fuluona Financial Leasing Co., Ltd.* (上海愛康富羅納融資租賃有限公司).

Mr. Shi Qiang, aged 40, was appointed as the Chief Executive of the Company and an executive Director on 7 March 2023. Mr. Shi graduated from Hunan University in June 2006 with a Bachelor's Degree in Laws and further obtained a Master's Degree in Business Administration from China Europe International Business School in November 2018. From 2006 to 2012, Mr. Shi successively served as sales manager, sales director and the general manager of Jiangyin Akcome Solar Energy Equipment Co., Ltd.* (江陰愛康太陽能器材有限公司). From 2012 to 2019, Mr. Shi served as the vice president of Suzhou Akcome Energy Group Co., Ltd.* (蘇州愛康能源集團股份有限公司). He was responsible for the company's overall strategy and investment and participated in the company's major business negotiations. From 2019 to 2021, Mr. Shi served as the senior vice president in Jiangsu Akcome Science and Technology Co., Ltd.* (江蘇愛康科技股份有限公司) ("**Jiangsu Akcome**"), a company listed on the Shenzhen Stock Exchange (stock code: 002610). Prior to Mr. Shi's appointment as the Chief Executive of the Company, he first joined the Group as the vice president of Shanghai Chenghua Rui'an Energy Group Co., Ltd.* (上海承華睿安能源集團有限公司), a wholly-owned subsidiary of the Company, principally responsible for the renewable energy related procurement business development in early 2022. From August 2019 to January 2022, Mr. Shi also served as a director in Jiangsu Akcome.

Ms. He Qian, aged 51, has been appointed an executive Director since January 2015. She obtained a Bachelor's Degree in accounting from University of International Business and Economics in 2006 and a degree of executive master of business administration from Cheung Kong Graduate School of Business in 2011, and she is a certified accountant and certified tax agent. She began her career in accounting in 1994. She was a partner of Zhejiang Yuehua Certified Public Accountants* (浙江嶽華會計師事務所有限公司) from January 2004 to December 2008, she then became a partner and the head of the Zhejiang branch office of RSM China Certified Public Accountants Zhejiang Branch (中瑞嶽華會計師事務所（特殊普通合夥）浙江分所) from January 2009 to May 2013. From June 2013 to March 2015, she was a partner and the head of the Zhejiang branch office of Ruihua Certified Public Accountants Zhejiang Branch (瑞華會計師事務所（特殊普通合夥）浙江分所). Since April 2015, she has become the chairman of Zhejiang Yueyou Private Funds Management Co. Ltd. (浙江岳佑私募基金管理有限公司). She was an independent director of (i) Zhejiang Chunhui Intelligent Control Co., Ltd. (浙江春暉智能控制股份有限公司) (stock code: 300943) from May 2016 to May 2022; and (ii) Jiangsu Akcome from May 2016 to October 2022, both being companies listed on the Shenzhen Stock Exchange. In March 2022, Ms. He has also been re-appointed as an independent director of Lionco Pharmaceutical Group Co., Ltd (靈康藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603669), where she once served as an independent director from December 2013 to February 2019.

Non-executive Directors

Ms. Liu Qian, aged 58, joined the Company in October 2021 as a non-executive Director. She graduated from the Undergraduate Program in Internal Combustion Engine of College of Automotive Engineering of Jilin University in 1986, and she graduated from the Graduate Program in Computational Mechanics of Jilin University in 1988. In 1995, Ms. Liu obtained a Master of Philosophy from University of Wales in the United Kingdom, and in 2012, she obtained an Executive Master of Business Administration from Cheung Kong Graduate School of Business. She has extensive experience in the new energy sector and management. She worked in Jiangsu Akcome Industrial Group Co., Ltd.* (江蘇愛康實業集團有限公司) (the "**Akcome Group**") from June 2011 to September 2014, during which she served as the vice president and successively served as the president of Power Business Department of Akcome Group, director and general manager of Suzhou Sheng Kang Solar Technology Co., Ltd.* (蘇州盛康光伏科技有限公司) concurrently. From September 2014 to March 2019, she successively served as the president of Market Development Division of and vice president of GCL New Energy Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 451), assistant vice president and director of administration office of GCL Group Limited* (協鑫集團有限公司), and vice president of GCL Intelligent New Energy Transportation Technology Development (Suzhou) Co., Ltd.* (協鑫智慧新能源交通科技發展(蘇州)有限公司). Ms. Liu has worked in Shanghai Fuluona Asset Management Co., Ltd.* (上海富羅納資產管理有限公司) since March 2019, and is currently the legal representative and the executive director. Since April 2021, Ms. Liu has also been a director of Huarui New Energy Investment Pte. Ltd. ("**Huarui**"), being an indirect wholly-owned subsidiary of the Company. She currently works as senior vice president in Akcome Holding Group, in charge of strategic investments.

Mr. Li Shun, aged 47, joined the Company in October 2021 as a non-executive Director. He was further appointed as the Chief Financial Officer of the Company on 1 December 2021 and deputy company secretary on 29 April 2022. Mr. Li obtained his Bachelor's Degree in English Language from Beijing Foreign Studies University in 1999 and a Master of Science in Management from The University of Lancaster in the United Kingdom in 2002. Mr. Li has been an associate of The Chartered Institute of Management Accountants since 2006 and has been an associate member of The Hong Kong Chartered Governance Institute since 30 May 2023. Mr. Li worked in the financial control department of China International Capital Corporation (UK) Limited (a subsidiary of China International Capital Corporation Limited, a company listed on the Stock Exchange, stock code: 3908) from April 2010 to July 2014. He worked as the chief financial officer of Metropolis Capital Holdings Limited (a company listed on the Stock Exchange, stock code: 8621) and its subsidiaries from August 2014 to May 2021, responsible for overseeing its corporate strategies, financial affairs and investment.

Mr. Li Guanghua, aged 48, joined the Company in February 2022 as a non-executive Director. Mr. Li graduated from Sichuan United University* (四川聯合大學) (now known as Sichuan University) in July 1998 with a Bachelor's Degree in Mechanical Design and Manufacturing. He graduated from Fudan University in June 2013 with an Executive Master of Business Administration and from Tsinghua University in June 2021. From July 1998 to August 2009, Mr. Li worked in various electronics and electrical appliances companies including LG Electronics Tianjin Appliances Co., Ltd.* (樂金電子(天津)電器有限公司), Midea Group Co., Ltd.* (美的集團股份有限公司) and Qingdao Haier International Trade Co., Ltd.* (青島海爾國際貿易有限公司). From August 2009 to April 2022, Mr. Li successively worked in Suzhou Akcome Metal Technology Co., Ltd.* (蘇州愛康金屬科技有限公司), Shanghai Fuluona Asset Management Co., Ltd.* (上海富羅納融資租賃有限公司) and Suzhou Akcome Energy Group Co., Ltd.* (蘇州愛康能源集團股份有限公司). Mr. Li joined Jiangsu Chengguang New Energy Ltd (江蘇承光新能源有限公司), one of the indirect wholly-owned subsidiary of the Company, in May 2022 as the head of new energy development business of the Group.

Independent non-executive Directors

Mr. Jiang Jun, aged 45, joined the Company in June 2017 as an independent non-executive Director. He is also the chairman of the Remuneration Committee, a member of the Nomination Committee and the audit committee of the Company ("**Audit Committee**"). He obtained a Bachelor's Degree in accounting from Beijing University of Chemical Technology in 2003. He is a qualified intermediate accountant and holds the National Computer Rank Examination Grade II Certificate. He started his career in accounting since 2003. He was an accountant for Beijing Longde Group Limited* (北京龍德實業集團有限公司) from September 2003 to June 2006, and he has been the chief audit executive for Shi Boo Investment Holding Co., Ltd. since July 2006.

Mr. Zhong Dengyu, aged 50, joined the Company in December 2021, as an independent non-executive Director, a member of the Nomination Committee and the Remuneration Committee, and the chairman of the Audit Committee. He graduated from Heilongjiang Business School* (黑龍江商學院) (now known as Harbin University of Commerce) in 1997 with a bachelor's degree in accounting. Mr. Zhong has been a certified public accountant in the PRC since 1999 and a certified tax agent in the PRC since 2002. Since July 1997, Mr. Zhong has worked as an accountant in Jiangsu Xinggang Accounting Firm* (江蘇興港會計師事務所), Suzhou Qinye United Accounting Firm* (蘇州勤業聯合會計師事務所), Suzhou Qinye Certified Public Accountants Co., Ltd.* (蘇州勤業會計師事務所有限公司), Talent Certified Public Accountants (Special General Partnership) Suzhou Qinye Branch* (天衡會計師事務所(特殊普通合夥)蘇州勤業分所) and Talent Certified Public Accountants Co., Ltd. Suzhou Qinye Branch* (天衡會計師事務所有限公司蘇州勤業分所), where his current position is a partner and a deputy head.

Ms. Deng Hua, aged 41, joined the Company in August 2022 as an independent non-executive Director and she is a member of the Audit Committee. Ms. Deng graduated from the East China Normal University (華東師範大學) in June 2004 with a Bachelor's Degree in laws and further obtained a Master Degree in laws in July 2007. Ms. Deng has been a qualified lawyer in the PRC since 2010. Ms. Deng started her career as a PRC lawyer in the Shanghai office of Allbright Law Offices (上海市錦天城律師事務所) (the "**Firm**") from September 2010 and has many years of experience in the practice areas of capital markets, mergers and corporate finance. She is currently a senior partner of the Firm.

SENIOR MANAGEMENT

The executive Directors and the non-executive Directors are regarded as senior management of the Group.

COMPANY SECRETARY

Ms. Wong Kwun Yuet Shavonne ("**Ms. Wong**") is the company secretary of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules from 1 December 2021. Ms. Wong is a practising solicitor in Hong Kong working at Chiu & Partners in the field of commercial and corporate finance. Ms. Wong graduated from the University of Hong Kong with the Bachelor of Business Administration (Law) and Bachelor of Laws degrees. To better support Ms. Wong, on 29 April 2022, the Board resolved to appoint Mr. Li Shun, one of the non-executive Directors and the Chief Financial Officer of the Company, as the Deputy Company Secretary who has become an associate member of The Hong Kong Chartered Governance Institute since 30 May 2023.

* *The English translation is for identification purpose only*

Corporate Governance Report

The Board appreciates the importance of good corporate governance standards to the achievement of corporate strategy and value creation to the Company. The Board is committed to following high level of corporate governance standards to its risk management and internal control.

COMPLIANCE WITH THE LISTING RULES AND CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the corporate governance code ("**CG Code**") as set out in part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), which provides code provisions and recommends best practices for corporate governance practices by listed companies. The Company considered that its prevailing structures and systems satisfied the applicable requirements of the code provisions of the CG Code that was in force during the Year. The Company will continuously enhance the corporate governance standards throughout the Group and ensure further standards to be put in place by reference to the recommended best practices whenever suitable and appropriate. During the Year, the Company has complied with the CG Code except for the following deviation during the relevant period:

Prior to the resignation of Ms. Wu Siyuan as the chief executive of the Company on 7 March 2023, Ms. Wu Siyuan had been both the chairman of the Board and the chief executive of the Company since 29 April 2022. According to code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive of the Company should be separated and should not be performed by the same individual. Being aware of the said deviation from code provision C.2.1, the Company has, on 7 March 2023, appointed Mr. Shi Qiang, an executive Director, as the chief executive of the Company in replacement of Ms. Wu Siyuan, and therefore re-complied with code provision C.2.1.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct for securities transactions by Directors and the relevant employees of the Group. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Year.

BOARD

Composition

As at the date of this annual report, the Board consists of 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors:

Executive Directors
Ms. Wu Siyuan, *MSc, BSc* *(Chairman)*
Mr. Shi Qiang, *MBA, LL.B* *(Chief Executive)*
Ms. He Qian, *CPA (PRC), EMBA, BAcc*

Non-executive Directors
Ms. Liu Qian, *EMBA, MA, BEng*
Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*
Mr. Li Guanghua, *EMBA, MSc, BSc*

Independent non-executive Directors
Mr. Zhong Dengyu, *CPA (PRC)*
Mr. Jiang Jun, *BAcc*
Ms. Deng Hua, *LL.M, LL.B*

Attendance of the Directors at the Board and general meetings

For the Year, eight Board meetings and three general meetings have been held. Details of the attendance of the Directors are as follows:

	Number of meetings attended/ Number of meetings held	
Board members	**Board meetings**	**General meetings**
Executive Directors		
Ms. Wu Siyuan *(Chairman)* (Note 1 & 2)	8/8	3/3
Mr. Shi Qiang *(appointed on 7 March 2023) (Chief Executive)* (Note 1)	0/0	0/0
Mr. Zheng Jinwei *(ceased on 29 April 2022)* (Note 2)	0/1	0/0
Ms. He Qian	7/8	3/3
Non-executive Directors		
Ms. Liu Qian	7/8	3/3
Mr. Li Shun	8/8	3/3
Mr. Li Guanghua	8/8	3/3
Independent non-executive Directors		
Mr. Zhong Dengyu	8/8	3/3
Mr. Jiang Jun	7/8	3/3
Ms. Deng Hua *(appointed on 25 August 2022)*	3/4	2/2
Mr. Wang Shuai *(ceased on 25 August 2022)*	1/4	0/1

Notes:

1. Mr. Shi Qiang replaced Ms Wu Siyuan as the Chief Executive with effect on 7 March 2023

2. Mr. Zheng Jinwei ceased to act as the executive Director and the Chairman of the Board on 29 April 2022. Ms. Wu Siyuan was further appointed as the Chairman of the Board in replacement of Mr. Zheng Jinwei on the same date.

Apart from the above Board meetings and general meetings, a meeting between the chairman and the independent non-executive Directors without the presence of other Directors was also held during the Year.

Responsibilities of the Board and management

The Board reviews and approves important corporate matters such as business strategies, major investments, mergers and acquisitions and so on. The Board has overall responsibility in monitoring the process of corporate reporting and internal control system throughout the Group. The corporate reporting standards are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance and compliance practices with the Listing Rules, the Securities and Futures Ordinance (the "**SFO**") and other applicable regulations are delegated to the risk and compliance control department as well as the company secretarial department. The management of the Company reviews and briefs the reporting systems with the executive Directors regularly and the Audit Committee and the Remuneration Committee at least annually.

To strengthen the risk management and coordination among different departments and the internal communication between the management team and the Board, the Company during the Year set up an operational management committee which consisted of six members including the Chairman and the Chief Executive and other management officers from controlling functions such as accounting and legal departments to deal with the business operational and management matters that are potentially of significance to the Company. The operational management committee holds meetings according to operational needs and reports to the Board for matters worthy of its attention or approval in accordance with its terms of reference.

Save as disclosed in the section headed "Biography of Directors and Senior Management", there is no financial, business, family or other material/relevant relationship between the members of the Board.

Continuous professional development of Directors

According to the Code Provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. For the Year, Directors participated in continuous professional development by reading the study materials of the Listing Rules, attending training sessions provided by the Company and the external compliance professionals relating to (i) the Model Code under the Listing Rules; and (ii) transactions related to the Code on Takeovers and Mergers. Furthermore, Directors also attended briefings and trainings offered to general employees on topics such as ESG policies and government policies about carbon neutrality and peak and so on.

	Type of Continuous Professional Development	
Name of Director	**Attending Seminars, and in-house Briefings**	**Reading Materials and Updates**
Executive Directors		
Ms. Wu Siyuan *(Chairman)*	✓	✓
Mr. Shi Qiang *(appointed on 7 March 2023) (Chief Executive)*	✓	✓
Mr. Zheng Jinwei *(ceased on 29 April 2022)*	N/A	N/A
Ms. He Qian	✓	✓

Name of Director	Type of Continuous Professional Development: Attending Seminars, and in-house Briefings	Reading Materials and Updates
Non-executive Directors		
Ms. Liu Qian	✓	✓
Mr. Li Shun	✓	✓
Mr. Li Guanghua	✓	✓
Independent non-executive Directors		
Mr. Zhong Dengyu	✓	✓
Mr. Jiang Jun	✓	✓
Ms. Deng Hua *(appointed on 25 August 2022)*	✓	✓
Mr. Wang Shuai *(ceased on 25 August 2022)*	N/A	N/A

Furthermore, each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has an appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements.

CHAIRMAN AND CHIEF EXECUTIVE

As at the date of this annual report, Mr. Shi Qiang is serving as the Chief Executive of the Company, whereas Ms. Wu Siyuan is serving as the Chairman of the Board.

On 7 March 2023, the Group appointed Mr.Shi Qiang to replace Ms Wu Siyuan as the Chief Executive of the Company. Ms. Wu was therefore no longer serving the dual role of the Chairman of the Board and the Chief Executive of the Company and the Company has re-complied with code provision C.2.1 of the CG Code. The Chairman provides leadership and is responsible for the effective functioning and operation of the Board in accordance with good corporate governance practice and the overall strategy of the Group. The Chief Executive of the Company, leading the senior management team, focuses on the overall management, operation and business development of the Group. This segregation of duties ensures the reinforcement of their independence, accountability and responsibility. The Chairman will also ensure that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

NON-EXECUTIVE DIRECTORS

The term of office under service contracts of non-executive Directors and independent non-executive Directors are three years from their respective dates of appointment and subject to retirement by rotation in accordance with the Bye-laws.

INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the date of this annual report, the Company met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to rule 3.13 of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his or her independence from the Company, and considers all of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

BOARD INDEPENDENCE

The Board understands that independent views and input are vital elements to good corporate governance, the Company strives to ensure independent views and input are available to the Board, including, among others, (i) allowing individual Director direct access to advice from the management team as well as external independent professional advisers of the Company, where necessary; and (ii) arranging meetings between independent non-executive Directors and Chairman of the Board or external auditors, allowing the independent non-executive Directors to express their own views and raise any issues or irregularities which they have noted and may have an impact on the Company, and also for them to provide constructive advice to the Board accordingly.

BOARD COMMITTEES

There are three committees established under the Board, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

Role and function

The terms of reference of the Audit Committee, which is available on the websites of the Company and the Stock Exchange, follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants, and have been updated on terms no less exacting those set out in the code provisions under the CG Code. Audit Committee must meet, at least twice a year, with the Company's external auditors.

The functions of the Audit Committee include but not limited to the following:

- making recommendation to the Board on the appointment, resignation and removal of external auditor and their fees and governing the relationship with the external auditors;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards;

- ensuring co-ordination between internal audit function and external auditors of the Group, and ensuring that the internal audit function of the Group is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- reviewing the financial statements, interim and annual results of the Group and the significant financial reporting judgments contained therein;

- discussing with the external auditor problems and issues of significance during the annual audit of the Group; and

- overseeing the financial reporting system, risk management and internal control systems of the Company.

Composition

As at the date of this annual report, the Audit Committee comprises three members as follows:

Mr. Zhong Dengyu *(Chairman)*
Mr. Jiang Jun
Ms. Deng Hua

Mr. Zhong Dengyu, Mr. Jiang Jun and Ms. Deng Hua are independent non-executive Directors, both Mr. Zhong Dengyu and Mr. Jiang Jun possess recognised professional qualification in accounting and have proven experience in audit and accounting.

Attendance record

For the Year, three Audit Committee meetings had been held. Details of the attendance of the Audit Committee members are as follows:

Audit Committee members	**Number of meetings attended/ Number of meetings held**
Mr. Zhong Dengyu *(Chairman)*	3/3
Mr. Jiang Jun	3/3
Ms. Deng Hua *(appointed on 25 August 2022)*	1/1
Mr. Wang Shuai *(ceased on 25 August 2022)*	0/2

Summary of the work done

The work done by the Audit Committee for the Year included:

- reviewed the interim results of the Group for the six months ended 30 September 2022, and annual results of the Group for the fifteen months ended 31 March 2022;

- discussed with the management of the Company over the completeness, fairness, adequacy and compliance of accounting standards and policies of the Group in the preparation of the 2022/2023 interim financial statement and 2021/2022 annual financial statements;

- reviewed and discussed with the external auditors over the financial reporting of the Company; and

- reviewed adequacy and effectiveness of risk management and internal control system, and the internal audit function maintained within the Group.

Each Audit Committee meeting was supplied with the necessary financial information of the Group for the Audit Committee members to consider, review and assess matters of significance arising from the work conducted.

The audited consolidated financial statements for the year ended 31 March 2023 have been reviewed by the Audit Committee.

Remuneration Committee

Role and function

The terms of reference of the Remuneration Committee, which is available on the websites of the Company and the Stock Exchange, follow the code provisions under the CG Code. The Remuneration Committee shall meet at least once a year. The functions of the Remuneration Committee include but not limited to the following:

- making recommendations to the Board on the Company's policy and structure of remuneration for all Directors and senior management;

- establishing and applying a formal and transparent procedure for developing remuneration policy for Directors and senior management to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration;

- making recommendations to the Board on the remuneration packages of all Directors and senior management; and

- ensuring levels of remuneration of Directors commensurate with their qualifications and competencies, and that such remuneration is sufficient to attract and retain Directors and senior management.

Composition

As at the date of this annual report, the Remuneration Committee comprises three members as follows:

Mr. Jiang Jun *(Chairman)*
Mr. Zhong Dengyu
Ms. Wu Siyuan

Mr. Jiang Jun and Mr. Zhong Dengyu are independent non-executive Directors whereas Ms. Wu Siyuan is an executive Director.

Attendance record

For the Year, three Remuneration Committee meetings had been held. Details of the attendance of the Remuneration Committee members are as follows:

Remuneration Committee members	Number of meeting attended/ Number of meeting held
Mr. Jiang Jun *(Chairman)*	2/3
Mr. Zhong Dengyu	3/3
Ms. Wu Siyuan	3/3
Mr. Zheng Jinwei *(ceased on 29 April 2022)* (Note 1)	0/0

Note:

1. Mr. Zheng Jinwei resigned as an executive Director and ceased to act as the member of the Remuneration Committee on 29 April 2022.

Summary of the work done

The work done by the Remuneration Committee for the Year included:

- reviewed the remuneration package of all the Directors and senior management, including the new appointed directors during the Year;

- made recommendations of the above remuneration policy and remuneration packages to the Board; and

- assessed the performance of executive Directors and approved the terms of executive Directors' service contracts.

The Remuneration Committee meetings were supplied with the necessary information on specific remuneration package of Directors and senior management of the Group for the members to consider, review and make recommendation to the Board on the remuneration policy.

Nomination Committee

Role and function

The terms of reference of the Nomination Committee, which is available on the websites of the Company and the Stock Exchange, follow the code provisions under the CG Code. The Nomination Committee shall meet at least once a year. The functions of the Nomination Committee include but not limited to the following:

- reviewing the structure, size, composition and the diversity (including the skills, knowledge and experience) of the Board at least annually;

- assessing the independence of Independent non-executive Directors;

- identifying and nominating for the approval of the Board candidates to fill Board vacancies;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; and

- making recommendations to the Board on appointment or re-appointment of the Directors and succession planning for the Directors.

Composition

As at the date of this annual report, the Nomination Committee comprises three members as follows:

Ms. Wu Siyuan *(Chairman)*
Mr. Zhong Dengyu
Mr. Jiang Jun

Mr. Wu Siyuan is an executive Director whereas Mr. Zhong Dengyu and Mr. Jiang Jun are independent non-executive Directors.

