

XINHUA
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XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 309

ANNUAL REPORT
2022/2023





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Kou Hong *(Chairman)*
Tsui Kwok Hing *(Co-Chairman)*
Fu Jun *(Chief Executive Officer)*
Leung Cheung Hang

Non-executive Directors

Wang Guan
Wang Chunping

Independent Non-executive Directors

Wang Qi
Yau Pak Yue
Leung Nga Tat

AUDIT COMMITTEE

Yau Pak Yue *(Chairman)*
Wang Qi
Leung Nga Tat

REMUNERATION COMMITTEE

Yau Pak Yue *(Chairman)*
Tsui Kwok Hing
Wang Qi
Leung Nga Tat

NOMINATION COMMITTEE

Tsui Kwok Hing *(Chairman)*
Leung Cheung Hang
Wang Qi
Yau Pak Yue
Leung Nga Tat

STRATEGY AND DEVELOPMENT COMMITTEE

Tsui Kwok Hing *(Chairman)*
Fu Jun
Yau Pak Yue

EXECUTIVE COMMITTEE

Tsui Kwok Hing *(Chairman)*
Fu Jun
Yau Pak Yue
Leung Nga Tat

CORPORATE GOVERNANCE COMMITTEE

Tsui Kwok Hing *(Chairman)*
Yau Pak Yue
Leung Nga Tat

COMPANY SECRETARY

To be appointed

AUTHORISED REPRESENTATIVES

Tsui Kwok Hing
To be appointed

AUDITORS

CCTH CPA Limited

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 407, Fu Hang Industrial Building
1 Hok Yuen Street East, Hunghom
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman
KY1-100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Dah Sing Bank, Limited
Chiyu Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China

SOLICITOR

NGANS Lawyers

STOCK CODE

309

COMPANY'S WEBSITE

www.XHNmedia.com

CHAIRMAN'S STATEMENT

LO'S CLEANING SERVICES LTD., A WHOLLY-OWNED SUBSIDIARY OF XINHUA NEWS MEDIA HOLDINGS LTD., WAS FOR THE NINETEENTH YEAR RECOGNISED AS A CARING COMPANY AND THEREAFTER AWARDED "CARING COMPANY 15 YEARS +" BY THE HONG KONG COUNCIL OF SOCIAL SERVICE.



Dear Shareholders,

The outbreak of COVID-19 across the world for well over three years adversely affecting the world's economy at the time, is now behind us. Now that global economy is on the road to recovery, with China showing most resilience and recovering at a faster pace, life is gradually returning to normal. We are entering into a post-pandemic era with restrictions in border-crossing lifted between Hong Kong and China and other parts of the world, the easing of social distancing measures as well as increased awareness of public health and hygiene. I am glad to say that the demand for cleaning and disinfection services will remain high which our Group will likely benefit.

The unemployment rate in Hong Kong is currently around 3%. This is the lowest unemployment rate for three years. Services industries, such as the provision of cleaning and disinfection business, requires manpower and the Group has to take measures to attract new and retain old staff, such as improving our staff remuneration packages, fringe benefits and medical care.

During the year under review, the market of provision of cleaning and related services to office building, residential estates, shopping malls etc, is extremely competitive. In order to maintain market share, we had to be more aggressive when tendering for business.

We are going to introduce more and more green technology into our operations with an aim to reduce pollution to our environment by using environmentally friendly cleaning equipment and materials. This can help Hong Kong protect its environment while at the same time assisting us in bringing new business opportunity to the Group.

Last but not least, I would like to express my sincere thanks to our shareholders and customers for their trust and support, to my fellow directors for their guidance and collaboration, and to my employees for their hard work and dedication.

Lo Kou Hong

Chairman

Hong Kong, 29 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2023 (the “Year”), the businesses of the Group are still adversely affected by the impact brought by COVID-19. The Group’s revenue decreased slightly by 1.0% to approximately HK\$273,619,000 (2022: approximately HK\$276,426,000). The Group’s net loss attributable to the owners of the Group was approximately HK\$17,671,000, comparing to the loss of approximately HK\$16,651,000 for the year ended 31 March 2022.

The Group is principally engaged in three business segments: (i) advertising media business, (ii) cleaning and related services business; and (iii) waste treatment business.

Advertising Media Business

Due to COVID-19 outbreak, the Group’s advertising media business had ceased since the second quarter of 2020 to minimize the loss brought by tightened public health measures and sanitation controls. The management will continue to streamline the operation and to adopt stringent cost control measures so as to strengthen the competitiveness of the business.

Cleaning and Related Services Business

Pessimism about the economy remains a concern, but the relaxation of restrictions due to COVID-19 has a positive impact on most businesses, including the Group’s cleaning business. Statutory Minimum Wage increased to HK\$40 per hour with effect from 1 May 2023. These two factors will be taken into account when working out the service contract charges during tenders submission and contracts renewal.

During the reporting period, we were able to renew contracts for the provision of general cleaning and ware washing for one of the largest flight kitchens in the world located at the Hong Kong International Airport. We were also able to renew the cleaning contract for the same client in respect of its cargo operation. In addition, we have also been awarded the service contract for the same client doing “kitchen cleaning”, which is regarded as one of the most specialised and sophisticated services in the cleaning industry.

Our Group was successful in winning contracts for the provision of cleaning services to a number of properties, such as, a grade-A commercial building in Central which was a previous client of ours, a residential estate located in Tseung Kwan O whose developer has been a client of ours for many years and a new prestigious residential estate, within walking proximity of the Wong Chuk Hang MTR Station.

Our Group was able to renew the cleaning contract with a renowned property management company in respect of two commercial buildings located in Sheung Wan and in Yau Ma Tei for two years.

Waste Treatment Business

The Group is continuing to look for suitable options in respect of this investment.

FINANCIAL REVIEW

The Group’s revenue for the Year amounted to approximately HK\$273,619,000 (2022: approximately HK\$276,426,000) represented a 1.0% decrease as compared to last year. The slight decrease was mainly because a number of contracts expired during the year and in the year before and were not renewed but this was counter-balanced by the Group’s success in gaining a number of new cleaning contracts during the year, notably our success in obtaining the service contract for one of the biggest kitchens in Hong Kong.

The Group’s other income and gains for the Year was approximately HK\$4,422,000 (2022: approximately HK\$1,365,000), representing an increase of approximately HK\$3,057,000 as compared to last year. Such increase was mainly due to the receipt of government subsidies under the Employment Support Scheme under the Anti-epidemic Fund and increase in interest income.

Management Discussion and Analysis

Other operating expenses, which amounted to approximately HK\$88,935,000 (2022: approximately HK\$94,754,000), represented a year-to-year 6.1% decrease. Such expenses mainly included the costs of services rendered under cleaning and related services business, which accounted for 84.1% of other operating expenses in the Year. Such decrease was mainly because the cost of sub-contracting had reduced by 7.9% when compared with last year's.

The Group's net loss attributable to the owners of the Group for the Year was approximately HK\$17,671,000 (2022: approximately HK\$16,651,000). Cleaning and related services business made a loss of approximately HK\$2,445,000, the advertising media business made a loss of approximately HK\$3,160,000, and the waste treatment business made a loss of approximately HK\$1,106,000.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group's cash and cash equivalents and pledged time deposits were approximately HK\$72,204,000 (31 March 2022: approximately HK\$76,101,000) and its current ratio was 2.1 (31 March 2022: 2.1 (restated)).

The Group's net assets as at 31 March 2023 were approximately HK\$105,662,000 (31 March 2022: approximately HK\$113,911,000).

As at 31 March 2023, the Group's gearing ratio was 2.8% (31 March 2022: 2.6%), representing the total interest-bearing debts divided by total equity. The Group had lease liabilities and loans from directors of approximately HK\$6,984,000 and HK\$7,047,000 respectively (31 March 2022: approximately HK\$10,590,000 and HK\$14,258,000 respectively). The Group's shareholders' equity amounted to approximately HK\$106,110,000 as at 31 March 2023 (31 March 2022: approximately HK\$114,099,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to cleaning and related services business are transacted in Hong Kong dollars, whereas those of the advertising media and waste treatment businesses are transacted in Renminbi ("RMB"). The Group's cash and bank balances are primarily denominated in HK\$, RMB and United States dollars.