Attendance record

For the Year, four Nomination Committee meetings had been held. Details of the attendance of the Nomination Committee members are as follows:

Nomination Committee members	**Number of meeting attended/ Number of meeting held**
Ms. Wu Siyuan *(Chairman)*	4/4
Mr. Zhong Dengyu	4/4
Mr. Jiang Jun	3/4
Mr. Zheng Jinwei *(ceased on 29 April 2022)* (Note 1)	0/0

Note:

1. Mr. Zheng Jinwei resigned as an executive Director and ceased to act as the chairman of the Nomination Committee on 29 April 2022.

Summary of the work done

The work done by the Nomination Committee for the Year included:

- reviewed the structure, size, composition and the diversity (including the skills, knowledge and experience) of the Board;

- reviewed the independence of independent non-executive Directors; and

- identified individuals suitably qualified to become Board members having taken into account the Company's board diversity policy and made recommendations to the Board on the selection of individuals nominated for directorships.

The Board has established a nomination policy (the "**Nomination Policy**") setting out the approach to identify and nominate candidates to make recommendations to the Board and for its consideration.

The criteria of nomination as set out in the Nomination Policy have been considered from a number of aspects, including but not limited to, balance of skills, knowledge, experience and, with reference to such evaluation, prepare a description of the role and capabilities required for a particular appointment.

The Nomination Committee shall:

(a) use open advertising or the services of external advisers to facilitate the search for potential candidates;

(b) consider candidates on merits and against objective criteria, taking into consideration (in the case of non-executive appointments) whether the appointees can give sufficient time and attention to the Company's affairs;

(c) keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

(d) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

(e) in consultation with the head of human resources, recommend to the Board procedures for formal and rigorous annual evaluation of performance of the Board, its committees and individual Directors;

(f) review annually the time required from Directors to perform duties. Performance evaluation should be used to assess whether the non-executive Director sufficient time in performing their duties; and

(g) ensure that on appointment to the Board, non-executive Directors receive a formal service contract setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

The Nomination Committee shall submit recommendations to the Board concerning the candidates for directorship for consideration and decision.

Board Diversity Policy

The Company as wells as its Board recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of criteria and perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional skills, industry experience, and length of service which are measurable objectives for implementing the Board Diversity Policy. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board. The implementation and effectiveness of the Board Diversity Policy is reviewed by the Board annually.

The Nomination Committee reviewed the Board's composition and considered the Board Diversity Policy during the Year. The Board currently comprises 4 female directors and 5 male directors with the expertise from diversified professions such as accounting, legal, supply chain management and project management of different industries. The Nomination Committee is of the view that the structure, number of members and composition of the Board have maintained a diversification in terms of gender, expertise and experience, which is appropriate for the business operations of the Group and complied with the Board Diversity Policy. The Company will continue to take gender diversity into consideration during its recruitment process such that there will be a pipeline of potential successors to the Board to maintain gender diversity.

As at 31 March 2023, in respect of gender diversity at workforce level (including senior management), the female and male representation is about 32.1% and 67.9% of our total workforce, respectively. Given the nature of the Group's business and the industry that the Group operates in, it is expected that equality of gender ratio will be difficult to achieve within the Group. However, the Group will strive to enhance gender diversity (in terms of gender ratio) across all levels of workforce so far as reasonably practicable.

Corporate Governance Functions

Role and function

The Board is responsible for performing corporate governance functions (the "**Corporate Governance Functions**"). The terms of reference of Corporate Governance Functions pursuant to the Board resolution of the Company was passed on 29 March 2012. The Board shall hold Corporate Governance Functions meeting at least once a year and it may from time to time adjust or amend its corporate governance practice to accommodate the new changes that has happened or will happen either to the external regulatory and legal requirements or the internal business operations so as to control the risks and be in compliance with the relevant external regulatory and legal requirements more appropriately.

The Corporate Governance Functions include but not limited to the following:

- developing and reviewing the policies and practices of the Group on corporate governance and compliance with legal and regulatory requirements and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Summary of the work done

The work done by the Corporate Governance Functions for the Year included:

- developed and reviewed the policies and practices of the Group on corporate governance and compliance with legal and regulatory requirements and made recommendations;

- reviewed and updated (if necessary) system documents related to the Company's internal control and risk management;
- reviewed and monitored the training and continuous professional development of the Directors and senior management;
- reviewed and monitored the code of conduct applicable to employees and the Directors; and
- reviewed the Group's compliance with the CG Code and disclosure in the "Corporate Governance Report" of the Company.

AUDITOR'S REMUNERATION

With recommendation from the Audit Committee, the Board resolved to appoint Crowe (HK) CPA Limited ("**Crowe**") as the Company's external auditor and such appointment of Crowe as the auditor of the Company was approved by shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 3 August 2022. They are primarily responsible for providing audit services in connection with the financial statements of the Group for the Year.

Remuneration paid to the Company's external auditor, Crowe, for annual audit services and non-audit services provided for the Year were HK$990,000 and HK$610,000, respectively. The non-audit services were the review of the preliminary result announcements of the Group and other professional services.

In order to maintain the independence and objectivity of Crowe, the Group has been monitoring the use of the auditor for non-audit services and the balance of audit and non-audit fees paid. The Audit Committee has pre-approved the engagement of Crowe to provide the audit services and any other non-audit services must be specifically pre-approved by the Audit Committee.

FINANCIAL REPORTING

The Directors acknowledge that they are responsible for the preparation of the consolidated financial statements for the accounting year that truly and fairly reflect the business, property and cash flows of the Company for that year.

The statement of the auditor regarding their reporting responsibility for the consolidated financial statements is set out in the Independent Auditor's Report on pages 48 to 53.

COMPANY SECRETARY

Ms. Wong Kwun Yuet Shavonne ("**Ms. Wong**") serves as the company secretary of the Company. To better support Ms. Wong, on 29 April 2022, the Board resolved to appoint Mr. Li Shun, one of the non-executive Directors, the Chief Financial Officer of the Company and an associate member of the Hong Kong Chartered Governance Institute, as the Deputy Company Secretary to act as Ms. Wong's primary contact person of the Company. For the Year, Ms. Wong took no less than 15 hours of relevant professional training pursuant to rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening a special general meeting

Pursuant to Bye-law 58 of the Bye-laws, 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 Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy on 29 March 2012 (the "**Shareholders' Communication Policy**") which is subject to annual review to ensure its effectiveness. As part of the Shareholders' Communication Policy of the Company, a number of means are available for Shareholders to communicate and share their views or raise enquiries to the Company, and for the Company to solicit and understand the views of the Shareholders and the investing public by maintaining an on-going dialogue with them. The means of Shareholders' communication include but not limited to (i) the publication of bilingual corporate communications of the Company (such as interim and annual reports, announcements, circulars and other business information) via the websites of the Stock Exchange and the Company; and (ii) the holding of general meetings of the Company where Shareholders are encouraged to attend and members of the Board and (if appropriate) the auditors of the Company are present to answer any enquiries raised by the Shareholders.

Shareholders may also at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the company secretary at the Company's head office and principal place of business in Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition. Shareholders may send a written requisition to the Board or Company Secretary at the Company's office in Hong Kong for putting forward any proposals to the Board.

INVESTOR RELATIONS

In order to foster effective communications, during the Year, the Company provided all necessary information to the Shareholders in its annual report and interim reports and held the annual general meeting and two special general meetings to meet the Shareholders and answer to their enquiries. The Directors made efforts to attend the general meetings so that they could answer any questions from the Shareholders. The Company had also renovated and re-designed its website to better facilitate the communication with the Shareholders and the investing public. The Directors, the company secretary or other appropriate members of senior management of the Company were also endeavoured to respond to inquiries from the Shareholders and investors promptly.

In view of the above, the Company is of the view that the Shareholders' Communication Policy had been effectively implemented during the Year.

CHANGES TO THE BYE-LAWS

During the Year, amendments had been made to the bye-laws of the Company (the "**Bye-laws**") with the approval from the Shareholders in the annual general meeting held on 3 August 2022 in order to (i) reflect the Company's change of company name; (ii) conform to the latest legal and regulatory requirements, including the applicable laws and procedures of Bermuda and the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022; and (iii) make housekeeping amendments to the Bye-laws for the purpose of clarifying existing practice and making consequential amendments in line with the aforementioned amendments. Details of the amendments were set out in the circular of the Company dated 11 July 2022.

The latest version of the Bye-laws are available on the websites of the Company and the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Board complied with the code provisions on risk management and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and environmental, social and governance ("**ESG**") risk controls for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors and ensuring the ESG performance of the Group is up to standard. The management of the Company is further delegated and authorised to (i) design, implement and maintain risk management and internal control systems appropriately and effectively; (ii) identify, evaluate, manage and control the risks that may have potential and material impacts on the processes of the operations; (iii) monitor risks and take appropriate methods to mitigate risks; (iv) respond promptly to and follow up the findings of the risk management and internal control issues identified; and (v) provide confirmation to the Board and the internal audit function of the Group on the effectiveness of the risk management and internal control systems.

The Board oversees the Company's risk management and internal control systems on an ongoing basis and reviews its effectiveness annually. A review was conducted on the effectiveness of the Company's and its subsidiaries' risk management and internal control systems for the Year, in areas such as finance, operational and compliance controls to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions and the reports were presented at the meetings of the Audit Committee during the Year. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. The Board considers these systems are well established to suit the Group's needs and are effective and adequate.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and training arrangements. During the Year, the Company also organized a training session in relation to the topic of inside information.

The Directors present their report together with the audited consolidated financial statements of the Group for the Year.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 3 August 2022, the English name of the Company has been changed from "China Public Procurement Limited" to "Cherish Sunshine International Limited" and the Chinese name "承輝國際有限公司" has been adopted as the secondary name of the Company in place of "中國公共採購有限公司", with effect from 4 August 2022 upon the approval from the Registrar of Companies in Bermuda in respect of the registration of the new name of the Company by the issuance of the Certificate of Change of Name and Certificate of Secondary Name.

PRINCIPAL ACTIVITIES

The principal activities of the Group are provision of procurement services and other IT services, trading of different kinds of products, leasing of the Group's investment properties located in Wuhan, Hubei Province, the People's Republic of China (the "**PRC**") and provision of energy management contracting services in the PRC.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report and the paragraphs below.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's business is mainly operated by its subsidiaries established in the PRC and the Company was incorporated in Bermuda and is a listed company on the Main Board of the Stock Exchange. Therefore, the Group should comply with relevant laws and regulations of Bermuda, Hong Kong and the PRC.

The Group complies with the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), the Listing Rules and the SFO for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and ordinances relating to occupational safety for the interest of employees of the Group. During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

KEY RISK FACTORS AND UNCERTAINTIES

Set out below are the key risks and uncertainties faced by the Group:

Impact of Local and International Regulations

The business operation of the Group is subject to government policy, relevant regulations and guidelines established by the regulatory authorities in the PRC. Failure to comply with the relevant rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities or the loss of business opportunities and eventually a decrease of the Group's market share in the industry. For example, due to the increasingly tense Sino-US relationship, the central government of the PRC has escalated its campaign in promoting the replacement of foreign-branded IT related software and hardware with domestic alternatives resulting in an intensified competition in the industry. In order for the Group to increase its market share in the industry and to attract more governmental clients, the Group therefore had to increase its inputs into research and development, such as recruiting more IT staff and/or replacing some of its equipment, so that its procurement related software could be upgraded with more functions and be able to cater for new and varying needs of potential customers arising due to the government's policy, and hence maintaining and increasing the competitiveness of the Group. The Group will closely monitor changes in government policies, regulations and market sentiments and promptly react to such changes accordingly.

Third-Party Risks

The Group has been relying on third-party service providers in parts of its business to improve performance and efficiency of the Group, such as the energy management contracting service. While gaining the benefits from external service providers, the management realises that such operational dependency may pose a threat of vulnerability as unexpected disruption to the third-party services and their performance, if not up to standard, may bring adverse impact to the Group, including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Credit Risks

The Group derives its revenues from procurement, trading, renting and IT services which is bound to be involved with a lot of account receivables from its customers. As our procurement service business is growing over time, this risk may significantly affect the Group in an adverse manner if the supply chain customers of the Group's procurement business fall into any financial difficulty and fail to reimburse or repay the Group. The Group had cautiously analysed its client base and has taken more prudent approach and cautious risk control measures when dealing with its customers and would escalate its measures to safeguard the interests of the Group.

ENVIRONMENTAL PROTECTION

The Group as well as the Board and management of the Company strongly support the green and sustainable growth of its business. The Company is fully aware of its responsibility in monitoring its impact to the environment arising from its business operations. The Group is committed to maintaining sustainable working practices and pays close attention to ensure that all resources are efficiently utilised. During the Year, to the best knowledge of the Directors, the Group has complied with relevant laws and regulations that have a significant impact on the Group. Not only that, the Group is also planning to take further steps and be directly involved in the carbon asset management and carbon development business. For further details, please refer to the paragraph headed "Business Review" in the section headed "Management Discussion and Analysis" in this annual report.

In accordance with Rule 13.91 of the Listing Rules that was in force during the Year, the Company will publish an Environmental, Social and Governance ("**ESG**") Report together with the publication of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents were reported in the Year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. Departments of the Group work closely together to ensure that the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well communicated to its suppliers before the commencement of a project.

The Group values the views and opinions of all customers received and collected through various means and channels, including the usage of business intelligence to understand customers' trends and needs and perform regular analysis on customers' feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

SEGMENT INFORMATION

An analysis of the Group's results, assets and liabilities by segment for the Year is set out in note 10 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss on page 54 of this annual report.

DIVIDEND

Dividend Policy

The principle of dividend policy is to allow Shareholders to participate in the Company's profits whilst allowing the Company to retain adequate reserves for the Group's future growth. In considering the declaration and payment of dividends, the Board will consider:

- the Group's actual and expected financial results;
- the economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group;
- the current and future operations, liquidity position, capital requirements and investment of the Group; and
- any other factors that the Board deems appropriate.

There is no fixed dividend payout ratio and there is no assurance that dividends will be paid in any particular amount for any given period.

Dividend

The Directors do not recommend the payment of final dividend for the Year (15-month Period: nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years/period is set out on page 179 of this annual report.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

Details of the movements in the property, plant and equipment, investment properties and right-of-use assets of the Group during the Year are set out in notes 18, 19 and 20 to the consolidated financial statements, respectively.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 March 2023 are set out in note 30 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year is set out in note 26 to the consolidated financial statements. Details about the issue of shares are also set out in note 26 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 27(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 March 2023 and 31 March 2022, no reserve of the Company was available for distribution as the aggregate of the contributed surplus and the accumulated losses is in debit balance.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the Year or subsisting at the end of the Year are set out below:

Convertible Bonds

As disclosed in the paragraph headed "III. Other Issues — 6. Completion of the placing of the convertible bonds" in the section headed "Management Discussion and Analysis" in this annual report, on 19 April 2022, the Company issued Convertible Bonds in the aggregate principal amount of HK$27,500,000, which may be converted into 18,333,333 conversion shares of the Company based on the initial conversion price of HK$1.50 (subject to adjustment) per share upon full conversion, to Sea Best Group Limited and Mr. Wu Feng. The net price per conversion share is approximately HK$1.43. The conversion shares shall rank pari passu in respect of the voting rights with all other shares of the Company in issue on the date of issue and allotment of the conversion shares. The Convertible Bonds carry coupon interest at the rate of 5% per annum with a term of 7 years. The closing price of the shares of the Company on the date of the CB Placing Agreement was HK$1.53 per share. The net proceeds from the placing of the Convertible Bonds of approximately HK$26,300,000 had been utilised in full during the Year for expansion of the existing procurement and tendering business to customers in trading industry and general working capital purposes. As at 31 March 2023, none of the Convertible Bonds were converted.

Share Option Scheme

The Company, after reviewing the effectiveness of its old share option scheme that was effective for ten years from 13 June 2013 (the "**Old Share Option Scheme**"), adopted a new share option scheme (the "**Scheme**") in replacement of the Old Share Option Scheme pursuant to the ordinary resolution passed by the Shareholders in the annual general meeting held on 3 August 2022. Pursuant to another ordinary resolution at the same annual general meeting, the Old Share Option Scheme of the Company was also terminated on the same date. During the Year and as at the date of this report, the Company had no outstanding share options under the Old Share Option Scheme.

The purpose of the Scheme is to enable the Group to grant Options to selected participants to (A) recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to encourage and retain them for the continual operation and development of the Group; and (B) to attract suitable personnel for further development of the Group. Participants under the Scheme include, among others, Directors and employees of the Group. The Company is aware that under the new rule 17.03A of the Listing Rules which came into effect on 1 January 2023, participants of share schemes shall only comprise employee participants, related entity participants and service providers (as defined in the Listing Rules). The Company will only grant share options to eligible participants in compliance with the new rule 17.03A and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange.

The principal terms of the Scheme are summarised as follows:

The Scheme will remain in force for a period of 10 years commencing from 3 August 2022 and will expire on 2 August 2032.

Share options may be granted without any initial payment. The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(i) the nominal value of the shares;

(ii) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the share option; and

(iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the share option.

The Board or its delegate(s), may from time to time while the Scheme is in force and subject to all applicable laws, grant options to any eligible participant in accordance with rule 17.03A of the Listing Rules, and determine, among other things, the timing of grants, selection of the grantees, number of options, vesting dates and conditions of vesting, and performance targets that must be achieved before any of the options may be vested in the grantees. When a grantee has satisfied all vesting conditions and/or performance targets specified (and as may be waived or amended from time to time) by the Board or its delegate(s), the relevant options shall be vested in such grantee on the relevant vesting date and become exercisable.

Under the Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the Scheme and other share option scheme of the Group or shares of the Company which may be subject to a share award under any share award plan (excluding, for this purpose, options and share awards which have lapsed in accordance with the relevant schemes or plans of the Group) shall not in aggregate exceed 10% of the number of shares in issue at the date of approval of the Scheme provided that, *inter alia*, the Company may seek approval of the Shareholders at a general meeting to refresh the general scheme limit.

During the Year, 13,796,421 options (after adjustment upon completion of the Rights Issue of the Company) were granted and 1,283,220 options lapsed in accordance with the terms of the Scheme. Further details of the Scheme are set out in note 29(ii) to the consolidated financial statement.

Share Award Plan

The Company adopted a share award plan on 29 April 2022 (the "**Share Award Plan**") in order to recognise and reward the contribution of the selected participants under the Share Award Plan, to encourage and retain them for the Group's continual operation and development and to attract suitable personnel for the Group's future development. Under the Share Award Plan, the Board may from time to time select any employees, directors, advisers or consultants and other group or classes of participants of the Group or any invested entity of the Group, whom the Board considers, in their sole discretion, to have contributed or will contribute to the Group, as selected participants (the "**Selected Participants**"). The Board shall determine the timing of awarding shares of the Company to the Selected Participants (the "**Award**"), the number of awarded shares (the "**Awarded Shares**"), vesting dates and conditions of vesting, and performance targets that must be achieved before any of the Awarded Shares may be vested in the Selected Participants under such Award.

The trustee will hold the Awarded Shares on trust for all or one or more of the Selected Participants until such Awarded Shares are vested with the relevant Selected Participants in accordance with the rules of the Share Award Plan.

The consideration payable by the Selected Participants for each Awarded Share upon acceptance of an Award shall be a percentage of the closing price on the date of the grant of the Award and such percentage shall be determined by the Board in its sole discretion.

The aggregated maximum number of Shares underlying all Awards made pursuant to the Share Award Plan (excluding Awarded Shares which have lapsed in accordance with the Share Award Plan) must not exceed 5% of the total issued shares of the Company as at the date of adoption of the Share Award Plan (i.e. 14,654,186 Shares), such 5% limit may be refreshed subject to Shareholders' approval provided that the total number of shares of the Company which may be subject to an Award or Awards under the Share Award Plan and any other share option scheme or share award plan of the Group may not exceed 10% of the total number of the shares of the Company in issue as at the date of the Shareholders' approval of the refreshed limit. The maximum number of shares of the Company which may be awarded to a Selected Participants in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

The Share Award Plan will remain in force for a period of 10 years from 29 April 2022 and will expire on 28 April 2032. Early termination maybe done by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Share Award Plan.

During the Year, 9,431,000 Awarded Shares to 29 grantees were granted and accepted by the relevant grantees, among which 351,000 Awarded Shares lapsed upon resignation of the relevant employees. In addition, the trustee holding the Awarded Shares on trust purchased 1,440,000 shares of the Company in the open market pursuant to the Share Award Plan during the Year. For further details of the Share Award Plan, please refer to note 29 (iii) to the consolidated financial statement.

Pursuant to Chapter 17 of the Listing Rules, the total number of shares which may be issued in respect of the options and awards to be granted under the 2022 Share Option Scheme, the 2022 Share Award Plan and any other share scheme of the Company must not in aggregate exceed 10% of the issued shares of the Company as at the date of adoption of the 2022 Share Option Scheme (i.e. 29,308,372 shares). Pursuant to the respective limits under the Scheme and the Share Award Plan and the Chapter 17 of the Listing Rules, the aggregate remaining total number of shares available for issue under the options and awards to be granted under the 2022 Share Option Scheme and the 2022 Share Award Plan as at 31 March 2023 is 7,715,171 shares, representing approximately 1.56% of the issued shares of the Company as at the date of this report, among which the maximum number of share awards that could be granted is 5,574,186.

DIRECTORS

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

Executive Directors
Ms. Wu Siyuan, *MSc, BSc* *(Chairman)* (Note 1)
Mr. Shi Qiang, *MBA, LL.B* *(Chief Executive) (appointed 7 March 2023)* (Note 1)
Ms. He Qian, *CPA (PRC), EMBA, BAcc*
Mr. Zheng Jinwei, *EMBA, BEng* *(ceased 29 April 2022)*

Non-executive Directors
Ms. Liu Qian, *EMBA, MA, BEng*
Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*
Mr. Li Guanghua, *EMBA, MSc, BSc*

Independent non-executive Directors
Mr. Zhong Dengyu, *CPA (PRC)*
Mr. Jiang Jun, *BAcc*
Ms. Deng Hua, *LL.M, LL.B* *(appointed 25 August 2022)*
Mr. Wang Shuai, *BEcon* *(ceased 25 August 2022)*

Note:

1. Ms. Wu Siyuan was replaced by Mr. Shi Qiang as the Chief Executive on 7 March 2023 but remains as the Chairman of the Board.

In accordance with Bye-law 84(1) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, the number nearest but not less than one-third, shall retire from office by rotation. Accordingly, Ms. Liu Qian, Mr. Li Shun and Mr. Jiang Jun are eligible to retire by rotation at the forthcoming annual general meeting ("**AGM**"). Each of Ms. Liu Qian and Mr. Li Shun, being eligible, has offered themselves for re-election. Mr. Jiang Jun has informed the Board his wish to retire as a Director and not to offer himself for re-election at the AGM. A new independent non-executive Director is expected to stand for election at the AGM. In accordance with Bye-law 83(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at the meeting. Thus, Mr. Shi Qiang and Ms. Deng Hua, being newly appointed Directors will retire at the forthcoming AGM and, being eligible, offer themselves for-re-election.

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

DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

All Directors have entered into formal service contracts or letters of appointment with the Company for a term of 3 years and are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws.