Foreign currency risks in relation to exchange rate fluctuations of RMB will be mitigated as future revenues from advertising media business, which are in RMB, can offset future liabilities and expenses.

As at 31 March 2023, the Group's banking facilities amounting to HK\$40,000,000 (2022: HK\$40,000,000) were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,079,000 (2022: approximately HK\$2,075,000), and a property owned by a related company which is controlled by a director of the Company. The facilities were not utilised to the extent of HK\$40,000,000 (2022: HK\$40,000,000).

PROSPECTS

Advertising Media Business

The resumption of the advertising media business segment is temporarily unforeseeable due to the slow recovery of global economy. While adapting to the pandemic and identifying new opportunities ahead, the Group will continue to implement its business plan in a prudent manner as and when appropriate.

Cleaning and Related Services Business

The Group was able to maintain its turnover for the year when compared to the previous year amidst severe competitive while profit margin was only slightly reduced. The Group will continue to exercise its professionalism to upkeep our reputation so as to maintain our market share in the middle to high end cleaning service market.

Many of our clients place emphasis on social and environmental issues and we have addressed their concerns wholeheartedly. We have started using more environmentally-friendly cleaning products as well as provide training to our staff so that they know how to use and dispose of chemicals more efficiently and properly.

Management Discussion and Analysis

Looking ahead, as economy is recovering slowly but steadily and the public consciously take health and hygiene more seriously, demand for cleaning, pest control and disinfection will remain strong. Our Group should be able to benefit accordingly.

Summary

The outlook for the global economic recovery is still slow. Looking forward, the management will continue to stay cautious to economic changes and fine tune the Group's development and operation strategies. At the same time, the management will continue seizing business opportunities in a prudent but proactive manner aiming to create value for the shareholders of the Group.

FUND RAISING ACTIVITY

On 31 May 2022, the Company entered into a placing agreement (the "Placing Agreement") with ASA Securities Limited (the "Placing Agent") pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis of up to 360,973,000 new shares (the "Placing Share(s)") at the placing price of HK\$0.063 per Placing Share (the "Placing").

All conditions to the Placing Agreement have been fulfilled and completion of the Placing took place on 21 June 2022 ("Completion"). An aggregate of 126,200,000 Placing Shares have been successfully placed by the Placing Agent to not less than six placees at placing price of HK\$0.063 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing (i) approximately 6.99% of the then existing issued share capital of the Company before Completion; and (ii) approximately 6.54% of the issued share capital of the Company as enlarged by the allotment and issue of 126,200,000 Placing Shares immediately upon Completion.

The gross proceeds from the Placing amounted to HK\$7,950,600 and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$7,763,000. The Group intended to use such net proceeds for the general working capital and future business opportunities and investment. As at the date of this report, the net proceeds from the Placing were fully utilized as general working capital.

For the details of the Placing, please refer to the announcements of the Company dated 31 May 2022 and 21 June 2022.

DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of a dividend to shareholders for the year ended 31 March 2023 (2022: Nil).

PLEDGE OF ASSETS

Details of the Group's pledged assets are included in note 23 to the consolidated financial statements.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK\$1,913,000 (2022: approximately HK\$4,630,000) in respect of certain services provided to various customers by the Group.
- (b) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2023 and 2022.
- (c) As at 31 March 2023, the Group had contingent liabilities as possible claims arising from indemnity related to acquisition of property, plant and equipment of approximately HK\$5,144,000 being equivalent to RMB4,500,000 (31 March 2022: Nil). In the opinion of management of the Group, it is not necessary for recording any provisions for the above contingent liabilities as at 31 March 2023.

Management Discussion and Analysis

As at the date of this report, there are no other known material contingent liabilities of the Group not disclosed and there are no legal, administrative or other proceedings pending which would materially affect the Group's financial condition.

CAPITAL COMMITMENTS

As at 31 March 2023 and 2022, the Group had a total capital commitment of approximately HK\$7,201,000 and HK\$7,782,000 respectively, contracted for but not provided in the consolidated financial statements.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There have been no significant events occurring after the end of the reporting period and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have future plans for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries during the year ended 31 March 2023.