None of the Directors who are proposed for re-election at the forthcoming AGM have an unexpired service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board duly authorised by the Shareholders at the AGM, having regard to the Group's operating results, individual performance and comparable market statistics. The Company has adopted equity-linked scheme as an incentive to Directors and eligible employees, details of which are set out in note 29 to the financial statements contained in this annual report.

Save as disclosed in this annual report, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the Year.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate Directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Brief biographical information of the Directors and senior management of the Company are set out in the section headed "Biography of Directors and Senior Management" on pages 17 to 19 of this annual report. Save as disclosed, no other information of Directors is required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at 31 March 2023, 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 and 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 the Model Code contained in the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Capacity	Class of shares	Number of shares/ underlying shares in the Company	Total interests as to percentage of the issued share capital of the Company as at 31 March 2023 (Note 1)
Wu Siyuan	Discretionary beneficiary of a discretionary trust	Ordinary	225,291,903 (Note 2)	45.63%

Notes:

1. As at 31 March 2023, the issued share capital of the Company was 493,760,678 shares.

2. These shares of the Company were held by Eastmount Global Limited, the entire issued share capital of which was indirectly held by Trident Trust Company (Singapore) Pte Limited as trustee of a family trust founded by Ms. Liu Luoxiu. Given Ms. Wu Siyuan was a discretionary beneficiary under the family trust, she was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 March 2023, none of the Directors or the chief executives of the Company had any interests or short positions in any shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares of the Company in, or debt securities (including debentures) of the Company or any other body corporate.

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

As at 31 March 2023, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the Directors or chief executives of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	Capacity	Number of shares of the Company interested	Percentage of the issued share capital of the Company as at 31 March 2023 (Note 1)
Eastmount Global Limited	Beneficial owner	225,291,903 (Note 2)	45.63%
Trident Trust Company (Singapore) Pte Limited	Trustee of a discretionary trust	225,291,903 (Note 2)	45.63%
Liu Luoxiu	Founder of a discretionary trust	225,291,903 (Note 2)	45.63%
Jiangxi Bank Co., Ltd* (江西銀行股份有限公司)	Person having a security interest in shares of the Company	63,964,200 (Note 3)	12.95%

Notes:

1. As at 31 March 2023, the issued share capital of the Company was 493,760,678 shares.

2. These shares of the Company were held by Eastmount Global Limited, which was wholly-owned by Fu Ze Ventures Limited, which was in turn wholly-owned by Eshay Investments Limited. Eshay Investments Limited was wholly-owned by Frandor Limited, which in turn was wholly-owned by Trident Trust Company (Singapore) Pte Limited, the trustee of a discretionary trust of which Ms. Liu Luoxiu is the settlor and certain family members of Ms. Liu Luoxiu, including Ms. Wu Siyuan, the chairman of the Board, and an executive Director of the Company, are discretionary beneficiaries. Each of aforementioned persons and entities was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.

3. These Shares were pledged to Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) under a share pledge agreement between Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) and Eastmount Global Limited dated 15 July 2022.

Save as disclosed above, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 March 2023.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transaction" and "Related Party Transactions" in this report, there was no other contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries during the Year.

CONNECTED TRANSACTION

During the Year, the Group had the following connected transaction that was not exempt from the annual reporting requirement in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A.

On 18 October 2022, the Company and Eastmount Global Limited ("**Eastmount**") entered into the Underwriting Agreement in respect of the Rights Issue. Eastmount was a substantial shareholder of the Company as at the date of the Underwriting Agreement and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Underwriting Agreement constituted a connected transaction for the Company.

Pursuant to the Underwriting Agreement, Eastmount performed its underwriting obligation and took up 123,596,678 Rights Shares that were unsubscribed and were not placed by the Placing Agent at a subscription price of HK$0.63 each and a total consideration of approximately HK$77,865,907.

COMPETING INTERESTS

As at 31 March 2023, none of the Directors or substantial Shareholders or any of their respective close associates has engaged in any business that competes or is likely to compete with the business of the Group, or has any other conflict of interests with the Group.

RELATED PARTY TRANSACTIONS

Please refer to note 41 to the consolidated financial statements in this annual report for details of the related party transactions pursuant to HKFRSs. None of those related party transactions disclosed in note 41 constitute connected transactions or continuing connected transactions which should be disclosed pursuant to Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for 43% of the total sales for the Year, in which sales to the largest customer represented approximately 16% of the total sales of the Year.

The cost of sales mainly consists of purchases, depreciation, staff costs and sub-contractor fees. The purchases from the Group's five largest suppliers for trading and services rendered, amounted to 48% of the total purchases for the Year, in which purchases from the largest supplier represented approximately 18% of the total purchases of the Year.

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) has an interest in the major suppliers or customers noted above.

MANAGEMENT CONTRACTS

Save as disclosed herein, no contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company.

PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group repaid the other borrowings of approximately HK$113,801,000 (equivalent to RMB100,000,000) to the financial institution in May 2023. The pledge over the Group's building, certain right-of-use assets, certain trade receivables and investment properties were discharged in June 2023.

In June 2023, the Group obtained banking facilities from a bank in the PRC of approximately RMB45,000,000 (or equivalent to approximately HK$51,210,000) by pledging the Group's buildings, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network.

Furthermore, the abovementioned banking facilities were guaranteed by Ms. Liu Luoxiu and Mr. Zou Yuwen, whereas Ms. Liu Luoxiu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 45.63% of the Company's issued ordinary shares as at 31 March 2023, while Mr. Zou Yuwen is the spouse of Ms. Liu Luoxiu.

Up to the date of this report, the Group utilised RMB45,000,000 (or equivalent to approximately HK$51,210,000) of the above-mentioned bank facilities.

EXTERNAL AUDITOR

Crowe (HK) CPA Limited ("**Crowe**") was appointed as the external auditor to fill the casual vacancy following the resignation of RSM Hong Kong as the external auditor of the Company on 16 December 2020. The Group's consolidated financial statements for the Year and the fifteen months ended 31 March 2022 were audited by Crowe. Save as disclosed, there were no other changes in the Company's external auditor in the past three years. A resolution will be proposed at the AGM to re-appoint Crowe as the external auditor of the Company.

For and on behalf of the Board

Wu Siyuan
Chairman

Hong Kong, 30 June 2023

Independent Auditor's Report

國富浩華(香港)會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CHERISH SUNSHINE INTERNATIONAL LIMITED
(formerly known as China Public Procurement Limited)
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Cherish Sunshine International Limited (formerly known as China Public Procurement Limited) (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 54 to 178, which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgments and estimates required in determining the fair values. As disclosed in note 19 to the consolidated financial statements, the carrying amount of investment properties is HK$267,130,000 as at 31 March 2023. During the year ended 31 March 2023, a fair value loss on investment properties of approximately HK$4,627,000 was recognised in the consolidated statement of profit or loss. As disclosed in note 2(h) to the consolidated financial statements, the Group's investment properties are stated at fair value based on the valuations performed by an independent qualified professional valuer (the "**Valuer**"). Details of the valuation techniques are disclosed in note 7 to the consolidated financial statements. These valuations involve a significant degree of estimation in respect of the key unobservable inputs including market rentals and market yield, taking into account the lettable units and type of the properties.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approach to assess if they meet the requirements of the HKFRSs and industry norms; • Obtaining the detailed work of the Valuer to evaluate the accuracy and relevance of key data inputs underpinning the valuation; and • Challenging the reasonableness and the appropriateness of the key inputs and key assumptions applied based on our knowledge of the property markets.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets	
We identified the impairment assessment of intangible assets as a key audit matter due to the significant estimation involved in the management's impairment assessment process. As disclosed in note 21 to the consolidated financial statements, the carrying amount of intangible assets attributable to the provision of procurement services under the provision of procurement services and other IT services segment is approximately HK$26,099,000 as at 31 March 2023. In deciding whether intangible assets were impaired or not requires the determination of the recoverable amount which requires estimation of the recoverable amount of the cash-generating unit ("**CGU**") of the provision of procurement services and other IT services segment. In estimating the value in use of the CGU, key inputs used by the management included the discount rate, budgeted revenue and gross margin taking into account the CGU's past performance, management's expectation for the market developments and the future 5 years' financial forecast approved by management. Reversal of impairment loss for intangible assets of approximately HK$13,746,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2023. An independent external valuation was performed by the Valuer in support of the management's estimate.	Our procedures in relation to the impairment assessment of intangible assets included: • Understanding how the management perform impairment assessment including the estimation of future cash flows and key assumptions used; • Evaluating the competence, capabilities and objectivity of the Valuer; • Evaluating the appropriateness of the key assumptions used in the discounted cash flow calculation, including budgeted revenue and gross margin through assessing the CGU's past performance, management's expectation for the market developments and the future 5 years' financial forecast approved by the management; • Assessing the reasonableness of the discount rate applied in determining the value in use by benchmarking against market data; • Evaluating the potential impact of value in use based on the reasonably possible change of the key assumptions used; and • Evaluating the historical accuracy of the cash flows forecast by comparing historical cash flows forecast to the actual results in the current period and understanding the causes of any significant variances.

OTHER INFORMATION

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 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

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.

Crowe (HK) CPA Limited
Certified Public Accountants

Hong Kong, 30 June 2023

Chan Wing Fai
Practising Certificate Number P07327

Consolidated Statement of Profit or Loss

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 HK$'000	Fifteen months ended 31 March 2022 HK$'000
Revenue	8	**271,719**	140,256
Cost of sales and services rendered		**(234,084)**	(116,037)
Gross profit		**37,635**	24,219
Other income and gains/(losses)	9	**(5,637)**	(5,785)
Administrative expenses		**(61,422)**	(46,120)
Reversal of impairment loss for intangible assets	21	**13,746**	—
Reversal of impairment loss/(impairment loss) for trade and other receivables and contract assets, net		**76**	(397)
Reversal of impairment loss/(impairment loss) for prepayments	23	**11,405**	(6,060)
Reversal of impairment loss/(impairment loss) for loan receivables, net	24	**4,837**	(2,651)
Change in fair value of derivatives embedded in convertible bonds	36(b)	**(370)**	—
Written-off of a loan receivable	24	**—**	(2,423)
Profit/(loss) from operations		**270**	(39,217)
Finance costs	11	**(3,671)**	(2,146)
Loss before tax		**(3,401)**	(41,363)
Income tax credit	12	**16,995**	7,445
Profit/(loss) for the year/period	13	**13,594**	(33,918)
Profit/(loss) attributable to:			
Owners of the Company		**13,282**	(31,923)
Non-controlling interests		**312**	(1,995)
		13,594	(33,918)
			(Restated)
Earnings/(loss) per share (HK cents per share)	17		
Basic		**4.02**	(11.81)
Diluted		**4.00**	(11.81)

The notes on pages 62 to 178 form parts of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Profit/(loss) for the year/period	**13,594**	(33,918)
Other comprehensive (expense)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(17,030)**	6,537
Reclassification of cumulative foreign currency translation reserve upon deregistration of subsidiaries	**–**	(53)
Other comprehensive (expense)/income for the year/period, net of tax	**(17,030)**	6,484
Total comprehensive expense for the year/period	**(3,436)**	(27,434)
Other comprehensive (expense)/income attributable to:		
Owners of the Company	**(4,183)**	(25,084)
Non-controlling interests	**747**	(2,350)
	(3,436)	(27,434)

The notes on pages 62 to 178 form parts of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2023

	Notes	As at 31 March 2023 HK$'000	As at 31 March 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**7,621**	3,760
Investment properties	19	**267,130**	294,488
Right-of-use assets	20	**10,089**	10,230
Intangible assets	21	**26,331**	13,769
Interest in an associate	22	**228**	—
Derivative component of convertible bonds	36(b)	**9,904**	—
Total non-current assets		**321,303**	322,247
Current assets			
Inventories — raw materials		**101**	95
Trade and other receivables	23	**257,158**	18,453
Contract assets	35	**6,384**	831
Loan receivables	24	**—**	—
Bank and cash balances	25	**8,478**	27,592
Total current assets		**272,121**	46,971
TOTAL ASSETS		**593,424**	369,218
EQUITY			
Share capital	26	**48,300**	29,309
Reserves		**273,574**	177,604
Equity attributable to owners of the Company		**321,874**	206,913
Non-controlling interests	42	**(11,507)**	(12,254)
Total equity		**310,367**	194,659

	Notes	As at 31 March 2023 HK$'000	As at 31 March 2022 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowing	30	**–**	20,964
Deferred income	31	**3,229**	3,808
Lease liabilities	32	**261**	36
Other payable	34	**–**	22,500
Convertible bonds	36(a)	**22,635**	—
Deferred tax liabilities	33	**33,721**	41,281
Total non-current liabilities		**59,846**	88,589
Current liabilities			
Bank and other borrowings	30	**113,801**	4,933
Lease liabilities	32	**1,262**	1,008
Trade and other payables	34	**71,538**	40,792
Contract liabilities	35	**3,230**	5,839
Derivative component of convertible bonds	36(b)	**14,670**	—
Current tax liabilities		**18,710**	33,398
Total current liabilities		**223,211**	85,970
TOTAL EQUITY AND LIABILITIES		**593,424**	369,218
Net current assets/(liabilities)		**48,910**	(38,999)
Total assets less current liabilities		**370,213**	283,248

Approved by the Board of Directors on 30 June 2023 and are signed on its behalf by:

Wu Siyuan

He Qian

The notes on pages 62 to 178 form parts of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Attributable to owners of the Company											
	Share capital	Share premium	Contribution surplus	Merger reserve	Share-based payments reserve	Statutory reserve	Foreign currency translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Note 28(b)(i)	Note 28(b)(vii)	Note 28(b)(ii)	Note 28(b)(iii)	Note 28(b)(iv)	Note 28(b)(v)	Note 28(b)(vi)				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	24,429	14,217	(114,233)	8,390	787	15,778	148,116	8,278	108,618	214,380	(9,904)	204,476
Loss for the period	—	—	—	—	—	—	—	—	(31,923)	(31,923)	(1,995)	(33,918)
Exchange differences on translating foreign operations	—	—	—	—	—	—	6,892	—	—	6,892	(355)	6,537
Reclassification of cumulative foreign currency translation reserve upon deregistration of subsidiaries *(note 9(ii))*	—	—	—	—	—	—	(53)	—	—	(53)	—	(53)
Total comprehensive income/(expense) for the period	—	—	—	—	—	—	6,839	—	(31,923)	(25,084)	(2,350)	(27,434)
Lapse of share options *(note 29(i))*	—	—	—	—	(787)	—	—	—	787	—	—	—
Issue of shares by subscription *(note 26(ii))*	4,880	12,737	—	—	—	—	—	—	—	17,617	—	17,617
Changes in equity for the period	4,880	12,737	—	—	(787)	—	6,839	—	(31,136)	(7,467)	(2,350)	(9,817)
At 31 March 2022	29,309	26,954	(114,233)	8,390	—	15,778	154,955	8,278	77,482	206,913	(12,254)	194,659

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Attributable to owners of the Company												
	Share capital	Share premium	Contribution surplus	Merger reserve	Shares held for share award scheme	Share-based payments reserve	Statutory reserve	Foreign currency translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Note 28(b)(i)	Note 28(b)(vii)	Note 28(b)(ii)	Note 28(b)(viii)	Note 28(b)(iii)	Note 28(b)(iv)	Note 28(b)(v)	Note 28(b)(vi)				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	29,309	26,954	(114,233)	8,390	–	–	15,778	154,955	8,278	77,482	206,913	(12,254)	194,659
Profit for the year	–	–	–	–	–	–	–	–	–	13,282	13,282	312	13,594
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	(17,465)	–	–	(17,465)	435	(17,030)
Total comprehensive (expense)/income for the year	–	–	–	–	–	–	–	(17,465)	–	13,282	(4,183)	747	(3,436)
Issue of shares by rights issue, net of transaction costs *(note 26(iv))*	18,991	98,015	–	–	–	–	–	–	–	–	117,006	–	117,006
Transfer to statutory reserve	–	–	–	–	–	–	226	–	–	(226)	–	–	–
Shares held for share award scheme	–	–	–	–	(1,813)	–	–	–	–	–	(1,813)	–	(1,813)
Share-based payments expenses *(note 14)*	–	–	–	–	–	3,951	–	–	–	–	3,951	–	3,951
Changes in equity for the year	18,991	98,015	–	–	(1,813)	3,951	226	(17,465)	–	13,056	114,961	747	115,708
At 31 March 2023	48,300	124,969	(114,233)	8,390	(1,813)	3,951	16,004	137,490	8,278	90,538	321,874	(11,507)	310,367

The notes on pages 62 to 178 form parts of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 HK$'000	Fifteen months ended 31 March 2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,401)**	(41,363)
Adjustments for:			
Amortisation of deferred day-1 gain of the convertible bonds	36(a)	**(98)**	—
Amortisation of deferred income	9, 31	**(285)**	(485)
Amortisation of intangible assets	21	**230**	119
Change in fair value of derivatives embedded in convertible bonds	36(b)	**370**	—
Depreciation of property, plant and equipment	18	**841**	1,066
Depreciation of right-of-use assets	20	**1,774**	3,101
Net fair value losses on investment properties	19	**4,627**	10,665
Finance costs	11	**3,671**	2,146
Reversal of impairment loss for intangible assets	21	**(13,746)**	—
Interest income	9	**(46)**	(28)
Loss on disposal of property, plant and equipment	9	**14**	100
(Reversal of impairment loss)/impairment loss for trade and other receivables and contract assets, net		**(76)**	397
Unrealised exchange gain		**—**	(1,730)
Share-based payments expenses	14	**3,951**	—
Gain on deregistration of subsidiaries	9	**—**	(53)
Gain on disposal of a subsidiary	9, 44	**—**	(27)
(Reversal of impairment loss)/impairment loss for prepayment	23	**(11,405)**	6,060
(Reversal of impairment loss)/impairment loss for loan receivables, net	24	**(4,837)**	2,651
Written-off of a loan receivable	24	**—**	2,423
		(18,416)	(14,958)
Increase in inventories		**(13)**	(7)
Increase in trade and other receivables		**(228,699)**	(13,319)
Increase in contract assets		**(5,679)**	(817)
Decrease in financial assets at fair value through profit or loss ("**FVTPL**")		**—**	1,394
Decrease/(increase) in restricted bank balance		**1,469**	(654)
Increase in trade and other payables		**36,750**	1,579
(Decrease)/increase in contract liabilities		**(2,158)**	1,870
Cash used in operations		**(216,746)**	(24,912)
Income taxes paid		**(237)**	(55)
Interest on lease liabilities	11	**(63)**	(164)
Net cash used in operating activities		**(217,046)**	(25,131)

	Notes	Year ended 31 March 2023 HK$'000	Fifteen months ended 31 March 2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9	**46**	28
Net cash outflow from the disposal of a subsidiary	44	**—**	(10)
Proceeds from disposal of property, plant and equipment		**7**	15
Purchases of property, plant and equipment	18	**(5,017)**	(538)
Purchase of intangible assets		**(109)**	—
Addition to right-of-use assets		**(300)**	—
Settlement of loans advanced		**4,837**	1,572
Investment in an associate		**(228)**	—
Acquisition of a subsidiary	43	**—**	(33)
Net cash (used in)/generated from investing activities		**(764)**	1,034
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	11	**(1,690)**	(1,982)
Proceeds from issue of shares		**119,642**	17,617
Transaction costs attributable to issue of shares		**(2,636)**	—
New bank and other borrowings raised		**113,801**	—
Repayment of bank and other borrowings		**(23,898)**	(6,060)
Principal elements of lease payments		**(1,564)**	(3,024)
Receipt in advance from a placee of convertible bond	34(iii)	**—**	22,500
Security deposit received from a placee of convertible bond	34(iv)	**—**	4,933
Transaction costs in relation to the issuance of convertible bonds	36	**(983)**	—
Acquisition of shares for share award scheme	28(b)(viii)	**(1,813)**	—
Net cash generated from financing activities		**200,859**	33,984
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(16,951)**	9,887
Effect of foreign exchange rate changes		**(571)**	711
CASH AND CASH EQUIVALENTS AT 1 APRIL/1 JANUARY		**26,000**	15,402
CASH AND CASH EQUIVALENTS AT 31 MARCH		**8,478**	26,000
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**8,478**	27,592
Less: Restricted bank balances	25	**—**	(1,592)
		8,478	26,000

The notes on pages 62 to 178 form parts of these consolidated financial statements.

1. GENERAL INFORMATION

Cherish Sunshine International Limited (formerly known as China Public Procurement Limited) (the "**Company**") was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its head office and principal place of business in the People's Republic of China (the "**PRC**") is Unit 109–14, Block 1, No. 1818-2 Wenyi West Road, Yuhang Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC. The address of its principal place of business in Hong Kong is Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. The directors of the Company consider HK$ is the appropriate presentation currency for the users of the Group's consolidated financial statements. The functional currency of the Company's major subsidiaries in the PRC is Renminbi ("**RMB**").

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Comparative figures

Pursuant to a resolution passed by the board of directors on 30 November 2021, the Company's financial year end date has been changed from 31 December to 31 March. Accordingly, the current financial statements cover a financial year from 1 April 2022 to 31 March 2023. The comparative figures (which cover a financial period from 1 January 2021 to 31 March 2022) for the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes are not comparable with those of the current year.

(c) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— investment properties (see note 2(h)); and

— derivative financial instruments (see note 2(g))

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

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	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the period/year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(q) or (r) depending on the nature of the liability.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(l)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see note 2(l)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(g) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(w).

(i) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)):

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(k)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	5% per annum
Plant and machinery	5% per annum
Furniture, fixtures and equipment	20% per annum
Motor vehicles	20% per annum
Leasehold improvements	Over the term of the lease or 25% per annum (whichever is the shorter)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(l)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

—	Computer software acquired	10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets, including online platform promotion right, online platform development and technical support right and software technology knowhow acquired, are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i) and 2(l)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes w(v) and (l)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leased assets (Continued)

(i) The Group as a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) The Group as a lessor

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

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(w).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(k)(i), then the Group classifies the sub-lease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses ("**ECLs**") on the financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables and loan receivables and contract assets as defined in HKFRS 15 (see note 2(n)) and lease receivables).

Equity instruments classified as financial assets measured at fair value, including derivative financial assets, are not subject to the ECLs assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables, contract assets and loan receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivables

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Significant increases in credit risk (Continued)

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income ("**FVTOCI**") (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill and intangible assets with indefinite useful lives, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— intangible assets with definite useful lives;

— interest in an associate; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period/year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 *"Interim Financial Reporting"*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial period/year (see note 2(l)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial period/year to which the interim period relates.

(m) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(o)).

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(w)).

(o) Trade and other receivables and loan receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(n)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 2(l)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(l)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Trade and other payables

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

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(y)).

(s) Convertible bonds

Convertible bonds which do not contain an equity component

At initial recognition the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments (see note 2(g)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Transaction costs that relate to the issue of the convertible bonds are allocated to the host liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(g). The host liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the host liability component is calculated using the effective interest method.

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

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits (Continued)

(ii) Share-based payments

Share options granted to employees (including directors of the Company)

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss, such that the cumulative expenses reflects the revised estimates, with a corresponding adjustment to share-based payments reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Share awards granted to employees (including directors of the Company)

For share award schemes, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share-based payments reserve. The cost of acquisition of the Company's shares held for the share award scheme, if any, is recorded as treasury shares (shares held for share award scheme). At the time when the awarded shares are vested, the amount previously recognised in share-based payments reserve and the amount of the relevant treasury shares will be transferred to retained profits.

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the best available estimate of the management. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to the share-based payments reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits (Continued)

(iii) Termination benefits

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

(u) Income Tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income Tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Provisions and contingent liabilities

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

(i) Trading business:

Revenue is recognised at a point when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue and other income (Continued)

(ii) Procurement business under provision of procurement services and other IT services segment:

Sales of authentication keys

Revenue from sales of authentication keys is recognised at a point in time when control of authentication keys has transferred, being when the authentication keys have been delivered to the customers.

Provision of tendering services

Revenue from tendering services is recognised at a point in time on the later of (i) the consideration is received and is non-refundable; and (ii) completion of the services.

Provision of engineering, procurement and construction ("EPC") services

The Group provides EPC services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these EPC services based on the stage of completion of the contract using output method.

The Group's EPC contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits at a range of not more than 40% of total contract sum, when the Group receives a deposit before work commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the EPC services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the EPC contract. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires and is invoiced. The defect liability period serves as an assurance that the services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue and other income (Continued)

(iii) Corporate IT solution business under provision of procurement services and other IT services segment:

Sales of online procurement software (with subsequent maintenance services)

The Group mainly sells online procurement software, and revenue is recognised at a point in time when control of software products has transferred, being when the software products have been delivered to customers' specific location and installed for use. In addition, the Group provided subsequent maintenance service after the installation, which is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price is either (i) fixed in the contract with customers; or (ii) allocated between sales of software products and the maintenance services on a relative stand-alone selling price basis. Revenue relating to the maintenance services is recognised over time and would be recognised as a separate performance obligation for provision of services. The transaction price allocated to these services is recognised on a straight-line basis over the period of service.

(iv) Energy management contracting business

The Group provides regular energy management contracting services in the PRC. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The Group receives partial payment in advance of management fee according to contract terms.

(v) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue and other income (Continued)

(vi) Dividend income

Dividend income from unlisted investments is recognised when the shareholders' rights to receive payment are established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vii) Rental income from operating lease

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(viii) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Translation of foreign currencies

Foreign currency transactions during the period/year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Segment reporting

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

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

3. POSSIBLE IMPACT OF AMENDMENTS AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2023

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these consolidated financial statements. These developments include the following:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estiments[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised using the straight-line method over their useful lives after taking into account estimated residual value. The useful lives and residual value are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives are determined based on historical experience of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation and amortisation, the rates of depreciation and amortisation are revised.

(ii) Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

(iii) Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from certain investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has recognised deferred tax on changes in fair value of investment properties as the Group is subject to income taxes on the fair value changes of the investment properties on disposal.

As at 31 March 2023, the carrying amount of deferred tax on investment properties is amounted to HK$33,721,000 (31 March 2022: HK$41,281,000).

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(a) Critical accounting judgements in applying the Group's accounting policies (Continued)

(iv) Principal versus agent consideration (principal)

The Group engages in trading of general goods and procurement of goods for EPC services. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. During the year ended 31 March 2023, the Group recognised revenue relating to trading of general goods and procurement of goods for EPC services amounted to approximately HK$169,969,000 (fifteen months ended 31 March 2022: HK$85,141,000) and HK$37,601,000 (fifteen months ended 31 March 2022: Nil) respectively.

(b) Sources of estimation uncertainty

Notes 7 and 19 contain information about the assumptions and their risk factors relating to valuation of investment properties, fair value of share options granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Fair values of investment properties

The valuation of investment properties was based on valuation on these properties conducted by an independent professional valuer using property valuation techniques which involve certain assumptions of market conditions as disclosed in note 7. Favourable or unfavourable changes to these assumptions would result in changes in the valuation of the Group's investment properties and corresponding adjustments to the fair value changes reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2023 is approximately HK$267,130,000 (31 March 2022: HK$294,488,000).

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(ii) Impairment assessment on non-current assets

In considering the impairment losses that may be required for certain of the Group's non-current assets which mainly include property, plant and equipment, right-of-use assets and intangible assets, the recoverable amount of the CGU need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Group uses all readily available information in determining expected cash flows generated by the CGU to which the asset belongs and they are discounted to their present value, which requires significant estimation. Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

(iii) Current tax and deferred tax

The Group is subject to income taxes in Hong Kong and PRC. The Group carefully evaluates tax implication of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations, of which the ultimate tax determination is uncertain, during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provision in the periods in which the determination is made. The carrying amount of current tax payables carried as liabilities in the consolidated statement of financial position as at 31 March 2023 was HK$18,710,000 (31 March 2022: HK$33,398,000).

Deferred tax assets are recognised for all unused tax losses to the extent that its is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies, details of which are set out in note 33 to the consolidated financial statement.

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(iv) Provision of ECL for trade receivables from contract with customers, contract assets and lease receivables

The Group uses provision matrix to calculate ECL for trade receivables from contract with customers, contract assets and lease receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs and 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 from contract with customers, contract assets and lease receivables with credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 6 and 23 respectively.

(v) Impairment allowances on other receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns probabilities of default to the individual grades;

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- The segmentation of financial assets based on risk characteristics of the customers and by product types when their ECL is assessed on a collective basis;

- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures;

4. ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(v) Impairment allowances on other receivables (Continued)

- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on probabilities of default, exposures at default and losses given default; and

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(vi) Derivative of financial instruments

The directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative component of convertible bonds, assumptions are made based on quoted market rates adjusted for specific features of the instrument. As at 31 March 2023, the carrying amount of derivative component of convertible bonds recognised as non-current assets and current liabilities of approximately HK$9,904,000 (31 March 2022: Nil) and HK$14,670,000 (31 March 2022: Nil) respectively.

5. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group's overall strategy remains unchanged from prior year. The Group regards equity attributable to owners of the Company and net debts (included bank and other borrowings and amounts due to an ex-substantial shareholder and its subsidiaries, net of cash and cash equivalents) as capital, for management purpose. The amount of capital as at 31 March 2023 amounted to approximately HK$429,856,000 (31 March 2022: HK$209,691,000), in which the Group considers as optimal having considered the projected capital expenditures and the projected investment opportunities.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the bank borrowing.

5. CAPITAL RISK MANAGEMENT (Continued)

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules. As at 31 March 2023, over 25% (31 March 2022: over 25%) of the shares were in public hands.

During the year ended 31 March 2023 and the fifteen months ended 31 March 2022, there was no breach in the financial covenants of bank borrowing.

6. FINANCIAL RISK MANAGEMENT

Exposure to foreign currency, credits, liquidity and interest rate risks arises in the normal course of the Group's business.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of respective Group entities such as HK$ and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 March 2023, if the Hong Kong dollar had weakened 10 per cent against RMB with all other variables held constant, consolidated profit after tax for the year would have been HK$7,000 lower (fifteen months ended 31 March 2022: loss after tax for the period would have HK$7,000 higher), arising mainly as a result of the foreign exchange loss (fifteen months ended 31 March 2022: loss) on bank and cash balances denominated in currencies other than the functional currencies of the respective group entities of the Group. If the Hong Kong dollar had strengthened 10 per cent against RMB with all other variables held constant, there would be an equal and opposite impact.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivable, other receivables, contract assets and cash and cash equivalents. Management has a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

The Group performed impairment assessment for financial assets and other items under ECL model. Besides, the Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords' credit rating and (ii) the remaining lease term and the period covered by the rental deposits. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Cash and cash equivalents

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating of Baa3 (31 March 2022: Baa2), which the Group considers to be low credit risks.

Trade receivables from contracts with customers, contract assets and lease receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In respect of trade receivables, the Group generally offer credit period of 30 days to customers. Normally, the Group does not hold any collateral from customers. At 31 March 2023, the ECLs for trade receivable from contracts with customers, contract assets and lease receivables were measured and loss allowance of approximately HK$488,000 (31 March 2022: HK$1,173,000), HK$65,000 (31 March 2022: Nil) and HK$528,000 (31 March 2022: HK$32,000) was provided respectively.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 36% (31 March 2022: 47%) and 78% (31 March 2022: 89%) of the total trade receivables from contracts with customers, contract assets and lease receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables from contracts with customers, contract assets and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables from contracts with customers, contract assets and lease receivables based on geographic regions, due to different loss patterns experienced in the different regions.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables from contracts with customers and lease receivables as at 31 March 2023 and 2022:

As at 31 March 2023

	Trade receivables from contract with customers		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**—**	**—**	**—**
Within 3 months past due	**1.0**	**28,925**	**303**
3 to 6 months past due	**—**	**—**	**—**
7 to 12 months past due	**100.0**	**108**	**108**
Over 12 months past due	**100.0**	**77**	**77**
Total		**29,110**	**488**

	Contract assets		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**1.0**	**6,449**	**65**
Within 3 months past due	**—**	**—**	**—**
3 to 6 months past due	**—**	**—**	**—**
7 to 12 months past due	**—**	**—**	**—**
Over 12 months past due	**—**	**—**	**—**
Total		**6,449**	**65**

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

As at 31 March 2023 (Continued)

	Lease receivables		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	—	—	—
Within 3 months past due	**1.2**	**1,639**	**18**
3 to 6 months past due	—	—	—
7 to 12 months past due	—	—	—
Over 12 months past due	**100.0**	**510**	**510**
Total		**2,149**	**528**

	Total		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
PRC	**%**	**HK$'000**	**HK$'000**
Current (not past due)	**1.0**	**6,449**	**65**
Within 3 months past due	**1.1**	**30,564**	**321**
3 to 6 months past due	—	—	—
7 to 12 months past due	**100.0**	**108**	**108**
Over 12 months past due	**100.0**	**587**	**587**
Total		**37,708**	**1,081**

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

As at 31 March 2022

	Trade receivables from contract with customers		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	1.4	5,356	76
Within 3 months past due	1.6	8,097	127
3 to 6 months past due	100.0	107	107
7 to 12 months past due	99.3	869	863
Over 12 months past due	—	—	—
Total		14,429	1,173

	Contract assets		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	—	831	—
Within 3 months past due	—	—	—
3 to 6 months past due	—	—	—
7 to 12 months past due	—	—	—
Over 12 months past due	—	—	—
Total		831	—

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

As at 31 March 2022 (Continued)

	Lease receivables		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	—	—	—
Within 3 months past due	1.9	1,667	32
3 to 6 months past due	—	—	—
7 to 12 months past due	—	—	—
Over 12 months past due	—	—	—
Total		1,667	32

	Total		
	Expected loss rate	Gross carrying amount	Loss allowance
PRC	%	HK$'000	HK$'000
Current (not past due)	1.2	6,187	76
Within 3 months past due	1.6	9,764	159
3 to 6 months past due	100.0	107	107
7 to 12 months past due	99.3	869	863
Over 12 months past due	—	—	—
Total		16,927	1,205

Expected loss rates are based on actual loss experience over the past 2 years. The calculation reflects the probability-weighted outcome of expected credit losses and is adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and also forward-looking information including the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables from contracts with customers, contract assets and lease receivables (Continued)

Movement in the loss allowance account in respect of trade receivables from contract with customers, contract assets and lease receivables during the year/period is as follows:

	Trade receivables from contract with customers	Contract assets	Lease receivables	Total
PRC	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	1,172	—	18	1,190
Impairment losses recognised	232	—	31	263
Reversal for the period	(167)	—	(17)	(184)
	65	—	14	79
Written off for the period	(64)	—	—	(64)
At 31 March 2022 and 1 April 2022	**1,173**	**—**	**32**	**1,205**
Impairment losses recognised	**389**	**65**	**503**	**957**
Reversal for the year	**(1,074)**	**—**	**(7)**	**(1,081)**
	(685)	**65**	**496**	**(124)**
At 31 March 2023	**488**	**65**	**528**	**1,081**

The decrease in the loss allowance during the year ended 31 March 2023 was caused by origination of new trade receivables from contract with customers net of those settlements, resulting a decrease in loss allowance of approximately HK$685,000 (fifteen months ended 31 March 2022: an increase in loss allowance of approximately HK$65,000).

The increase in the loss allowance during the year ended 31 March 2023 was caused by origination of new lease receivables net of those settlements, resulting an increase in loss allowance of approximately HK$496,000 (fifteen months ended 31 March 2022: HK$14,000).

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Deposits, other receivables and loan receivables

For deposits, other receivables and loan receivables, the directors of the Company make periodic individual assessment on the recoverability of deposits, other receivables and loan receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-months ECL. For the year ended 31 March 2023, additional net impairment loss of approximately HK$18,000 (fifteen months ended 31 March 2022: reversal of net impairment loss of approximately HK$1,000) on deposits, additional net impairment loss of approximately HK$30,000 (fifteen months ended 31 March 2022: approximately HK$319,000) on other receivables and a reversal of impairment loss of approximately HK$4,837,000 (fifteen months ended 31 March 2022: additional net impairment loss of approximately HK$2,651,000) on loan receivables were recognised in the consolidated statement of profit or loss.

The following table provides information about the Group's exposure to credit risk and ECLs for deposits, other receivables and loan receivables as at 31 March 2023 and 2022:

	Gross carrying amount	
	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Other receivables	**5,086**	1,986
Amounts due from an ex-substantial shareholder and its subsidiaries	**83,237**	87,205
Compensation income receivable	**8,473**	8,473
	96,796	97,664
Deposits	**578**	912
Loan receivables	**111,266**	117,450

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Deposits, other receivables and loan receivables (Continued)

Movement in the loss allowance for deposits, other receivables and loan receivables at amortised cost during the year/period is as follows:

	Other receivable	Amounts due from an ex-substantial shareholder and its subsidiaries	Compensation income receivable	Total of other receivables	Deposits	Loan receivables	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	799	85,263	8,473	94,535	170	119,062	213,767
Impairment losses recognised for the period	331	—	—	331	2	3,757	4,090
Reversal for the period	(12)	—	—	(12)	(3)	(1,106)	(1,121)
	319	—	—	319	(1)	2,651	2,969
Written off for the period *(note)*	(120)	—	—	(120)	(13)	(4,847)	(4,980)
Exchange difference	—	1,942	—	1,942	—	584	2,526
At 31 March 2022 and 1 April 2022	998	87,205	8,473	96,676	156	117,450	214,282
Impairment losses recognised for the year	157	—	—	157	26	—	183
Reversal for the year	(127)	—	—	(127)	(8)	(4,837)	(4,972)
	30	—	—	30	18	(4,837)	(4,789)
Exchange difference	—	(3,968)	—	(3,968)	—	(1,347)	(5,315)
At 31 March 2023	1,028	83,237	8,473	92,738	174	111,266	204,178

Note: During the fifteen months ended 31 March 2022, two of the debtors of the Group, which were established in the PRC with limited liabilities, were de-registered. The loan receivables amounted to approximately HK$4,847,000 from these two debtors were fully impaired in previous years under the Group's recoverability assessment. After taking into consideration of the legal advices, the directors of the Company considered that there is no realistic prospect to recover the aforesaid amounts, and the Group wrote off the relevant amounts of approximately HK$4,847,000 of the loss allowance and gross amounts of loan receivables.

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group is required to pay.

The maturity analysis for bank borrowings is prepared based on the scheduled repayment dates.

	Contractual undiscounted cash flow						
	Weighted average interest rate	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
Non-derivative financial liabilities	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2023							
Financial liabilities included in trade and other payables	—	61,820	—	—	—	61,820	61,820
Bank and other borrowings	14.4	116,495	—	—	—	116,495	113,801
Lease liabilities	5.0	1,308	266	—	—	1,574	1,523
Convertible bonds	9.5	1,375	1,375	4,125	30,250	37,125	22,635
		180,998	1,641	4,125	30,250	217,014	199,779

	Contractual undiscounted cash flow						
	Weighted average interest rate	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
Non-derivative financial liabilities	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2022							
Financial liabilities included in trade and other payables	—	35,165	—	—	—	35,165	35,165
Bank borrowing	5.4	6,157	5,894	16,074	1,233	29,358	25,897
Lease liabilities	6.2	1,019	37	—	—	1,056	1,044
		42,341	5,931	16,074	1,233	65,579	62,106

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group's exposure to interest-rate risk mainly arises from its bank balances, loan receivables, convertible bonds, bank and other borrowings and lease liabilities. Loan receivables, convertible bonds, other borrowings and lease liabilities, bear interest at fixed interest rates and therefore are subject to fair value interest value risk. Other bank deposits and bank borrowing bear interest at variable rates varied with the then prevailing market condition. The Group did not use derivative financial instruments to hedge its debt obligations.

The effect of changes in interest rates is not significant to these consolidated financial statements. Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Financial assets:		
Derivative financial instrument	**9,904**	—
Financial assets at amortised cost	**43,183**	44,227
Financial liabilities:		
Derivative financial instrument	**14,670**	—
Financial liabilities at amortised cost	**199,779**	62,106

(f) Fair values

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

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Certain assets and liabilities of the Group are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets and liabilities, the causes of the fluctuations will be reported to the directors of the Company.

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	**Fair value measurements categorised into**			**Total 31 March 2023**
	Level 1	**Level 2**	**Level 3**	
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurements:				
Financial assets				
Call option embedded in convertible bonds	**—**	**—**	**9,904**	**9,904**
Financial liabilities				
Conversion option embedded in convertible bonds	**—**	**—**	**(14,670)**	**(14,670)**
Non-financial assets				
Investment properties — Commercial units situated in the PRC	**—**	**—**	**267,130**	**267,130**
Total	**—**	**—**	**262,364**	**262,364**

Description	Fair value measurements categorised into			Total 31 March 2022
	Level 1	Level 2	Level 3	
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Non-financial assets				
Investment properties — Commercial units situated in the PRC	—	—	294,488	294,488
Total	—	—	294,488	294,488

During the year ended 31 March 2023 and the fifteen months ended 31 March 2022, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets and liabilities measured at fair value based on level 3:

(i) Investment properties

Description	**Year ended 31 March 2023**	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
At 1 April 2022/1 January 2021	**294,488**	293,802
Total losses recognised in profit or loss	**(4,627)**	(10,665)
Exchange differences	**(22,731)**	11,351
At 31 March 2023/31 March 2022	**267,130**	294,488
Total losses recognised in profit or loss for assets held at end of the reporting period	**(4,627)**	(10,665)

During the year ended 31 March 2023, the total losses recognised in profit or loss including those for assets held at end of the reporting period of approximately HK$4,627,000 (fifteen months ended 31 March 2022: HK$10,665,000) are presented in other income and gains/(losses) in the consolidated statement of profit or loss.

(ii) Call option and conversion option embedded in convertible bonds

Reconciliations are disclosed in note 36(b) to the consolidated financial statements.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purpose, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussion of valuation processes and results are held between the financial controller and the Board of Directors once a year.

For level 3 fair value measurements, the Group will normally engage independent professional qualified valuers with the recognised professional qualifications and recent experience to perform the valuations.

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Investment properties were revalued at 31 March 2023 by Valplus Consulting Limited (2022: Grant Sherman Appraisal Limited), an independent qualified professional valuer, using income approach with reference to comparable sale transactions for similar properties in the same location and condition or using income capitalisation approach by reference to net rental income allowing for reversionary income potential.

Call option and conversion option embedded in convertible bonds were revalued at 31 March 2023 by Valplus Consulting Limited (2022: N/A), an independent qualified professional valuer, using Binomial Option Pricing Model with reference to expected volatility of the Company's shares.

Level 3 fair value measurements

Description	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value **31 March 2023**	Fair value 31 March 2022
					HK$'000	HK$'000
Investment properties — Commercial units located in the PRC	Income capitalisation	Terminal yield	5%-7% (31 March 2022: 7%)	Decrease	**267,130**	294,488
		Reversionary yield	6%-8% (31 March 2022: 7.5%)	Decrease		
		Monthly rental (RMB/ square metre)	49.5-115 (31 March 2022: 35–130)	Increase		
Call option embedded in convertible bonds	Binomial Option Pricing Model	Expected volatility	100.62% (31 March 2022: N/A)	Increase	**9,904**	—
Conversion option embedded in convertible bonds	Binomial Option Pricing Model	Expected volatility	100.62% (31 March 2022: N/A)	Increase	**(14,670)**	—

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Level 3 fair value measurements (Continued)

Call option and conversion option embedded in convertible bonds

The fair value of call option embedded in convertible bonds is determined using the Binomial Option Pricing Model. The fair value measurement is positively correlated to the expected volatility of the share price of the Company. As at 31 March 2023, it is estimated that: (i) with all other variables held constant, a decrease/increase in expected volatility of the share price of the Company by 5% would have decreased/increased the Group's profit by approximately HK$357,000/HK$353,000 (31 March 2022: N/A).

The fair value of conversion option embedded in convertible bonds is also determined using the Binomial Option Pricing Model. The fair value measurement is positively correlated to the expected volatility of the share price of the Company. As at 31 March 2023, it is estimated that: (i) with all other variables held constant, a decrease/increase in expected volatility of the share price of the Company by 5% would have increased/decreased the Group's profit by approximately HK$373,000/HK$350,000 (31 March 2022: N/A).

8. REVENUE

An analysis of the Group's revenue for the year/period is as follows:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Provision of procurement services	**16,705**	14,596
Provision of EPC services	**2,067**	—
Procurement of goods for EPC services	**37,601**	—
Trading of general goods	**169,969**	85,141
Provision of other IT services	**21,702**	14,573
Rental income	**17,032**	24,654
Provision of energy management contracting services	**6,643**	1,292
	271,719	140,256

8. REVENUE (Continued)

Disaggregation of revenue from contracts with customers by major products or services lines and the timing of revenue recognition for the year/period are as follows:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Recognised at point in time:		
— Trading of general goods[1]	169,969	85,141
— Procurement of goods for EPC services[2]	37,601	—
— Provision of procurement services[2]	16,705	14,596
— Sales of online procurement software[2]	2,557	7,534
Recognised over time:		
— Licensing online procurement platform income[2]	5,030	1,418
— Provision of maintenance services[2]	14,115	5,621
— Provision of energy management contracting services[3]	6,643	1,292
— Provision of EPC services[2]	2,067	—
	254,687	115,602
Revenue from other sources		
— Rental income[4]	17,032	24,654
	271,719	140,256

1 Classified under "Trading business" segment.
2 Classified under "Provision of procurement services and other IT services" segment.
3 Classified under "Energy management contracting business" segment.
4 Classified under "Rental income" segment.

All of the above revenue arose in the PRC.

Contracts with customers with unsatisfied performance obligations on the abovementioned revenue, have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

9. OTHER INCOME AND GAINS/(LOSSES)

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Amortisation of deferred day-1 gain of the convertible bonds *(Note 36(a))*	**98**	—
Bank interest income	**46**	28
Net foreign exchange (loss)/gain	**(2,562)**	1,730
Net fair value losses on investment properties *(Note 19)*	**(4,627)**	(10,665)
Gains on disposals of financial assets at FVTPL	**1**	18
Loss on disposal of property, plant and equipment	**(14)**	(100)
Government grants — amortisation of deferred income *(Note 31)*	**285**	485
Government grants *(note i)*	**228**	508
Gain on deregistration of subsidiaries *(note ii)*	**—**	53
Gain on disposal of a subsidiary *(Note 44)*	**—**	27
Sundry income *(note iii)*	**908**	2,131
	(5,637)	(5,785)

Notes:

(i) The government grants represented financial subsidies for compensating expenses already incurred or giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of relevant government authorities.