SIGNIFICANT INVESTMENTS

As at 31 March 2023, the Group did not have any significant investment plans.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 31 March 2023 was 1,144 (2022: 1,071). Total staff costs, including directors' emoluments and net pension contributions, for the year under review amounted to approximately HK\$198,416,000 (2022: approximately HK\$189,693,000). The Group provides employees with training programmes to equip them with the latest skills and other benefits including share option scheme.

Remunerations are commensurate with individual job nature, work experience and market conditions, and performance related bonuses are granted to employees on discretionary basis.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, the biographical details of the Directors are as follows:

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lo Kou Hong (“Mr. Lo”), aged 80, is the founder of the Group. He has been redesignated to Chairman of the Board and an executive Director of the Company on 27 April 2020. He is also a director of certain subsidiaries of the Company. Prior to establishing Lo’s Cleaning Services Limited in 1978, Mr. Lo served as a manager at a local property management company. He was appointed as a vice president of the Friends of Scouting in 2001. Mr. Lo is also a founder member and director of Environmental Innovation Council Limited, a non-profit-making organisation incorporated in Hong Kong with limited liability by guarantee.

Mr. Tsui Kwok Hing (“Mr. Tsui”), aged 67, was appointed as the co-chief executive officer and an executive Director on 12 February 2020, and was redesignated to the chief executive officer on 27 April 2020. He resigned the role of chief executive officer due to serious accidental injuries on 31 May 2020. He was then appointed as the co-chairman of the Board on 1 November 2021. Mr. Tsui was also the chairman of each of the Executive Committee, the Strategy and Development Committee, the Nomination Committee and the Corporate Governance Committee and a member of the Remuneration Committee. He joined a prominent fashion company in Shenzhen as the chairman and general manager in 1998. In 2005, the company moved to Ganzhou city in Jiangxi Province where he continued his service until 2016. From 2016 to 2019, he served as the general manager of a Hong Kong fashion company. Mr. Tsui was in senior management position for over 20 years and has extensive experience in import and export trading.

Mr. Fu Jun (“Mr. Fu”), aged 55, was appointed as an executive Director on 7 April 2020. He is the chief executive officer of the Company and a member of each of the Executive Committee and Strategy and Development Committee. Mr. Fu holds a Master of Art degree in Japanese literature from the University of Tsukuba, Japan. He was mainly engaged in internet and media work before 2005. He was the Chief Representative in the PRC for Japan Key Station Co. Ltd. (“Key Station”), the CEO of Jiahe Netstar Network Technology Co. Ltd and the Secretary General of Beijing Network Science and Technology Promotion Committee. He was responsible for the establishment of the Chinese website for Key Station and helped to set up the China Network TV station and the Mainstream Media Network. After 2005, Mr. Fu engaged in financial service, he was the Vice President of Wealth Index Investment Management Co. Ltd. and the CEO of Oriental Fuying Investment Management Co., Ltd., and participated in overseas IPO and private equity investment of over 20 PRC’s enterprises.

Mr. Leung Cheung Hang (“Mr. Leung”), aged 63, was appointed as an executive Director on 21 April 2020. He is also a member of the Nomination Committee. Mr. Leung graduated from high school in the PRC. He has been the general manager for more than 30 years of a company whose main business is import and export trading. He is responsible for the management in the area of sales and marketing. He has extensive experience in managing large enterprises especially in the overall management and strategic planning of the company. Mr. Leung has over 20 years of solid investment background specializing in property investment in both Hong Kong and the PRC.

Biographical Information of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Ms. Wang Guan (“Ms. Wang”), aged 33, was appointed as a non-executive Director on 20 October 2021. She obtained a Bachelor’s degree of Economics from Thammasat University in April 2013 and a Master’s degree of International Management from University of Exeter in June 2016. Ms. Wang is currently a managing director of Siam Crown Company Limited. She was a financial institute relationship manager of KASIKORNBANK Public Company Limited during September 2017 to August 2021 and an assistant to the president of Thai Chinese Friendship Association during August 2014 to July 2015.