(ii) During the fifteen months ended 31 March 2022, the Group deregistered certain dormant subsidiaries. HK$53,000 of foreign currency translation reserve was released from the deregistration of the subsidiaries and the resulting gain on deregistration of subsidiaries of HK$53,000 was recognised in the consolidated statement of profit or loss during the period.

(iii) During the fifteen months ended 31 March 2022, the sundry income included a reversal of accrued salaries of approximately HK$1,134,000, which was made based on the assessment of the likelihood of such payment by the directors of the Company.

10. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic and operating decisions.

At 31 March 2022, the Group had five reportable operating segments, which are (i) provision of procurement services; (ii) trading business; (iii) provision of corporate IT solution; (iv) rental income; and (v) energy management contracting business.

During the year ended 31 March 2023, in a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resource allocation and performance assessment, the reporting operating segments of the provision of procurement services and the provision of corporation IT solution are combined as a single reporting operating segment. Accordingly, the segment information for the fifteen months ended 31 March 2022 has been restated. Below describes the operations in each of the Group's identified reportable operating segments as at 31 March 2023:

Provision of procurement services and other IT services	—	Provisions of procurement services to governmental authorities and private enterprises, development of software and provision of maintenance services to customers, procurement of goods for EPC services and provision of EPC services
Trading business	—	Trading of general goods
Rental income	—	Leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC
Energy management contracting business	—	Provision of energy management contracting services in the PRC

The accounting policies of the operating segments are the same as those described in note 2 to the consolidated financial statements.

Segment profits or losses do not include administrative expenses, other income and gains/(losses), finance costs, net impairment loss for certain trade and other receivables, (reversal of impairment loss)/net impairment loss for loan receivables, change in fair value of derivatives embedded in convertible bonds and written-off of a loan receivable.

For the purpose of assessment by the CODM, the net fair value losses on investment properties and depreciation of property, plant and equipment were not included in segment results while the investment properties and certain property, plant and equipment have been included in the segment assets.

Segment assets do not include, bank and cash balances, certain intangible assets, certain property, plant and equipment, right-of-use assets, interest in an associate, certain other receivables, derivative components of convertible bonds and loan receivables.

Segment liabilities do not include, bank borrowing, lease liabilities, certain other payables, current tax liabilities, deferred income, derivative components of convertible bonds, convertible bonds and deferred tax liabilities.

10. SEGMENT INFORMATION (Continued)

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segment results, assets and liabilities:

	Provision of procurement services and other IT services	Trading business	Rental income	Energy management contracting business	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2023					
Revenue from external customers	78,075	169,969	17,032	6,643	271,719
Segment profit	38,426	12,030	9,111	3,354	62,921
Amounts included in the measure of segment profit or loss:					
Reversal of impairment loss for intangible assets	(13,746)	–	–	–	(13,746)
(Reversal of impairment loss)/impairment loss for trade and other receivables and contract assets, net	(541)	(139)	495	50	(135)
Reversal of impairment loss for prepayment	–	(11,405)	–	–	(11,405)
Amounts not included in the measure of segment profit or loss but regularly reported to CODM:					
Depreciation and amortisation	87	–	–	16	103
Finance costs	551	–	–	–	551
As at 31 March 2023					
Segment assets	274,744	2,006	268,757	7,824	553,331
Segment liabilities	145,911	3,151	5,150	347	154,559
Amounts included in the measure of segment assets:					
Additions of segment non-current assets	524	–	–	4,365	4,889

10. SEGMENT INFORMATION (Continued)

Information about reportable segment results, assets and liabilities: (Continued)

	Provision of procurement services and other IT services	Trading business	Rental income	Energy management contracting business	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fifteen moths ended 31 March 2022					
Revenue from external customers	29,169	85,141	24,654	1,292	140,256
Segment profit/(loss)	8,152	(5,921)	15,015	833	18,079
Amounts included in the measure of segment profit or loss:					
(Reversal of impairment loss)/impairment loss for trade and other receivables, net	(149)	186	43	—	80
Impairment loss for prepayment	—	6,060	—	—	6,060
Amounts not included in the measure of segment profit or loss but regularly reported to CODM:					
Depreciation and amortisation	66	—	—	—	66
As at 31 March 2022					
Segment assets	14,873	12,466	296,631	—	323,970
Segment liabilities	7,642	1,135	6,330	2,289	17,396

10. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment results:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Total profit of reportable segments	**62,921**	18,079
Administrative expenses	**(61,422)**	(46,120)
Other income and gains/(losses)	**(5,637)**	(5,785)
Finance costs	**(3,671)**	(2,146)
Unallocated impairment loss for trade and other receivables, net	**(59)**	(317)
Reversal of impairment loss/(impairment loss) for loan receivables, net	**4,837**	(2,651)
Change in fair value of derivatives embedded in convertible bonds	**(370)**	—
Written-off of a loan receivable	**—**	(2,423)
Consolidated loss before tax	**(3,401)**	(41,363)

There was no inter-segment sale and transfer during the year ended 31 March 2023 and the fifteen months ended 31 March 2022.

No reconciliation of reportable and operating segment revenue is provided as the total revenue for reportable and operating segments is the same as the Group's consolidated revenue.

10. SEGMENT INFORMATION (Continued)

Reconciliations of segment assets and liabilities:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Assets		
Total assets of reportable segments	**553,331**	323,970
Unallocated corporate assets		
— Bank and cash balances	**8,478**	27,592
— Loan receivables	**—**	—
— Derivative component of convertible bonds *(Note 36(b))*	**9,904**	—
— Others	**21,711**	17,656
	40,093	45,248
Consolidated total assets	**593,424**	369,218
Liabilities		
Total liabilities of reportable segments	**154,559**	17,396
Unallocated corporate liabilities		
— Bank and other borrowings	**—**	25,897
— Security deposit for issuance of convertible bond *(Note 34(iv))*	**—**	4,933
— Receipt in advance *(Note 34(iii))*	**—**	22,500
— Lease liabilities	**1,523**	1,044
— Deferred tax liabilities	**33,721**	41,281
— Current tax liabilities	**18,710**	33,398
— Derivative component of convertible bonds *(Note 36(b))*	**14,670**	—
— Convertible bonds *(Note 36(a))*	**22,635**	—
— Others	**37,239**	28,110
	128,498	157,163
Consolidated total liabilities	**283,057**	174,559

10. SEGMENT INFORMATION (Continued)

Reconciliations of other segment information:

	Year ended 31 March 2023 HK$'000	Fifteen months ended 31 March 2022 HK$'000
Other items — (reversal of impairment loss)/impairment loss for trade and other receivables and contract assets, net		
Total (reversal of impairment loss)/impairment loss of reportable segments, net	**(135)**	80
Unallocated amounts	**59**	317
Consolidated (reversal of impairment loss)/impairment loss, net	**(76)**	397
Other items — depreciation and amortisation of non-current assets		
Total depreciation and amortisation of reportable segments	**103**	66
Unallocated amounts	**2,742**	4,220
Consolidated depreciation and amortisation	**2,845**	4,286
Other items — finance costs		
Total finance costs of reportable segments	**551**	—
Unallocated amounts	**3,120**	2,146
Consolidated finance costs	**3,671**	2,146
Other items — additions to non-current assets		
Total addition to non-current assets of reportable segments	**4,889**	—
Unallocated additions	**2,886**	641
Consolidated additions to non-current assets	**7,775**	641

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

10. SEGMENT INFORMATION (Continued)

Geographical information:

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment properties, right-of-use assets, intangible assets and interest in an associate ("**Specified Non-Current Assets**").

The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of Specified Non-Current Assets are based on the physical location of the assets in the case of property, plant and equipment and investment properties, and the location of the operation in the case of right-of-use assets, intangible assets and interest in an associate.

	Revenue from external customers		***Specified Non-Current Assets***	
	Year ended 31 March 2023	Fifteen months ended 31 March 2022	**As at 31 March 2023**	As at 31 March 2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**—**	—	**1,019**	133
PRC except Hong Kong	**271,719**	140,256	**310,380**	322,114
Consolidated total	**271,719**	140,256	**311,399**	322,247

Revenue from major customers:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Trading business segment:		
Customer A	**—**	70,948
Customer B	**42,600**	—

11. FINANCE COSTS

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Interest on bank and other borrowings	**1,690**	1,982
Interest on lease liabilities	**63**	164
Effective interest on convertible bonds *(Note 36(a))*	**1,918**	—
Interest on financial liabilities not at fair value through profit or loss	**3,671**	2,146

12. INCOME TAX CREDIT

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Current tax — the PRC		
Provision for the year/period	**319**	15
(Over)/under-provision in prior years	**(12,941)**	16
	(12,622)	31
Deferred tax *(Note 33)*	**(4,373)**	(7,476)
	(16,995)	(7,445)

12. INCOME TAX CREDIT (Continued)

(i) Hong Kong

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 March 2023 (fifteen months ended 31 March 2022: Nil).

(ii) PRC

PRC Enterprise Income Tax has been provided at a rate of 25% for the year ended 31 March 2023 (fifteen months ended 31 March 2022: 25%).

In prior years, the Group recognised provisions of PRC Enterprise Income Tax of approximately RMB11,372,000 (or equivalent to approximately HK$12,941,000) in respect of certain income received by the Group from rendering procurement services. Given that the local tax authority carried out tax investigation on the relevant PRC group entity whereas the amount of the relevant income were fully reported to the local tax authority in 2017, the directors of the Company considered that the probability of charging additional PRC Enterprise Income Tax against the relevant PRC group entity on the above-mentioned income by the local tax authority was remote. During the fifteen months ended 31 March 2022, no reversal of provision for PRC Enterprise Income Tax was recognised as the retrospective period of charging the PRC Enterprise Income Tax against the relevant PRC group entity on the above-mentioned income by the local tax authority (the "**Retrospective Period**") was still effective.

During the year ended 31 March 2023, the Group engaged an independent internationally renowned professional tax consulting firm as an adviser (the "**Tax Adviser**") to form an opinion on the validity of the Retrospective Period. As advised by the Tax Adviser, the Retrospective Period was ended during the year ended 31 March 2023, and the local tax authority will not impose tax liability against the relevant PRC group entity on the above-mentioned income. Accordingly, the Group recognised a reversal of provision for PRC Enterprise Income Tax of approximately RMB11,372,000 (or equivalent to approximately HK$12,941,000) in the consolidated statement of profit or loss.

12. INCOME TAX CREDIT (Continued)

(iii) Overseas

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in Bermuda and BVI.

The reconciliation between the income tax credit and accounting loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Loss before tax	**(3,401)**	(41,363)
Tax at the PRC Enterprise Income Tax rate of 25% (fifteen months ended 31 March 2022: 25%)	**(850)**	(10,341)
Tax effect of income that is not taxable	**(4,427)**	(970)
Tax effect of expenses that are not deductible	**365**	6,362
Tax effect of utilisation of tax losses not previously recognised	**(4,918)**	(2,616)
Tax effect of tax losses not recognised	**8,673**	3,787
Tax effect of temporary differences not recognised	**(105)**	789
Effect of different tax rates of subsidiaries	**488**	1,216
Temporary difference arising from PRC land appreciation tax	**(4,373)**	(7,476)
Tax effect of PRC land appreciation tax	**1,093**	1,869
Tax concession	**—**	(81)
(Over)/under-provision in prior years	**(12,941)**	16
Income tax credit	**(16,995)**	(7,445)

13. PROFIT/(LOSS) FOR THE YEAR/PERIOD

The Group's profit/(loss) for the year/period is stated after charging the following:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Amortisation of intangible assets (included in administrative expenses) *(Note 21)*	**230**	119
Auditor's remuneration		
(i) audit services		
— current year/period	**990**	890
(ii) non-audit services		
— current year/period	**610**	570
Cost of inventories sold	**205,997**	84,816
Depreciation of property, plant and equipment *(Note 18)*	**841**	1,066
Depreciation of right-of-use assets *(Note 20)*	**1,774**	3,101
Direct operating expenses of investment properties that generate rental income	**7,066**	9,263

14. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Employee benefits expense:		
Salaries, bonuses and allowances	**47,162**	36,751
Retirement benefits scheme contributions*	**4,002**	2,748
Share-based payment expenses		
— Share options *(Note 29(ii))*	**2,236**	—
— Awarded shares *(Note 29(iii))*	**1,715**	—
	3,951	—
	55,115	39,499

* The Group had no forfeited contributions under the Mandatory Provident Fund Scheme (the "**MPF Scheme**") and its retirement benefits schemes in the PRC which may be used to reduce the existing level of contributions during the year ended 31 March 2023 (fifteen months ended 31 March 2022: Nil). There were also no forfeited contributions available to reduce future contributions at the end of the reporting period (31 March 2022: Nil).

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The retirement benefits scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 per month.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The subsidiary established in the PRC is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

As at 31 March 2023 and 2022, the Group had no significant obligation apart from the contribution as stated above.

14. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

Five highest paid individuals

The five highest paid employees of the Group during the year ended 31 March 2023 included four directors (fifteen months ended 31 March 2022: one director), details of whose emoluments are set out in note 15. Details of the remuneration for the year ended 31 March 2023 of the remaining one (fifteen months ended 31 March 2022: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Basic salaries, allowances and other benefits in kind	**451**	5,885
Discretionary bonus	**331**	2,165
Retirement benefits scheme contributions	**145**	257
Share-based payment expenses		
— Share options	**406**	—
— Awarded shares	**216**	—
	622	—
	1,549	8,307

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	Year ended 31 March 2023	Fifteen months ended 31 March 2022
Nil to HK$1,000,000	**—**	2
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**1***	—
HK$4,000,001 to HK$4,500,000	**—**	1

* This employee was appointed as an executive director of the Company on 7 March 2023. Subsequent to the appointment, his remuneration was included as director's emolument in note 15.

During the year ended 31 March 2023 and the fifteen months ended 31 March 2022, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in connection with the management of affairs of any member of the Group.

15. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

Director's remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

	Fees	Salaries	Discretionary bonus	Employer's contribution to a retirement benefit scheme	Share-based payment expenses	Other benefits in kind	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of director							
Executive directors:							
Ms. Wu Siyuan (Chairman and Chief executive) *(note (i))*	600	322	154	155	659	–	1,890
Mr. Shi Qiang *(note (ii))*	55	–	–	12	81	–	148
Mr. Zheng Jinwei *(note (iii))*	50	–	–	–	–	675	725
Ms. He Qian	240	–	–	–	–	–	240
Non-executive directors:							
Ms. Liu Qian	240	–	–	–	827	–	1,067
Mr. Li Shun	240	976	143	18	383	223	1,983
Mr. Li Guanghua	240	412	162	104	302	–	1,220
Independent non-executive directors:							
Mr. Zhong Dengyu *(note (ix))*	240	–	–	–	–	–	240
Mr. Jiang Jun	360	–	–	–	–	–	360
Ms. Deng Hua *(note (xi))*	145	–	–	–	–	–	145
Mr. Wang Shuai *(note (xii))*	120	–	–	–	–	–	120
Total for the year ended 31 March 2023	**2,530**	**1,710**	**459**	**289**	**2,252**	**898**	**8,138**

15. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Fees	Salaries	Discretionary bonus	Employer's contribution to a retirement benefit scheme	Share-based payment expenses	Other benefits in kind	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of director							
Executive directors:							
Ms. Wu Siyuan (Chairman and Chief executive) *(note (i))*	220	—	—	30	—	34	284
Mr. Zheng Jinwei *(note (iii))*	750	—	—	80	—	655	1,485
Ms. He Qian	300	—	—	—	—	—	300
Non-executive directors:							
Ms. Liu Qian *(note (iv))*	115	—	—	—	—	—	115
Mr. Li Shun *(note (iv))*	115	320	—	—	—	—	435
Mr. Li Guanghua *(note (v))*	29	—	—	—	—	—	29
Mr. Chen Limin *(note (vi))*	25	—	—	—	—	—	25
Mr. Zhang Jianguo *(note (vii))*	130	—	—	—	—	—	130
Mr. Xu Peng *(note (viii))*	212	—	—	—	—	—	212
Independent non-executive directors:							
Mr. Zhong Dengyu *(note (ix))*	70	—	—	—	—	—	70
Mr. Deng Xiang *(note (x))*	360	—	—	—	—	—	360
Mr. Jiang Jun	450	—	—	—	—	—	450
Mr. Wang Shuai	370	—	—	—	—	—	370
Total for the fifteen months ended 31 March 2022	3,146	320	—	110	—	689	4,265

Notes:

(i) Appointed on 19 November 2021, and ceased as chief executive on 7 March 2023

(ii) Appointed as executive director and chief executive on 7 March 2023

(iii) Ceased as chief executive of the Company on 19 November 2021, and subsequently ceased as executive director on 29 April 2022

(iv) Appointed on 8 October 2021

(v) Appointed on 16 February 2022

15. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes: (Continued)

(vi) Ceased on 1 February 2021

(vii) Ceased on 16 July 2021

(viii) Ceased on 19 November 2021

(ix) Appointed on 17 December 2021

(x) Ceased on 19 January 2022

(xi) Appointed on 25 August 2022

(xii) Ceased on 25 August 2022

During the year ended 31 March 2023, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (fifteen months ended 31 March 2022: Nil).

Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2023 (fifteen months ended 31 March 2022: Nil).

16. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023 and the fifteen months ended 31 March 2022, nor has any dividend been proposed since the end of the reporting periods.

17. EARNINGS/(LOSS) PER SHARE

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Earnings/(loss):		
Earnings/(loss) for the year/period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per ordinary share *(note (i))*	**13,282**	(31,923)
	'000	'000 (Restated)
Number of shares *(note (ii))*:		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per ordinary share *(note (iii))*	**330,759**	270,324
Effect of dilutive potential ordinary shares —Share award granted under the Company's share award plan	**1,312**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per ordinary share *(notes (i) & (iv))*	**332,071**	270,324

Notes:

(i) The calculation of diluted loss per ordinary share for the year ended 31 March 2023 did not assume the conversion of convertible bonds, since the conversion would result in an anti-dilutive effect on earnings per share.

(ii) The weighted average number of ordinary shares for the fifteen months ended 31 March 2022 had been adjusted for the bonus element of the rights issue completed on 8 February 2023 as if the rights issue happens on 1 January 2021. Details of the rights issue are set out in Note 26 to the consolidated financial statements.

(iii) For the year ended 31 March 2023, the number of ordinary shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the ordinary shares of the Company held under the Company's share award plan (see Note 29(iii)).

(iv) For the year ended 31 March 2023 and the fifteen months ended 31 March 2022, the computation of diluted earnings/(loss) per ordinary share did not assume the exercise of share options because their exercise price is higher than the average share price.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1 January 2021	2,492	—	20,518	2,640	4,631	—	30,281
Additions	—	—	38	—	500	—	538
Acquired on acquisition of a subsidiary *(Note 43)*	—	—	2	—	—	—	2
Write-off/disposal	—	—	(627)	(575)	—	—	(1,202)
Exchange differences	98	—	885	92	114	—	1,189
At 31 March 2022 and 1 April 2022	2,590	—	20,816	2,157	5,245	—	30,808
Additions	—	3,855	515	—	142	505	5,017
Write-off/disposal	—	—	(5,438)	(758)	—	—	(6,196)
Exchange differences	(200)	—	(1,801)	(187)	(255)	—	(2,443)
At 31 March 2023	2,390	3,855	14,092	1,212	5,132	505	27,186
Accumulated depreciation and impairment							
At 1 January 2021	256	—	20,132	2,511	3,284	—	26,183
Charge for the period	212	—	347	—	507	—	1,066
Eliminated on write-off/disposal	—	—	(512)	(575)	—	—	(1,087)
Exchange differences	14	—	705	86	81	—	886
At 31 March 2022 and 1 April 2022	482	—	20,672	2,022	3,872	—	27,048
Charge for the year	159	15	208	—	459	—	841
Eliminated on write-off/disposal	—	—	(5,412)	(758)	—	—	(6,170)
Exchange differences	(37)	—	(1,754)	(177)	(186)	—	(2,154)
At 31 March 2023	604	15	13,714	1,087	4,145	—	19,565
Net book value							
At 31 March 2023	1,786	3,840	378	125	987	505	7,621
At 31 March 2022	2,108	—	144	135	1,373	—	3,760

At 31 March 2023, the carrying amount of property, plant and equipment of approximately HK$1,786,000 (31 March 2022: HK$2,108,000) was pledged as security for the Group's bank and other borrowings.

19. INVESTMENT PROPERTIES

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
FAIR VALUE		
At 1 April 2022/1 January 2021	**294,488**	293,802
Net fair value losses *(Note 9)*	**(4,627)**	(10,665)
Exchange differences	**(22,731)**	11,351
At 31 March 2023/31 March 2022	**267,130**	294,488

At 31 March 2023, the carrying amount of investment properties pledged as security for the Group's bank and other borrowings amounted to approximately HK$267,130,000 (31 March 2022: HK$294,488,000).

The Group leases out office premises under operating leases with rentals receivable monthly. The leases typically run for an initial period of one to six years (31 March 2022: one to five years).

The details of fair value measurement of investment properties are set out in Note 7 to the consolidated financial statements.

The Group is exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB, which is the functional currency of the relevant group entity. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

20. RIGHT-OF-USE ASSETS

	Leasehold lands	Leased properties	Total
	HK$'000	HK$'000	HK$'000
Net book value			
At 1 January 2021	9,241	3,557	12,798
Addition	—	101	101
Depreciation charge for the period *(Note 13)*	(307)	(2,794)	(3,101)
Exchange differences	358	74	432
At 31 March 2022 and 1 April 2022	9,292	938	10,230
Addition	—	2,421	2,421
Depreciation charge for the year *(Note 13)*	(230)	(1,544)	(1,774)
Exchange differences	(718)	(70)	(788)
At 31 March 2023	8,344	1,745	10,089

Lease liabilities of approximately HK$1,523,000 (31 March 2022: HK$1,044,000) are recognised with related right-of-use assets of approximately HK$1,745,000 as at 31 March 2023 (31 March 2022: HK$938,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leasehold properties may not be used as security for borrowing purposes.

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Depreciation expenses on right-of-use assets	**1,774**	3,101
Interest expense on lease liabilities (included in finance costs)	**63**	164
Expenses relating to short-term lease (included in administrative expenses)	**233**	525

During the year ended 31 March 2023 and the fifteen months ended 31 March 2022, there is neither expense relating to lease of low-value asset (excluding short-term lease of low-value asset) nor Covid-19-related rent concession received.

Details of total cash outflow for leases are set out in note 37(b) to the consolidated financial statements.

For the year ended 31 March 2023 and the fifteen months ended 31 March 2022, the Group leases various offices and staff quarters for its operations. Lease contracts are entered into for fixed term of 2 to 3 years (31 March 2022: 3 years), but have termination option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 March 2023, the carrying amount of right-of-use assets pledged as security for the Group's bank and other borrowings amounted to approximately HK$8,344,000 (31 March 2022: HK$9,292,000).

21. INTANGIBLE ASSETS

	Computer software	Online platform promotion right	Online platform development and technical support right	Software technology knowhow	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 January 2021	1,340	9,492	8,307	77,172	96,311
Exchange differences	53	372	326	3,031	3,782
At 31 March 2022 and 1 April 2022	1,393	9,864	8,633	80,203	100,093
Additions	—	—	109	—	109
Exchange differences	(108)	(762)	(666)	(6,191)	(7,727)
At 31 March 2023	1,285	9,102	8,076	74,012	92,475
Accumulated amortisation and impairment					
At 1 January 2021	855	9,492	8,307	64,292	82,946
Amortisation for the period	119	—	—	—	119
Exchange differences	36	372	326	2,525	3,259
At 31 March 2022 and 1 April 2022	1,010	9,864	8,633	66,817	86,324
Amortisation for the year	222	—	8	—	230
Reversal of impairment loss recognised in prior years	—	—	—	(13,746)	(13,746)
Exchange differences	(78)	(762)	(666)	(5,158)	(6,664)
At 31 March 2023	1,154	9,102	7,975	47,913	66,144
Carrying amount					
At 31 March 2023	131	—	101	26,099	26,331
At 31 March 2022	383	—	—	13,386	13,769

At 31 March 2023, the average remaining amortisation period of the computer software and the online platform development and technical support right are 1.48 years (31 March 2022: 2.24 years) and 9.25 years (31 March 2022: N/A) respectively.

At 31 March 2023, the carrying amount of intangible assets that assessed as indefinite useful life amounted to approximately HK$26,099,000 (31 March 2022: HK$13,386,000). These assets are attributable to the provision of procurement services and other IT services segment.

On 31 March 2023, the management of the Group conducted impairment review on the cash-generating unit under provision of procurement services and other IT services segment. The recoverable amount of the cash-generating unit have been determined based on value in use calculation, which is based on the financial budgets approved by the management covering a five year period and a pre-tax discount rate of approximately 26% (31 March 2022: approximately 29%). Pre-tax discount rate applied reflects the current market assessment of the time value of money and the risk specific to the cash-generating unit. The cash flows beyond the five-year period are extrapolated using a 2% (31 March 2022: 2%) growth rate. The value in use calculation, the pre-tax discount rate and the growth rate were determined by an independent qualified professional valuer. The key assumptions of the value in use calculations are discount rate and growth rate. The growth rate does not exceed the long-term growth rate of the relevant industry. Based on the assessments, reversal of impairment loss on intangible assets of approximately HK$13,746,000 (fifteen months ended 31 March 2022: Nil) was recognised due to the improvement of financial results of the relevant cash-generating unit resulting from the successful expansion of customers' base in the PRC during the year ended 31 March 2023.

22. INTEREST IN AN ASSOCIATE

The following list contains only the particulars of associates, all of which is unlisted corporate entity whose quoted market price is not available, and is not material to the Group:

Name of associate	Place of establishment and business	Particular of registered/ contributed capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
杭州中採萬博招標有限公司[1]	The PRC	RMB1,000,000/ RMB201,000	35%	—	35%	Not yet commence business
Guocai South China Metal Exchange Service Limited[2,3] ("**Guocai South China**") 國採華南金屬市場服務有限公司	The PRC	RMB100,000,000/ RMB20,000,000	21.5%	—	21.5%	Inactive

1 The above associate is accounted for using the equity method in the consolidated financial statements.

2 For identification purposes only.

3 During the year ended 31 December 2017, the Group cannot exercise significant influence on financial and operating policy of Guocai South China. Having regard to the fact that Guocai South China has been inactive with no revenue generated since 2015, investment in Guocai South China was fully written off in 2017.

As at 31 March 2023, there is a capital commitment in further capital injection to associates of approximately HK$19,574,000 (31 March 2022: HK$21,211,000).

Information of associate that is not individually material:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Carrying amount of individually immaterial associate in the consolidated financial statements	**228**	—

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Aggregate amounts of the Group's share of that associate's		
— Profit from operations	**–**	—
— Other comprehensive income	**–**	—
— Total comprehensive income	**–**	—

23. TRADE AND OTHER RECEIVABLES

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Trade and other receivables comprise:		
Trade receivables from contracts with customers	**29,110**	14,429
Less: allowance for credit loss *(Note 6(b))*	**(488)**	(1,173)
	28,622	13,256
Lease receivables	**2,149**	1,667
Less: allowance for credit loss *(Note 6(b))*	**(528)**	(32)
	1,621	1,635
Total trade and lease receivables	**30,243**	14,891
Other receivables	**4,058**	988
Prepayment for goods *(note (ii))*	**217,987**	—
Other prepayment	**4,466**	1,818
Deposits	**404**	756
	257,158	18,453

Notes:

(i) As at 1 January 2021, trade receivables from contracts with customers net of allowance for credit losses amounted to approximately HK$1,652,000.

(ii) One of the suppliers of the Group failed to honour its contractual responsibility to supply goods to the Group and failed to repay the relevant prepayments to the Group. The Group is in debt recovery process to recover the relevant prepayments from this supplier. After the assessment by the directors of the Company, the directors of the Company considered the chance of recovering the prepayments made to this supplier to be remote, and recognised a full impairment of approximately HK$6,060,000 on the prepayments to this supplier during the fifteen months ended 31 March 2022.

During the year ended 31 March 2023, the Group successfully recovered approximately HK$11,405,000 of prepayments through refund by a supplier. On the other hand, the Group made prepayment of goods of approximately HK$217,987,000 as at 31 March 2023 for the purpose of purchasing materials from various suppliers under the segments of trading business and provision of procurement services. As at the date of this report, approximately HK$109,064,000 of the abovementioned prepayments are either utilised or refunded.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2023 and the fifteen months ended 31 March 2022 are set out in note 6(b) to the consolidated financial statements.

23. TRADE AND OTHER RECEIVABLES (Continued)

For trading business, the Group generally grants a credit period of 30 days (fifteen months ended 31 March 2022: 30 days) to its customers. Rental income is paid in accordance with the terms of respective agreements. For provision of procurement services and other IT services, the Group mainly requires customers to pay certain of the contract sum in advance and settle the remaining balances within 30 days (fifteen months ended 31 March 2022: 30 days) from the date of acceptance. For energy management contracting business, the customers paid certain of contract sum in advance in accordance with the terms of respective agreements. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management. All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Included in trade and other receivables are trade and lease receivables, net of allowance for impairment, of HK$30,243,000 (31 March 2022: HK$14,891,000) and an aging analysis based on the invoice date at the end of the reporting period, is as follows:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
0 to 90 days	**30,243**	14,885
91 to 180 days	**—**	—
181 to 365 days	**—**	6
	30,243	14,891

The carrying amounts of the Group's trade and lease receivables are denominated in RMB.

Included in trade and lease receivables was an amount due from a non-controlling shareholder of a subsidiary of approximately HK$Nil (31 March 2022: HK$863,000) with impairment of approximately HK$Nil (31 March 2022: HK$863,000).

At 31 March 2022, the Group had a prepaid education benefit of approximately HK$732,000 for Mr. Zheng Jinwei, who ceased as an executive director of the Company on 29 April 2022.

As at 31 March 2023, there were amounts due from an ex-substantial shareholder and its subsidiaries of approximately HK$83,237,000 (31 March 2022: HK$87,205,000) with full impairment recognised in 2017.

At 31 March 2023, trade receivables of approximately HK$24,781,000 (31 March 2022: HK$2,143,000) were pledged as security for the Group's other borrowings (31 March 2022: bank borrowings).

24. LOAN RECEIVABLES

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Fixed-rate loan receivables		
— Unsecured	**111,266**	117,450
Less: allowance for credit loss	**(111,266)**	(117,450)
	—	—

Loan receivables represented advances to independent third parties.

As at 31 March 2023, loan receivable at principal amount of HK$100,000,000 (31 March 2022: HK$100,000,000) was unsecured, interest-free and repayable in June 2015 and correlated to a cooperation arrangement with an independent third party. Further details of such arrangement were set out in the Company's announcement dated 5 June 2014. The remaining loan receivables at principal amount of approximately HK$11,266,000 (31 March 2022: HK$17,450,000) were unsecured, interest bearing at a range of 0.3% to 0.5% (31 March 2022: 0.3% to 0.6%) per month and repayable on respective maturity dates.

As at 31 March 2023, included in the Group's loan receivables balance were debtors with aggregate carrying amounts of approximately HK$111,266,000 (31 March 2022: HK$117,450,000) which were past due as at the reporting date, of which HK$111,266,000 (31 March 2022: HK$117,450,000) had been past due 90 days or more.

Based on the abovementioned circumstances, the Group recognised a net impairment loss for loan receivables of approximately HK$2,651,000 to reflect the expected credit losses during the fifteen months ended 31 March 2022. During the year ended 31 March 2023, the Group recovered an aggregate amount of RMB4,250,000 (or equivalent to approximately HK$4,837,000) from debtors, and therefore the Group recognised a reversal of impairment loss for loan receivables of approximately HK$4,837,000. The Group will consider to take all possible ways, including but not limited to, legal proceedings, to recover the respective loans and interest receivables.

In addition, one of the debtors of loan receivables, which was established in the PRC with limited liabilities, was de-registered during the fifteen months ended 31 March 2022. After taking into consideration of the legal advices, the directors of the Company considered that there is no realistic prospect to recover the respective loan receivable. After the above assessment, the Group wrote off a gross carrying amount of loan receivable balance of approximately HK$2,423,000 in related to this debtor during the fifteen months ended 31 March 2022.

Details of impairment assessment of loan receivables for the year ended 31 March 2023 and the fifteen months ended 31 March 2022 are set out in note 6(b) to the consolidated financial statements.

25. BANK AND CASH BALANCES

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

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

As at 31 March 2023, the bank and cash balances of the Group denominated in RMB and kept in the PRC aggregately amounted to approximately HK$6,812,000 (31 March 2022: HK$20,832,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

At 31 March 2023, the bank and cash balances of the Group did not include any restricted deposits charged as security for the Group's bank and other borrowings (31 March 2022: HK$1,592,000).

26. SHARE CAPITAL

		Ordinary shares of HK$0.1 each		Preference shares of HK$0.1 each		Total	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	Notes	'000	HK$'000	'000	HK$'000	'000	HK$'000
Authorised share capital							
At 1 January 2021, 31 March 2022 and 1 April 2022		400,000	40,000	100,000	10,000	500,000	50,000
Increase in authorised share capital	(i)	4,500,000	450,000	—	—	4,500,000	450,000
At 31 March 2023		4,900,000	490,000	100,000	10,000	5,000,000	500,000
Issued and fully paid							
At 1 January 2021		244,284	24,429	—	—	244,284	24,429
Issue of shares by subscription	(ii)	48,800	4,880	—	—	48,800	4,880
At 31 March 2022 and 1 April 2022		293,084	29,309	—	—	293,084	29,309
Issue of shares to trustee of a share award plan	(iii)	10,769	—	—	—	10,769	—
Issue of shares by rights issue	(iv)	189,908	18,991	—	—	189,908	18,991
At 31 March 2023		493,761	48,300	—	—	493,761	48,300

Notes:

(i) On 20 December 2022, the authorised share capital of the Company was increased from HK$50,000,000 divided into 400,000,000 ordinary shares and 100,000,000 preference shares of HK$0.10 each to HK$500,000,000 divided into 4,900,000,000 ordinary shares and 100,000,000 preference shares of HK$0.10 each by creating an additional 4,500,000,000 unissued ordinary shares in the share capital of the Company.

(ii) On 29 October 2021, 48,800,000 ordinary shares of the Company of HK$0.1 were issued at HK$0.361 per share. The premium on the issue of shares, amounting to approximately HK$12,737,000 was credited to the Company's share premium account.

(iii) On 27 October 2022, the Company issued 10,769,000 ordinary shares to a trustee under 2022 Share Award Plan (as defined in Note 29 to the consolidated financial statements) which held the shares on behalf of the share award grantees. The ordinary shares held by the trustee are not considered issued and outstanding until the share award grantee's entitlement of the award shares is vested.

(iv) On 8 February 2023, 189,907,953 shares (the "**Rights Shares**") of HK$0.10 each were issued by way of rights issue on the basis of five rights shares for every eight shares held by the qualifying shareholders at a subscription price of HK$0.63 per share. The Rights Shares rank pari passu with the existing shares in all respects.

Among the 189,907,953 Rights Shares issued, as disclosed in the Company's announcement dated 7 February 2023, Eastmount Global Limited, being a substantial shareholder of the Company and an underwriter in relation to the rights issue of the Company, subscribed in aggregate 167,133,303 Rights Shares under both its capacity as a substantial shareholder and the underwriter at the subscription price of HK$0.63 per Rights Share, being a total consideration of approximately HK$105,294,000.

27. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	**As at 31 March 2023 HK$'000**	As at 31 March 2022 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**2**	2
Plant and equipment		**5**	—
Right-of-use assets		**750**	—
Derivative component of convertible bonds	36(b)	**9,904**	—
Total non-current assets		**10,661**	2
Current assets			
Other receivables		**23,393**	530
Loan receivable		**—**	—
Amounts due from subsidiaries		**92,934**	4,933
Bank and cash balances		**1,281**	2,279
Total current assets		**117,608**	7,742
TOTAL ASSETS		**128,269**	7,744
EQUITY			
Share capital	26	**48,300**	29,309
Reserves	27(b)	**16,663**	(65,674)
Total equity/(deficit)		**64,963**	(36,365)
LIABILITIES			
Non-current liability			
Lease liabilities		**261**	—
Other payable	34(iii)	**—**	22,500
Convertible bonds	36(a)	**22,635**	—
		22,896	22,500
Current liabilities			
Amounts due to subsidiaries		**12,322**	10,878
Lease liabilities		**480**	—
Other payables and accruals		**12,938**	10,731
Derivative component of convertible bonds	36(b)	**14,670**	—
Total current liabilities		**40,410**	21,609
TOTAL EQUITY/(DEFICIT) AND LIABILITIES		**128,269**	7,744

27. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium	Shares held for share award scheme	Share-based payments reserve	Contributed surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	14,217	—	787	218,077	(272,600)	(39,519)
Loss and total comprehensive expense for the period	—	—	—	—	(38,892)	(38,892)
Issue of shares by subscription *(Note 26(ii))*	12,737	—	—	—	—	12,737
Transfer of reserve upon lapse of share options	—	—	(787)	—	787	—
At 31 March 2022 and 1 April 2022	26,954	—	—	218,077	(310,705)	(65,674)
Loss and total comprehensive expense for the year	—	—	—	—	(17,816)	(17,816)
Issue of shares by rights issue, net of transaction costs *(Note 26(iv))*	98,015	—	—	—	—	98,015
Shares held for share award scheme *(Note 28(b)(viii))*	—	(1,813)	—	—	—	(1,813)
Share-based payment expenses *(Note 14)*	—	—	3,951	—	—	3,951
At 31 March 2023	124,969	(1,813)	3,951	218,077	(328,521)	16,663

28. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

(i) Share premium

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

28. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Merger reserve

The merger reserve of the Group represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued in exchange therefor pursuant to the Group reorganisation.

(iii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2(t)(ii) to the consolidated financial statements.

(iv) Statutory reserve

In accordance with the PRC Company Law and the articles of association of PRC subsidiaries, subsidiaries registered in the PRC are required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entities' capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(x) to the consolidated financial statements.

(vi) Revaluation reserve

The revaluation reserve has been set up and is dealt with the fair value changes arising from the reclassification of Group's property, plant and equipment and prepaid land lease payments to investment properties.

28. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(vii) Contribution surplus

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 March 2023 and 31 March 2022, no reserve of the Company was available for distribution as the aggregate of the contribution surplus and the accumulated losses is in debit balance.

(viii) Shares held for share award scheme

The Company adopted a share award scheme as described in note 29(iii) to the consolidated financial statements. During the year ended 31 March 2023, a trustee of the Company repurchased the ordinary shares of the Company in the open market as follows:

Month/Year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	HK$	HK$'000
February 2023	224,000	1.2950	1.0900	283
March 2023	1,216,000	1.3233	1.1433	1,530
	1,440,000			1,813

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN

(i) 2013 Share Option Scheme

The Company operates a share option scheme (the "**2013 Share Option Scheme**") for the purpose of attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group. The 2013 Share Option Scheme was adopted on 13 June 2013 and shall, unless terminated remain in force for a period of ten years from the date of adoption. As further disclosed below, the 2013 Share Option Scheme had been terminated on 3 August 2022.

Under the 2013 Share Option Scheme, the directors may at their discretion grant share options to full-time or part-time employees, directors, suppliers, customers, service providers for research, development and other technological support, advisors or consultants of the Group or its equity investments, shareholders or holders of any securities issued by the Group or its equity investments, or others who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The total number of shares which may be allotted and issued upon exercise of all share options (excluding, for this purposes, share options which have lapsed in accordance with the terms of the 2013 Share Option Scheme) to be granted under the 2013 Share Option Scheme shall not exceed 10% of the issued share capital of the Company (the "**Old Limit**"). The Company may seek approval by shareholders in general meeting to refresh the Old Limit or to grant share options beyond the Old Limit provided that the share options in excess of the Old Limit are granted only to participants specifically identified by the Company before such approval is sought, subject to the limitation that the maximum number of shares which may be allotted and issued upon exercise of all outstanding share options granted and yet to be exercised under the 2013 Share Option Scheme shall not exceed 30% of the issued share capital of the Company from time to time.

The total number of shares issued and which may fall to be issued upon exercise of the share options (including both exercised or outstanding options) under the 2013 Share Option Scheme to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of share options to a grantee under the 2013 Share Option Scheme would result in the shares issued and to be issued upon exercise of all share options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the 2013 Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued share capital of the Company, such further grant must be separately approved by shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(i) 2013 Share Option Scheme (Continued)

The offer for the grant of share options to any director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who or whose associate is the proposed grantee of the share options).

Where share options are proposed to be granted to a substantial shareholder or an independent non-executive director or any of their respective associates, and the proposed grant of share options would result in the shares issued and to be issued upon exercise of all share options already granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the grant of such options: (i) representing in aggregate over 0.1% of the issued share capital of the Company and (ii) having an aggregate value (based on the closing price of a share of the Company at each date of the grant of these share options) exceed HK$5 million, the proposed grant shall be subject to the approval of shareholders of the Company in general meeting. Similar approval is required for any changes in terms of share options granted to substantial shareholders or independent non-executive directors or any of their respective associates.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer. There is no minimum period of which the share option must be held before it can be exercised.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings. Each share option gives the holder the right to subscribe for one ordinary share in the Company.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(i) 2013 Share Option Scheme (Continued)

The options which remained unexercised after a period of three years from the date of grant were expired. Generally, options granted to directors and employees are forfeited in 6 months if the directors and employee leave the Group while options granted to consultants are forfeited immediately if the consultants leave the Group.

The following table sets out the movements of the Company's share options granted under the 2013 Share Option Scheme during the prior 15-month period:

					Number of share options		
Eligible person	**Date of grant**	**Exercisable period**	**Vesting date**	**Exercise price**	**Outstanding as at 1 January 2021**	**Lapsed during the 15-month period ended 31 March 2022**	**Outstanding as at 31 March 2022, 1 April 2022 and 31 March 2023**
				(HK$)		*(note (i))*	
Employees	9 May 2019	9 May 2019–8 May 2021	Immediately vested	0.416	8,700,000	(8,700,000)	—
Exercisable at the end of the period/year					8,700,000		—
Weighted average exercise price (HK$)					0.416	0.416	—

Notes:

(i) During the fifteen months ended 31 March 2022, the lapse of share options is due to the expiration of these share options.

(ii) During the year ended 31 March 2023, no share option is granted by the Company under the 2013 Share Option Scheme.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(i) 2013 Share Option Scheme (Continued)

Share options granted to employees were incentives to work towards growing the value of the Company's share. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

The 2013 Share Option Scheme had been terminated by the Company on 3 August 2022, being the date when the Company adopted a new share option scheme at the annual general meeting held on the same date by way of an ordinary resolution passed by the shareholders of the Company. Details of the new share option scheme are set out below.

(ii) 2022 Share Option Scheme

The Company adopted a share option scheme at the annual general meeting held on 3 August 2022 by way of an ordinary resolution (the "**2022 Share Option Scheme**") in order to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group; (ii) give incentives to such eligible participants for encouraging and retaining them in the continual involvement in the operation and development of the Group; and (iii) attract suitable personnel for the future development of the Group.

The total number of shares which may be issued upon exercise of share options to be granted under the 2022 Share Option Scheme or any other share option schemes or shares which may be subject to an award under any other share award plan adopted by the Company, shall not exceed 10% of the total number of the shares in issue on the adoption date of the 2022 Share Option Scheme. Options or awarded shares which have lapsed in accordance with the respective terms of their scheme shall not be counted in calculating the 10% limit.

The Company may refresh the 10% limit with shareholders' approval provided that each such limit (as refreshed) may not exceed the 10% of the total number of the shares in issue as at the date of the shareholders' approval. Share options previously granted under the 2022 Share Option Scheme and any other share option schemes adopted by the Company (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised share options) will not be counted for the purpose of calculating the limit to be refreshed.

The Company may seek separate approval by shareholders in general meeting of the Company for granting share options beyond the 10% limit provided that the share options in excess of the limit are granted only to eligible participants (in accordance with rule 17.03A of the Listing Rules) specifically identified by the Company before such approval is sought.

The total number of shares which may be issued upon exercise of all share options granted and yet to be exercised under the 2022 Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the total number of the Shares in issue from time to time. No share options may be granted under the 2022 Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

The total number of the shares issued and to be issued upon exercise of the share options granted (including those granted (whether or not cancelled) under the 2022 Share Option Scheme or any other share option schemes adopted by the Company) and to be granted to any eligible participants (including exercised and outstanding share options) in any 12-month period up to and including the date of grant to such eligible participants shall not exceed 1% of the issued shares from time to time. Any further grant of share options in excess of this 1% limit must be subject to separate shareholders' approval with those eligible participants and their close associates (or their associates if the eligible participants are connected persons) abstaining from voting.

The offer of a grant of share options may be accepted within 10 business days from the date of the offer, upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer. The grantee is required to hold a share option for a minimum period and/or achieve certain conditions and/or performance targets before the vesting and/or the exercise of a share option granted unless otherwise determined by the directors of the Company.

The exercise price of the share options is determinable by the directors of the Company, but shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings. Each share option gives the holder the right to subscribe for one ordinary share in the Company.

Unless otherwise determined by the directors of the Company or its delegate(s) at their absolute discretion, any outstanding share options not yet vested shall be immediately forfeited when the grantee fails to fulfil all required vesting conditions and/or performance targets by the stipulated vesting date, or when the grantee ceases to be an eligible participant. Save for the case of retirement, death or other events which the directors of the Company or its delegate(s) at their absolute discretion deem appropriate, vested but unexercised share options would remain exercisable for a six-month period, while any share options vested but not yet exercised shall no longer be exercisable from the date the optionholder ceased to be an eligible participant.

During the year ended 31 March 2023, 13,321,000 share options were granted to the directors and the employees of the Company and 1,283,220 share options lapsed due to the resignation of employees.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

The following table sets out the movements of the Company's share options granted under the 2022 Share Option Scheme during the current and prior years:

						Number of share options					
Eligible person	Date of grant	Exercisable period	Vesting date	Fair value per share option	Adjusted exercise price	Outstanding as at 1 January 2021, 31 March 2022 and 1 April 2022	Granted during the year	Adjusted for right issue	Reclassification	Lapsed during the year	Outstanding as at 31 March 2023
				HK$	HK$						
			(note (iv))		*(note (i))*			*(note (i))*	*(note (ii))*	*(note (iii))*	
Ms. Wu Siyuan (Executive director)	2 September 2022 *(note (v))*	2 September 2023–30 August 2024	2 September 2023	0.5912	1.1644153	–	504,500	18,006	–	–	522,506
		2 September 2024–1 September 2025	2 September 2024	0.7061	1.1644153	–	504,500	18,006	–	–	522,506
		2 September 2025–1 September 2026	2 September 2025	0.7639	1.1644153	–	504,500	18,006	–	–	522,506
		2 September 2026–1 September 2027	2 September 2026	0.8349	1.1644153	–	504,500	18,006	–	–	522,506
Mr. Shi Qiang (Executive director) *(note (ii))*	2 September 2022 *(note (v))*	2 September 2023–30 August 2024	2 September 2023	0.5912	1.1644153	–	–	–	578,433	–	578,433
		2 September 2024–1 September 2025	2 September 2024	0.7061	1.1644153	–	–	–	578,433	–	578,433
		2 September 2025–1 September 2026	2 September 2025	0.7639	1.1644153	–	–	–	578,433	–	578,433
		2 September 2026–1 September 2027	2 September 2026	0.8349	1.1644153	–	–	–	578,433	–	578,433
Ms. Liu Qian (Non-executive director)	2 September 2022 *(note (v))*	2 September 2023–30 August 2024	2 September 2023	0.5912	1.1644153	–	363,250	12,964	–	–	376,214
		2 September 2024–1 September 2025	2 September 2024	0.7061	1.1644153	–	363,250	12,964	–	–	376,214
		2 September 2025–1 September 2026	2 September 2025	0.7639	1.1644153	–	363,250	12,964	–	–	376,214
		2 September 2026–1 September 2027	2 September 2026	0.8349	1.1644153	–	363,250	12,964	–	–	376,214
Mr. Li Guanghua (Non-executive director)	2 September 2022 *(note (v))*	2 September 2023–30 August 2024	2 September 2023	0.5912	1.1644153	–	295,500	10,546	–	–	306,046
		2 September 2024–1 September 2025	2 September 2024	0.7061	1.1644153	–	295,500	10,546	–	–	306,046
		2 September 2025–1 September 2026	2 September 2025	0.7639	1.1644153	–	295,500	10,546	–	–	306,046
		2 September 2026–1 September 2027	2 September 2026	0.8349	1.1644153	–	295,500	10,546	–	–	306,046

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

						Number of share options					
Eligible person	Date of grant	Exercisable period	Vesting date	Fair value per share option	Adjusted exercise price	Outstanding as at 1 January 2021, 31 March 2022 and 1 April 2022	Granted during the year	Adjusted for right issue	Reclassification	Lapsed during the year	Outstanding as at 31 March 2023
				HK$	HK$						
			(note (iv))		*(note (i))*			*(note (i))*	*(note (ii))*	*(note (iii))*	
Mr. Li Shun (Non-executive director)	2 September 2022 *(note (v))*	2 September 2023–30 August 2024	2 September 2023	0.5912	1.1644153	–	168,250	6,005	–	–	174,255
		2 September 2024–1 September 2025	2 September 2024	0.7061	1.1644153	–	168,250	6,005	–	–	174,255
		2 September 2025–1 September 2026	2 September 2025	0.7639	1.1644153	–	168,250	6,005	–	–	174,255
		2 September 2026–1 September 2027	2 September 2026	0.8349	1.1644153	–	168,250	6,005	–	–	174,255
						–	5,326,000	190,084	2,313,732	–	7,829,816
Employees	2 September 2022 *(note (v))*	2 September 2023–30 August 2024	2 September 2023	0.5752	1.1644153	–	1,998,750	71,334	(578,433)	(320,805)	1,170,846
		2 September 2024–1 September 2025	2 September 2024	0.6950	1.1644153	–	1,998,750	71,334	(578,433)	(320,805)	1,170,846
		2 September 2025–1 September 2026	2 September 2025	0.7544	1.1644153	–	1,998,750	71,334	(578,433)	(320,805)	1,170,846
		2 September 2026–1 September 2027	2 September 2026	0.8264	1.1644153	–	1,998,750	71,335	(578,433)	(320,805)	1,170,847
						–	7,995,000	285,337	(2,313,732)	(1,283,220)	4,683,385
						–	13,321,000	475,421	–	(1,283,220)	12,513,201
Exercisable at the end of the period/year						–					–
Weighted average exercise price (HK$)						–	1.206			1.1644153	1.1644153

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

Notes:

(i) Upon the allotment and issuance of 189,907,953 new shares of the Company on 8 February 2023 as a result of the rights issue of the Company, the number of share options was adjusted from 13,321,000 to 13,796,421 and the corresponding exercise price was adjusted from HK$1.206 to HK$1.1644153 per share option.

(ii) Mr. Shi Qiang was an employee of the Group on the grant date (i.e. 2 September 2022), and was subsequently appointed as an executive director of the Company on 7 March 2023.

(iii) The lapse of the share options is due to resignation of employees.

(iv) The vesting of the share options is subject to the fulfilment of certain performance targets and vesting conditions as specified by the directors of the Company in the letters of grant issued to each of the grantees, which is set out as follows: (a) all optionholders have to remain to be a director or an employee of the Group; (b) optionholders have not materially breached any law or internal regulation of the Group on the date of vesting; (c) the Group should have achieved by the respective dates of vesting for the four tranches, respective revenue growth of not less than 60%, 400%, 600% and 1,000% as compare to the audited consolidated revenue of the Group for the fifteen months ended 31 March 2022; and (d) the respective optionholders will have to pass the annual corporate culture and value assessment and achieve a minimum individual appraisal score on their personal performance in carrying out their job duties and responsibilities.

(v) The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2022, being the date immediately before the date on which the share options were granted, was HK$1.08.

No share options were exercised or cancelled during the year ended 31 March 2023.

The weighted average remaining contractual life is 9.43 years (31 March 2022: N/A).

The fair value was calculated using the Black-Scholes pricing model with Binomial Tree method. The inputs into the model were as follows:

	Granted on 2 September 2022
Weighted average share price	HK$1.1
Exercise price (i.e. before completion of rights issue)	HK$1.206
Expected volatility	104.11%–111.16%
Expected life of share options	2 to 5 years
Risk-free rate	3.15%–3.28%
Expected dividend yield	0%

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(ii) 2022 Share Option Scheme (Continued)

During the year ended 31 March 2023, the Group recognised share-based payment expenses of approximately HK$2,236,000 (fifteen months ended 31 March 2022: N/A) for the 2022 Share Option Scheme in the consolidated statement of profit or loss.

The number of share options available for grant under the 2022 Share Option Scheme as at 3 August 2022, being the date of adoption of the 2022 Share Option Scheme, and 31 March 2023 was 29,308,372 and 16,795,171 respectively representing approximately 5.94% and 3.40% of the total issued shares of the Company as at the date of this report.

The total number of shares that may be issued in respect of share options granted under the 2022 Share Option Scheme of the Company during the year ended 31 March 2023 divided by the weighted average number of ordinary shares in issue for the year was 3.78%.

(iii) 2022 Share Award Plan

The Company adopted a share award plan pursuant to a directors' resolution on 29 April 2022 (the "**2022 Share Award Plan**") in order to (i) recognise the contributions made to the Group by the selected participants; (ii) retain and attract the current and future employees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) encourage and motivate the selected participants to achieve individual performance goals as well as the corporate objectives. The 2022 Share Award Plan will remain in force for a period of 10 years commencing on the date of its adoption (i.e. 29 April 2022).

The aggregated maximum number of shares underlying all awards made pursuant to the 2022 Share Award Plan (excluding awarded shares which have lapsed in accordance with the 2022 Share Award Plan) must not exceed 5% of the total issued shares of the Company as at the adoption date of the 2022 Share Award Plan (i.e. 14,654,186 shares).

The Company may refresh the 5% limit with shareholders' approval provided that the total number of shares which may be subject to an award or awards under the 2022 Share Award Plan and any other share option scheme or share award plan of the Group may not exceed the 10% of the total number of the shares in issue as at the date of the shareholders' approval of the refreshed limit.

The Company may seek separate approval by shareholders in general meeting of the Company for granting awards under the 2022 Share Award Plan beyond the 5% limit or, if applicable, the refreshed limit provided that the awards in excess of the limit are granted only to eligible participants specifically identified by the Company before such approval is sought.

The maximum number of shares which may be subject to an award or awards to a selected participant in any 12-month period shall not in aggregate exceed 1% of the issued share capital of the Company for the time being.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

The consideration payable by the selected participants for each awarded share upon acceptance of an award shall be a percentage of the closing price on the date of the grant of the award and such percentage shall be determined by the directors of the Company or its delegate(s) in its sole discretion.

For any awarded shares that have not yet been vested, neither the selected participant nor the trustee may exercise any voting rights in respect of such awarded shares. For other shares held by the trustee which have not been granted to any selected participants, the directors of the Company or its delegate(s) will not give any instruction to the trustee so that no votes will be cast for those ungranted shares and the trustee shall also abstain from voting with respect to such shares.

The award shares will be allotted and issued to a trustee who will hold the award shares in trust in accordance with the trust deed for the selected participants.

On 2 September 2022, the directors of the Company resolved to grant, subject to acceptance of the grantees, approval by the shareholders (and the independent shareholders, where applicable) and other conditions, a total of not more than 10,769,000 awarded shares to 44 grantees (among which 39 grantees were third parties independent of the Group and connected person of the Group, and 5 grantees were connected person of the Company, being directors of the Company or the director and chief executive of several subsidiaries of the Company) pursuant to the 2022 Share Award Plan. The approvals by the shareholders and the independent shareholders were obtained in the special general meeting held on 25 October 2022. The Company issued 10,769,000 ordinary shares of the Company to the trustee pursuant to the 2022 Share Award Plan. The grantees upon acceptance of the grant of awarded shares are required to pay the grant price of HK$0.46 per awarded share to the Company, representing, (i) a discount of approximately 58.18% to the closing price of the shares on the date of grant of HK$1.100; and (ii) a discount of approximately 61.86% to the average closing price of the shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of grant of HK$1.206. The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2022, being the date immediately before the date on which the awarded shares were granted, was HK$1.08. For further details of the grant, please refer to the circular of the Company dated 6 October 2022.

During the year ended 31 March 2023, 9,431,000 awarded shares to 29 grantees were granted and accepted by the relevant grantees, among which 351,000 awarded shares lapsed upon resignation of employees in accordance with the terms and conditions set out above. In addition, a trustee of the Company purchased 1,440,000 shares of the Company in the open market pursuant to the 2022 Share Award Plan during the year ended 31 March 2023.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

The awarded shares being granted with respect to a selected participant on 2 September 2022 will vest in four tranches as follows: (i) 25% shall be vested immediately following the first anniversary of the date of grant; (ii) 25% shall be vested immediately following the second anniversary of the date of grant; (iii) 25% shall be vested immediately following the third anniversary of the date of grant; and (iv) the remaining 25% shall be vested immediately following the fourth anniversary of the date of grant.

The vesting of the awarded shares is subject to the fulfilment of certain performance targets and/or vesting conditions as specified by the directors of the Company in the letters of grant issued to each of the share award grantees. Unless otherwise determined by the directors of the Company or its delegate(s) at their absolute discretion, if the performance targets and/or vesting conditions are not fulfilled before vesting, the awarded shares granted will lapse and be returned to the trust administering the 2022 Share Award Plan in accordance with the rules of the 2022 Share Award Plan. The grant price paid will be refunded to the relevant share award grantees.

As at 29 April 2022, being the date of adoption of the 2022 Share Award Plan and as at 31 March 2023, the total number of award shares available for grant under the 2022 Share Award Plan is 14,654,186 and 5,574,186, respectively (31 March 2022: N/A) representing approximately 2.97% and 1.13% of the total issued shares of the Company as at the date of this report, and the remaining life of the 2022 Share Award Plan is approximately 9.08 years (31 March 2022: N/A).

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

The following table sets out the movements of the Company's awarded shares granted under the 2022 Share Award Plan during the current year:

			Number of awarded shares				
Eligible person	Date of grant	Vesting date	At 1 January 2021, 31 March 2022 and 1 April 2022	Granted during the year	Reclassification	Lapsed during the year	At 31 March 2023
		(note (iii))				*(note (ii))*	
Ms. Wu Siyuan *(Executive director)*	2 September 2022	2 September 2023	—	314,500	—	—	314,500
		2 September 2024	—	314,500	—	—	314,500
		2 September 2025	—	314,500	—	—	314,500
		2 September 2026	—	314,500	—	—	314,500
Mr. Shi Qiang *(Executive director)* *(note (i))*	2 September 2022	2 September 2023	—	—	314,500	—	314,500
		2 September 2024	—	—	314,500	—	314,500
		2 September 2025	—	—	314,500	—	314,500
		2 September 2026	—	—	314,500	—	314,500
Ms. Liu Qian *(Non-executive director)*	2 September 2022	2 September 2023	—	679,250	—	—	679,250
		2 September 2024	—	679,250	—	—	679,250
		2 September 2025	—	679,250	—	—	679,250
		2 September 2026	—	679,250	—	—	679,250
Mr. Li Guanghua *(Non-executive director)*	2 September 2022	2 September 2023	—	76,500	—	—	76,500
		2 September 2024	—	76,500	—	—	76,500
		2 September 2025	—	76,500	—	—	76,500
		2 September 2026	—	76,500	—	—	76,500

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

			Number of awarded shares				
Eligible person	Date of grant	Vesting date	At 1 January 2021, 31 March 2022 and 1 April 2022	Granted during the year	Reclassification	Lapsed during the year	At 31 March 2023
		(note (iii))				*(note (ii))*	
Mr. Li Shun *(Non-executive director)*	2 September 2022	2 September 2023	–	314,500	–	–	314,500
		2 September 2024	–	314,500	–	–	314,500
		2 September 2025	–	314,500	–	–	314,500
		2 September 2026	–	314,500	–	–	314,500
			–	5,539,000	1,258,000	–	6,797,000
Employees	2 September 2022	2 September 2023	–	973,000	(314,500)	(87,750)	570,750
		2 September 2024	–	973,000	(314,500)	(87,750)	570,750
		2 September 2025	–	973,000	(314,500)	(87,750)	570,750
		2 September 2026	–	973,000	(314,500)	(87,750)	570,750
			–	3,892,000	(1,258,000)	(351,000)	2,283,000
			–	9,431,000	–	(351,000)	9,080,000

Notes:

(i) Mr. Shi Qiang was an employee of the Group on the grant date (i.e. 2 September 2022), and was subsequently appointed as an executive director of the Company on 7 March 2023.

(ii) The lapse of the awarded shares is due to resignation of employees.

(iii) The vesting of the awarded shares is subject to the fulfilment of certain performance targets and vesting conditions as specified by the directors of the Company in the letters of grant issued to each of the grantees, which is set out as follows: (a) all awarded share holders have to remain to be a director or an employee of the Group; (b) awarded share holders have not materially breached any law or internal regulation of the Group on the date of vesting; (c) the Group should have achieved by the respective dates of vesting for the four tranches, respective revenue growth of not less than 60%, 400%, 600% and 1,000% as compare to the audited consolidated revenue of the Group for the fifteen months ended 31 March 2022; and (d) the respective awarded share holders will have to pass the annual corporate culture and value assessment and achieve a minimum individual appraisal score on their personal performance in carrying out their job duties and responsibilities.

29. EQUITY-SETTLED SHARE OPTION SCHEME AND SHARE AWARD PLAN (Continued)

(iii) 2022 Share Award Plan (Continued)

Movements in the number of awarded shares outstanding and held by a trustee are as follows:

	Held by a trustee of the Company		
	Number of awarded shares granted	**Number of awarded shares not yet granted**	**Total**
	'000	'000	'000
Balance at 1 January 2021, 31 March 2022 and 1 April 2022	—	—	—
Shares issued to a trustee under the 2022 Share Award Plan	—	10,769	10,769
Purchased during the year *(Note 28(b)(viii))*	—	1,440	1,440
Granted to eligible grantees	9,431	(9,431)	—
Lapsed during the year	(351)	351	—
Balance at 31 March 2023	9,080	3,129	12,209

Details of the Company's shares purchased by a trustee of the Company under the 2022 Share Award Plan are disclosed in note 28(b)(viii) to the consolidated financial statements.

The fair value of each awarded share granted by the Company was calculated based on the market price of the Company's share at the grant date.

During the year ended 31 March 2023, the Group recognised share-based payment expenses of approximately HK$1,715,000 (fifteen months ended 31 March 2022: N/A) for the 2022 Share Award Plan in the consolidated statement of profit or loss.

The total number of shares that may be issued in respect of award shares granted under the 2022 Share Award Plan of the Company during the year ended 31 March 2023 divided by the weighted average number of ordinary shares in issue for the year was 2.75%.

30. BANK AND OTHER BORROWINGS

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Secured floating rate bank borrowing	**—**	25,897
Secured fixed rate other borrowings	**113,801**	—
	113,801	25,897

The bank and other borrowings are repayable as follows:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Within one year	**113,801**	4,933
More than one year, but not exceeding two years	**—**	4,933
More than two years, but not exceeding five years	**—**	14,799
More than five years	**—**	1,232
	113,801	25,897
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(113,801)**	(4,933)
Amount due for settlement after 12 months	**—**	20,964

The carrying amounts of the Group's bank and other borrowings are denominated in RMB.

All of the bank and other borrowings are carried at amortised cost.

Up to the date of this report, the Group repaid the other borrowings amounted to approximately HK$113,801,000 in full.

30. BANK AND OTHER BORROWINGS (Continued)

The effective interest rates of bank and other borrowings were as follows:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
Bank borrowing	**5.39%**	5.39%
Other borrowings	**14.40%**	N/A

Bank borrowing is arranged at floating interest rate at 5-year Loan Prime Rate plus 74 basis points announced by the Central Bank of the PRC and exposes the Group to cash flow interest rate risk.

Other borrowings carried at a fixed rate of 14.40% per annum and exposes the Group to fair value interest risk.

The following assets and their respective carrying values as at the end of the reporting period are pledged to secure the Group's other borrowings (31 March 2022: bank borrowing):

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Investment properties *(Note 19)*	**267,130**	294,488
Property, plant and equipment *(Note 18)*	**1,786**	2,108
Right-of-use assets *(Note 20)*	**8,344**	9,292
Trade receivables *(Note 23)*	**24,781**	2,143
Restricted bank deposits *(Note 25)*	**—**	1,592
	302,041	309,623

Apart from the above pledged assets, the Group's rental income from the pledged investment properties was also pledged as a security of the aforementioned bank borrowing as at 31 March 2022. The bank borrowing was fully repaid by the Group during the year ended 31 March 2023.

31. DEFERRED INCOME

Deferred income represented government subsidies received for the capital investments of the Group. There is no unfulfilled condition relating to those grants and such grants are deferred and released to profit or loss in accordance with the useful lives of the related assets.

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
At 1 April 2022/1 January 2021	**3,808**	4,139
Credit to profit or loss for the year/period *(Note 9)*	**(285)**	(485)
Exchange differences	**(294)**	154
At 31 March 2023/31 March 2022	**3,229**	3,808

32. LEASE LIABILITIES

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Within one year	**1,262**	1,008
In the second to fifth years, inclusive	**261**	36
	1,523	1,044
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,262)**	(1,008)
Amount due for settlement after 12 months	**261**	36

All lease liabilities are denominated in either Hong Kong dollars or RMB.

The weighted average incremental borrowing rate applied to lease liabilities is 5.0% (31 March 2022: 6.2%) per annum.

As at 31 March 2023, the Group leased an office premise from a related company with the lease liabilities amounting to approximately HK$292,000 (31 March 2022: Nil) (see Note 41(a)).

33. DEFERRED TAX LIABILITIES

The followings are the deferred tax liabilities recognised by the Group.

	Revaluation of investment properties
	HK$'000
At 1 January 2021	(47,041)
Credited to profit or loss for the year *(Note 12)*	7,476
Exchange differences	(1,716)
At 31 March 2022 and 1 April 2022	(41,281)
Credited to profit or loss for the period *(Note 12)*	4,373
Exchange differences	3,187
At 31 March 2023	(33,721)

At the end of the reporting period, the Group has unused tax losses of approximately HK$202,755,000 (31 March 2022: HK$187,815,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams in accordance with the accounting policy set out in note 2(u) to the consolidated financial statements. As at 31 March 2023, the Group had unused tax losses of approximately HK$143,635,000 (31 March 2022: HK$124,548,000) that will expire by 2027 (31 March 2022: 2026). Other tax losses may be carried forward indefinitely. The unused tax losses of the Group have not yet been agreed by respective tax authorities.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK$9,598,000 (31 March 2022: HK$3,149,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

34. TRADE AND OTHER PAYABLES

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Trade and other payables (current portion)		
Trade payables	29,299	4,632
Other payables (current portion):		
— Accruals	14,621	8,136
— Security deposits under provision of procurement services business	485	2,239
— Security deposits for issuance of convertible bond *(note (iv))*	—	4,933
— Receipt in advance	4,177	1,826
— Other payables *(note (i))*	18,362	14,049
— Amounts due to an ex-substantial shareholder and its subsidiaries *(note (ii))*	2,659	2,881
— Payables for acquisition of intangible assets	1,935	2,096
	71,538	40,792
Other payable (non-current portion):		
— Receipt in advance *(note (iii))*	—	22,500

34. TRADE AND OTHER PAYABLES (Continued)

Notes:

(i) Included unsecured interest-free advances of approximately HK$1,081,000 (31 March 2022: HK$1,172,000) from an independent third party.

(ii) The amounts are unsecured, interest-free and repayable on demand.

(iii) As at 31 March 2022, the Group received a sum of HK$22,500,000 from one of the convertible bonds placees (namely Sea Best Group Limited or referred to as "**Placee A**") which is independent of the Group. Pursuant to the agreement entered into by the Company and Placee A, the aforesaid sum shall be used as the consideration for the issuance of convertible bonds to Placee A with a principal amount of HK$22,500,000 which shall be due in 2029. The Company issued the convertible bonds to Placee A subsequently on 19 April 2022 and the receipt in advance of HK$22,500,000 was transferred as the liability and derivative components of convertible bonds upon issuance of convertible bonds.

(iv) As at 31 March 2022, the Group received a sum of RMB4,000,000 (equivalent to approximately HK$4,933,000) from one of the convertible bonds placees (namely Mr. WU Feng or referred to as "**Placee B**") who is independent of the Group. The aforesaid sum is security deposit for the issuance of convertible bonds and shall be refunded to Placee B when proceeds of convertible bonds is received from Placee B. Prior to the issuance of convertible bonds, the Company and the Placee B agreed that the security deposit shall be treated as the proceed of convertible bonds. Accordingly, convertible bonds to Placee B subsequently on 19 April 2022.

Included in trade and other payables are trade payables of HK$29,299,000 (31 March 2022: HK$4,632,000) and an aging analysis based on the invoice date at the end of the reporting period, is as follows:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
0 to 90 days	**27,006**	3,145
91 to 180 days	**1,687**	186
181 to 365 days	**423**	918
Over 365 days	**183**	383
	29,299	4,632

The carrying amounts of the Group's trade payables are denominated in RMB. All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

35. CONTRACT ASSETS AND CONTRACT LIABILITIES

(i) Contract assets

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Arising from:		
— Energy management contracting business	**3,474**	—
— Procurement of goods for EPC services	**139**	—
— Performance under other IT services	**2,771**	831
	6,384	831

All the contract assets are expected to be recovered within one year.

Included in contract assets were amounts due from related companies of approximately HK$798,000 (31 March 2022: Nil). Those related companies are controlled by close family members of Ms. Liu Luoxiu. Details of the transactions and relationship are disclosed in Note 41(a) to the consolidated financial statements.

(ii) Contract liabilities

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Billings in advance of performance obligation		
— Provision of corporate IT solution services	**3,230**	3,654
— Energy management contracting business	**—**	2,185
	3,230	5,839

Contract liabilities are expected to be settled within the Group's normal operating cycle and are classified as current liabilities.

Contract liabilities relating to service contracts are balances due to customers under service contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method, and such amount will be recognised as revenue when the relevant revenue recognition criteria are met.

There was no revenue recognised during the year that related to performance obligations that were satisfied in prior years/period.

35. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(ii) Contract liabilities (Continued)

Movements in contract liabilities in respect of provision of other IT services:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Balance at 1 April 2022/1 January 2021	**3,654**	3,787
Increase in contract liabilities as a result of advance received from customers during the year/period	**2,579**	2,350
Decrease in contract liabilities as a result of recognising revenue that was included in the contract liabilities at the beginning of the year/period	**(2,721)**	(2,627)
Exchange differences	**(282)**	144
Balance at 31 March 2023/31 March 2022	**3,230**	3,654

Movements in contract liabilities in respect of energy management contracting business:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Balance at 1 April 2022/1 January 2021	**2,185**	—
Increase in contract liabilities as a result of advance received from customers during the year/period	**1,076**	2,147
Decrease in contract liabilities as a result of recognising revenue that was included in the contract liabilities at the beginning of the year/period	**(3,093)**	—
Exchange differences	**(168)**	38
Balance at 31 March 2023/31 March 2022	**—**	2,185

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds

CB 2029

On 19 April 2022, the Company had successfully placed convertible bonds to Placee A and Placee B, who are independent of the Group, in an aggregate principal amount of HK$27,500,000 with a term of 7 years (together referred to as "**CB 2029**"). CB 2029 carry coupon interest at a rate of 5% per annum which is payable on the last business day before each of the anniversary of the issue date and thereafter and on the maturity date (the "**Maturity Date**") (i.e. the date falling on the expiry of seven years from the date of issue of the CB 2029, provided that if such date is not a business day, the business day immediately after such date). Backgrounds of Placee A and Placee B are further set out in the announcement of the Company dated 19 April 2022.

CB 2029 are denominated in Hong Kong dollars which entitle Placee A and Placee B to convert them into ordinary shares of the Company at any time commencing on the issue date of convertible bonds and up to 4:00 p.m. on the five business days immediately before the Maturity Date, at a conversion price of HK$1.50 per conversion share (subject to anti-dilutive adjustments).

Placee A and Placee B have the right to convert the whole or any part (in the minimum amount of or in multiple of HK$1,000,000) of the outstanding principal amount of convertible bonds into such number of ordinary shares of the Company as will be determined by dividing the principal amount of convertible bonds to be converted by the conversion price in effect on the date of conversion. In addition, the Company has the right to redeem the whole outstanding principal amount of CB 2029 by giving not less than 30 nor more than 60 days' notice (the "**Early Redemption Notice**") to Placee A and Placee B, on the date specified in the Early Redemption Notice at 100% of the outstanding principal amount held by Placee A and Placee B together with interest accrued but unpaid to such date (if any).

The fair value of CB 2029 upon issuance is determined using valuation model which involved unobservable inputs. The day-one gain of approximately HK$685,000, which represented the difference between the nominal value and the fair value of CB 2029 at the issue date, is not recognised in the consolidated statement of profit or loss immediately but is deferred.

Upon issuance of CB 2029, amounts of approximately HK$22,419,000, HK$16,267,000 and HK$11,871,000 were recognised as liability component, derivative component embedded in CB 2029 (liability) and derivative component embedded in CB 2029 (asset), respectively. The day-1 gain of approximately HK$685,000 is included in the liability component of convertible bonds and will be amortised over the term of CB 2029.

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) Convertible bonds (Continued)

CB 2029 (Continued)

During the period from 19 April 2022 (issue date) to 31 March 2023, no convertible bonds were converted by Placee A and Placee B, and the Company did not redeem any part of CB 2029.

As at 31 March 2023, the outstanding principal of CB 2029 were HK$27,500,000.

The inputs used in the binomial option pricing model adopted by the independent professional valuer in determining the derivative components of CB 2029 as follows:

	CB 2029	
	At 31 March 2023	At 19 April 2022 (issue date)
Share price	**HK$1.16**	HK$1.29
Dividend yield	**0%**	0%
Expected volatility	**100.62%**	101.01%
Risk-free rate	**3.06%**	2.72%

The movements of the liability components of convertible bonds are set out below:

	Liability component	**Deferred day-1 gain**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2021, 31 March 2022 and 1 April 2022	—	—	—
Fair value of liability component as at the issue date	22,419	685	23,104
Transaction costs	(983)	—	(983)
Effective interest on convertible bonds	1,918	—	1,918
Amortisation of deferred day-1 gain	—	(98)	(98)
Coupon interest accrued and included in other payables	(1,306)	—	(1,306)
At 31 March 2023	22,048	587	22,635

The effective interest rate of the liability components of CB 2029 is 9.5%.

36. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(b) Derivative components of convertible bonds

The movements of the derivative components of convertible bonds are set out below:

	Assets – CB 2029	**Liabilities – CB 2029**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2021, 31 March 2022 and 1 April 2022	—	—	—
Fair value of derivative components as at the issue date	(11,871)	16,267	4,396
Change in fair value	1,967	(1,597)	370
At 31 March 2023	(9,904)	14,670	4,766

The loss on change in fair value of derivative embedded in of the convertible bonds for the year ended 31 March 2023 of approximately HK$370,000 (fifteen months ended 31 March 2022: N/A) and amortisation of day one gain of approximately HK$98,000 (fifteen months ended 31 March 2022: N/A) were recognised in the consolidated statement of profit or loss, of which fair value loss of approximately HK$370,000 (fifteen months ended 31 March 2022: N/A) was related to derivative components of convertible bonds at 31 March 2023. The related interest expense of the liability component of the convertible bonds for the year ended 31 March 2023 amounted to approximately HK$1,918,000 (fifteen months ended 31 March 2022: N/A), which was calculated using the effective interest method.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including 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.

	Bank and other borrowings	Lease liabilities	Convertible bonds	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	30,851	3,885	—	34,736
Financing cash flows:				
— Principal elements of lease payments	—	(3,024)	—	(3,024)
— Interest paid	(1,982)	—	—	(1,982)
— Repayment of bank and other borrowings	(6,060)	—	—	(6,060)
Total change from financing cash flows	(8,042)	(3,024)	—	(11,066)
Interest elements of lease payments	—	(164)	—	(164)
Interest expenses	1,982	164	—	2,146
Additional of lease liabilities	—	101	—	101
Exchange differences	1,106	82	—	1,188
At 31 March 2022	25,897	1,044	—	26,941
At 1 April 2022	25,897	1,044	—	26,941
Financing cash flows:				
— Principal elements of lease payments	—	(1,564)	—	(1,564)
— Interest paid	(1,690)	—	—	(1,690)
— New bank and other borrowings raised	113,801	—	—	113,801
— Transaction costs in relation to the issuance of convertible bonds	—	—	(983)	(983)
— Repayment of bank and other borrowings	(23,898)	—	—	(23,898)
Total change from financing cash flows	88,213	(1,564)	(983)	85,666

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

	Bank and other borrowings	Lease liabilities	Convertible bonds	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Change in fair value of derivatives embedded in convertible bonds	—	—	370	370
Amortisation of deferred day-1 gain	—	—	(98)	(98)
Interest elements of lease payments	—	(63)	—	(63)
Interest expenses	1,690	63	1,918	3,671
Additional of lease liabilities	—	2,121	—	2,121
Transfer from receipt in advance from a placee of convertible bond	—	—	22,500	22,500
Transfer from security deposit received from a placee of convertible bond	—	—	5,000	5,000
Coupon interest accrued and included in other payables	—	—	(1,306)	(1,306)
Exchange differences	(1,999)	(78)	—	(2,077)
At 31 March 2023	113,801	1,523	27,401	142,725

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprises the followings:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Within operating cash flows	**296**	689
Within financing cash flows	**1,564**	3,024
	1,860	3,713

These amounts relate to the following:

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Lease rental paid	**1,860**	3,713

38. LITIGATIONS AND CONTINGENT LIABILITIES

In previous years, Guocai South China Metal Exchange Service Limited (the "**Plaintiff**") filed a claim in Beijing Dongcheng District People's Court ("**Beijing Dongcheng District Court**") against Gongcai Network Technology Limited ("**Gongcai Network**"), a wholly-owned subsidiary of the Company, on the refund of RMB13,500,000 (equivalent to approximately HK$15,363,000) from Gongcai Network, which was paid by the Plaintiff on 3 January 2013 together with accrued interests for the period from 4 January 2014 to 4 September 2019 of RMB7,506,000 (equivalent to approximately HK$8,542,000) (collectively the "**Claimed Amounts**") because of non-performance of the services contracts and supplemental contracts entered into between the Plaintiff, Gongcai Network and other parties in 2012, and the claim from the Plaintiff was rejected.

On 12 January 2021, the Plaintiff filed an appeal to No. 2 Intermediate People's Court of Beijing Municipality ("**No. 2 Intermediate Court**") on the Claimed Amounts. Based on the judgement made by No. 2 Intermediate Court on 30 June 2021, the claims from the Plaintiff was rejected, and the judgement was finalised.

On 22 October 2021, the Plaintiff filed a retrial application with the Higher People's Court of Beijing Municipality ("**Higher People's Court**") for the final judgment. On 11 February 2022, the Higher People's Court made the final judgement and rejected the retrial application from the Plaintiff.

On 6 September 2022, the Plaintiff filed a procuratorate application to No. 2 People's Procuratorate of Beijing Municipality. On 29 December 2022, No. 2 People's Procuratorate of Beijing Municipality rejected the procuratorate application from the Plaintiff. Therefore, the Group did not have any contingent liabilities at the end of the reporting period.

39. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Acquisition of intangible assets	**7,686**	8,329

40. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from ten months to three years and rentals are fixed over the lease terms and do not include contingent rentals.

The Group regularly entered into short-term leases for the staff quarters and office premises. As at 31 March 2023 and 31 March 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 20.

In addition to the portfolio of short-term leases for staff quarters and office premises which are regularly entered into by the Group during the years ended 31 March 2023 and the fifteen months ended 31 March 2022, the Group entered into several short-term leases for staff quarters and office premises. As at 31 March 2023, the outstanding lease commitments relating to these staff quarters and office premises are HK$75,000 (31 March 2022: HK$79,000).

The Group as lessor

Property rental income earned during the year ended 31 March 2023 was approximately HK$17,032,000 (fifteen months ended 31 March 2022: HK$24,654,000). All of the Group's investment properties are held for rental purposes. Generally, leases are negotiated for terms ranging from one to six years (31 March 2022: one to five years). The lessees do not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	As at 31 March 2023	As at 31 March 2022
	HK$'000	HK$'000
Within one year	**11,667**	11,313
After one year but within two years	**10,303**	9,199
After two years but within three years	**5,166**	7,384
After three years but within four years	**2,434**	3,174
After four years but within five years	**2,308**	136
After five years	**1,434**	—
Total	**33,312**	31,206

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed in note 43 to the consolidated financial statements, the Group entered into the following material related party transactions during the year ended 31 March 2023 and the fifteen months ended 31 March 2022:

Relationship	Nature of transaction	**Year ended 31 March 2023**	Fifteen months ended 31 March 2022
		HK$'000	HK$'000
Companies which are controlled by close family members of Ms. Liu Luoxiu[1]	Payment of principal element of lease liabilities	**236**	—
	Payment of interest element of lease liabilities	**17**	—
	Provision of energy management contracting services	**82**	—
	Provision of other IT services	**2,013**	—

1 Ms. Liu Luoxiu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 45.63% of the Company's issued ordinary shares as at 31 March 2023.

(b) Related party balances

Save as disclosed elsewhere in the consolidated financial statements, the Group does not have other outstanding balances with related parties at 31 March 2023 and 2022.

(c) Compensation of key management personnel

Directors of the Company are key management personnel of the Group whose remuneration is disclosed in Note 15 to the consolidated financial statements.

42. PRINCIPAL SUBSIDIARIES

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

Name	Place of incorporation/ establishment and operation	Particulars of issued share capital/registered capital	Proportion of ownership interest: The Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the Company's subsidiaries	Principal activities
Directly held:						
Guocai Financial Information Consultancy Limited*,# 國採金融信息諮詢有限公司	The PRC	Registered/contributed capital RMB100,000,000/ RMB19,999,000	100%	100%	—	Inactive
Indirectly held:						
Gongcai Network*,# 公採網絡科技有限公司	The PRC	Registered/contributed capital US$55,000,000/ US$50,153,407	100%	—	100%	Provision of rental income, corporate IT solution services, trading of goods and investment holding
Guocai Jinggang Investment Limited*,# 國採京港投資有限公司	The PRC	Registered/contributed capital RMB50,000,000/RMB Nil	90%	—	100%	Inactive
Guocai (Beijing) Technology Limited*,# ("**Guocai (Beijing)**") 國採(北京)技術有限公司	The PRC	Registered and contributed capital RMB60,000,000	90%	—	90%	Provision of procurement and corporate IT solution services and investment holding
Guocai (Hubei) Technology Limited*,# 國採(湖北)技術有限公司	The PRC	Registered and contributed capital RMB10,000,000	100%	—	100%	Provision of procurement and corporate IT solution services
Guocai (Qinghai) Tendering Limited*,^ 國採(青海)招標有限公司	The PRC	Registered and contributed capital RMB2,000,000	93%	—	100%	Provision of procurement services
Guocai (Shenzhen) Information Technology Limited*,# 國採(深圳)信息技術有限公司	The PRC	Registered and contributed capital RMB4,000,000	60%	—	60%	Provision of corporate IT solution services
Public Procurement Limited	Hong Kong	Ordinary share capital HK$34,000,000	100%	—	100%	Investment holding
Shanghai Chenghua Ruian Energy Group Co., Ltd.*,# 上海承華睿安能源集團有限公司	The PRC	Registered/contributed capital RMB50,000,000/ RMB1,009,079	100%	—	100%	Provision of energy management contracting services

42. PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2023 are as follows: (Continued)

Name	Place of incorporation/ establishment and operation	Particulars of issued share capital/registered capital	Proportion of ownership interest: The Group's effective interest	Held by the Company	Held by the Company's subsidiaries	Principal activities
Indirectly held: (Continued)						
Jiangsu Chengguang New Energy Limited*, ^ 江蘇承光新能源有限公司	The PRC	Registered capital RMB10,000,000	100%	—	100%	Provision of energy management contracting services
Zhejiang Chenghui Industrial Holdings Group Limited*, ^ 浙江承輝實業控股集團有限公司	The PRC	Registered/contributed capital US$50,000,000/ RMB82,248,542	100%	—	100%	Provision of energy management contracting services
Hangzhou Zhongcai Shuzhihua Technology Limited*, ^ 杭州中採數智化科技有限公司	The PRC	Registered/contributed capital RMB10,000,000/ RMB5,270,000	100%	—	100%	Provision of corporate IT solution services
Hangzhou Chenghui Electrical Technology Limited*, ^ 杭州承輝電力科技有限公司	The PRC	Registered/contributed capital RMB10,000,000/ RMB2,050,000	100%	—	100%	Provision of EPC services
Hangzhou Chenghui Construction Technology Limited*, ^ 杭州承輝工程技術有限公司	The PRC	Registered/contributed capital RMB500,000,000/ RMB99,116,800	100%	—	100%	Provision of EPC services
Mingshui Zhanjing Photovoltaic Technology Limited*, ^ 明水縣展晶光伏科技有限責任公司	The PRC	Registered/contributed capital RMB10,000,000/RMB1,500	100%	—	100%	Provision of energy management contracting services
Shanghai Chengguang Zhongcai Electrical Development Limited*,^ 上海承光中採電力發展有限公司	The PRC	Registered/contributed capital RMB10,000,000/ RMB5,000,000	100%	—	100%	Provision of energy management contracting services

* For identification purposes only.

Foreign investment enterprise.

^ Domestic invested enterprise.

42. PRINCIPAL SUBSIDIARIES (Continued)

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. None of the subsidiaries has issued any debt securities.

The following table shows information of a subsidiary that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company elimination.

	Guocai (Beijing)	
	As at 31 March 2023	As at 31 March 2022
Principal place of business/country of registration	PRC/PRC	PRC/PRC
% of ownership interests/voting rights held by NCI	10%	10%
	HK$'000	HK$'000
Non-current assets	**19,762**	21,019
Current assets	**12,681**	11,258
Non-current liabilities	**—**	—
Current liabilities	**(87,775)**	(88,430)
Net liabilities	**(55,332)**	(56,153)
Accumulated NCI	**(12,078)**	(12,101)

	Year ended 31 March 2023	Fifteen months ended 31 March 2022
	HK$'000	HK$'000
Revenue	**5,638**	6,125
(Loss)/profit	**(3,514)**	76,733
Other comprehensive income/(expense)	**4,335**	(3,724)
Total comprehensive income	**821**	73,009
(Loss)/profit allocated to NCI	**(351)**	7,673
Total comprehensive income allocated to NCI	**82**	7,301
Net cash used in operating activities	**(1,336)**	(4,021)
Net cash used in investing activities	**(895)**	—
Net cash used in financing activities	**(428)**	(546)

43. ACQUISITION OF A SUBSIDIARY

On 31 January 2022, the Group acquired 100% equity interest in 北京碳諾科技有限公司 (Beijing Tan Nuo Technology Limited*) ("**Beijing Tan Nuo**") from a related company, in which a close family member of a person having significant influence over the Company has control, at a consideration of approximately RMB975,000 (or equivalent to approximately HK$1,194,000). Beijing Tan Nuo was inactive at the date of acquisition. The acquisition has been accounted for as acquisition of business using the acquisition method.

Further details of the acquisition, including the consideration transferred, assets acquired and liabilities recognised, goodwill arising on acquisition and net cash outflow on acquisition are set out below.

	HK$'000
Consideration transferred:	
Cash	1,194
Assets acquired and liabilities recognised at the date of acquisition:	
Plant and equipment	2
Other receivables	34
Bank and cash balances	1,161
Other payables	(3)
	1,194
Goodwill arising on acquisition:	
Consideration transferred	1,194
Less: recognised amounts of net assets acquired	(1,194)
Goodwill arising on acquisition	—
Net cash outflow on acquisition:	
Cash consideration paid	1,194
Less: cash and cash equivalents balances acquired	(1,161)
	33

* *For identification purpose only*

Impact of acquisition on the result of the Group

For the fifteen months ended 31 March 2022, the revenue and loss and total comprehensive expense for the period of Beijing Tan Nuo were approximately HK$Nil and HK$659,000 respectively. Had the acquisition been completed on 1 January 2021, revenue for the fifteen months ended 31 March 2022 of the Group would have been approximately HK$140,256,000 and loss for the period would have been approximately HK$34,707,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and loss of the Group had Beijing Tan Nuo been acquired at the beginning of the current period, the directors of the Company calculated depreciation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

44. DISPOSAL OF A SUBSIDIARY

On 31 August 2021, the Group disposed of its entire 99% equity interest in 山西中採網絡技術有限公司 (Shanxi Zhongcai Network Technology Limited*) ("**Shanxi Zhongcai**") to the legal representative of Shanxi Zhongcai at a consideration of RMB1 (or equivalent to approximately HK$1). Shanxi Zhongcai was inactive during the fifteen months ended 31 March 2022. The aggregate amounts of assets and liabilities attributable to Shanxi Zhongcai on the date of disposal were as follows:

	HK$'000
Net liabilities disposed of:	
Bank and cash balances	10
Other payables	(37)
	(27)
Gain on disposal of a subsidiary:	
Consideration received#	—
Net liabilities disposed of	27
	27
Net cash outflows arising on disposal:	
Cash consideration received	—
Less: Bank and cash balances disposed of	(10)
	(10)

* *For identification purpose only*

\# *Less than HK$1,000*

The subsidiary disposed of during the fifteen months ended 31 March 2022 did not contribute significantly to the results and cash flows of the Group during the period prior to the disposal.

45. EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following events after the end of the reporting period:

In May 2023, the Group repaid the other borrowings of approximately HK$113,801,000 in full, and the pledge of the Group's buildings, investment properties, certain right-of-use assets and certain trade receivables against the other borrowings was released in June 2023.

In June 2023, the Group obtained banking facilities from a bank in the PRC of approximately RMB45,000,000 (or equivalent to approximately HK$51,210,000) by pledging the Group's buildings, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network.

Furthermore, the abovementioned banking facilities were guaranteed by Ms. Liu Luoxiu and Mr. Zou Yuwen, whereas Ms. Liu Luoxiu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 45.63% of the Company's issued ordinary shares as at 31 March 2023, while Mr. Zou Yuwen is the spouse of Ms. Liu Luoxiu.

Up to the date of this report, the Group utilised RMB45,000,000 (or equivalent to approximately HK$51,210,000) of the above-mentioned bank facilities.

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current period presentation.

Five-Year Financial Summary

	Year ended 31 March	Fifteen months ended 31 March	Year ended 31 December		
	2023	2022	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**271,719**	140,256	93,555	73,324	68,289
(Loss)/profit before tax	**(3,401)**	(41,363)	172	(11,109)	(24,270)
Income tax credit/(expense)	**16,995**	7,445	49	(2,586)	492
Profit/(loss) for the year/period	**13,594**	(33,918)	221	(13,695)	(23,778)
Attributable to:					
Owners of the Company	**13,282**	(31,923)	1,643	(14,174)	(24,402)
Non-controlling interests	**312**	(1,995)	(1,422)	479	624
	13,594	(33,918)	221	(13,695)	(23,778)

	At 31 March		At 31 December		
	2023	2022	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**593,424**	369,218	360,002	332,299	329,673
Total liabilities	**(283,057)**	(174,559)	(155,526)	(147,406)	(145,683)
Total equity	**310,367**	194,659	204,476	184,893	183,990
Attributable to:					
Owners of the Company	**321,874**	206,913	214,380	192,262	189,242
Non-controlling interests	**(11,507)**	(12,254)	(9,904)	(7,369)	(5,252)
	310,367	194,659	204,476	184,893	183,990

Particulars of Investment Properties

Location	Existing use	Type of lease
G/F – 6/F, 7/F (Partial), 8/F – 11/F, Wuhan CPP building, Jinronggang Road Central, No 77 Guanggu Avenue, Donghu New Technology Development Zone, Wuhan, Hubei Province, the PRC	Commercial	Medium term