Mr. Wang Chunping (“Mr. Wang”), aged 49, was appointed as a non-executive Director on 1 November 2021. He is currently an executive director and the general manager of Bai Chuan Nanhai (Tianjin) Supply Chain Management Co. Limited* (佰川納海(天津)供應鏈管理有限公司). He was an independent non-executive director of the Company during June 2019 to October 2019 and worked at the Fuqing Branch of China Construction Bank in Fujiang Province from August 1994 to June 2014. He was approved and awarded the Qualification Certificate for Finance Planner (理財規劃師) and the Intermediate Professional Qualification for Finance and Economics (金融經濟) by the Ministry of Human Resources and Social Security of the People’s Republic of China in 2007 and 2009, respectively. Mr. Wang was approved the Graduate Diploma in Finance by the Fujian Agriculture and Forestry University in January 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Qi (“Mr. Wang Qi”), aged 68, was appointed as an independent non-executive Director in August 2006. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Wang Qi was a director of Jingneng Property Company Limited (a company listed on the Shanghai Stock Exchange; stock code: 600791), engaging in property development in Beijing and the general manager of Tian Chuang Science and Technology Development Company Limited, engaging in investment of technologically related businesses. Mr. Wang Qi is a qualified senior engineer and has over 30 years of experience in business management. He was a senior investment manager of China Commercial Construction Development Company from 1989 to 2000 and was responsible for the investment and listing projects of various companies in Mainland China. Mr. Wang Qi also served as an executive officer to manage some of the investment projects of Regal Hotels International from 1997 to 2000 and New World Group from 1993 to 2000 in Mainland China. In addition, Mr. Wang Qi has devoted himself in developing the business connection and communication between Hong Kong and Mainland China in the field of business management and investment.

Biographical Information of Directors and Senior Management

Mr. Yau Pak Yue (“Mr. Yau”), aged 54, was appointed as an independent non-executive Director on 15 July 2021. He is also the chairman of each of the Audit Committee and the Remuneration Committee and a member of each of the Executive Committee, the Strategy and Development Committee, the Nomination Committee and the Corporate Governance Committee. Mr. Yau obtained his Bachelor of Commerce (majoring in Accountancy) from the University of Wollongong in Australia. He was the chief knowledge officer of Guangzhou Chengfa Capital Company Limited, a state-owned fund management company, from May 2015 to January 2017. Prior to that, he was a partner at one of the big four international accounting firms from 2005 to 2012. He has over 25 years of experience in mergers and acquisitions transaction supports and financial due diligence. Mr. Yau is currently the director of Ewin Advisory Company Limited. In addition, Mr. Yau is a certified public accountant in Hong Kong and a certified practising accountant in Australia. Mr. Yau has been a non-executive director of Daisho Microline Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 567) since September 2020, an independent non-executive director of each of Fullsun International Holdings Group Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 627) since December 2020 and Hifood Group Holdings Co., Limited (now known as Domaine Power Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 442) since May 2021 and a non-executive director of DreamEast Group Limited, a company listed on the Main Board of Stock Exchange (stock code: 593) since July 2023. He served as a non-executive director of Peking University Resources (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 618) from October 2021 to December 2021, an executive director of Freeman FinTech Corporation Limited (now known as Arta TechFin Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279) from July 2020 to October 2021, an independent non-executive director of KEE Holdings Company Limited (now known as China Apex Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2011) from July 2017 to November 2019 and Ascent International Holdings Limited (now known as China International Development Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from September 2017 to August 2018.

Mr. Leung Nga Tat (“Mr. Leung”), aged 41, was appointed as an independent non-executive Director on 1 November 2021. He is also a member of each of the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Executive Committee. Mr. Leung Nga Tat graduated from The Hong Kong Polytechnic University, majoring in Accountancy. He is also a member of Hong Kong Institute of Certified Public Accountants starting from January 2010. He had been employed under an international auditing firm, KPMG for more than 8 years. He worked in Landsea Green Management Limited (formerly known as Landsea Green Properties Co., Ltd.) (a company whose shares are listed on the main board of the Stock Exchange; stock code: 106) as the deputy financial controller, mainly responsible for financing, financial reporting, legal and compliance during February 2014 and July 2018 and has been an independent non-executive director of Add New Energy Investment Holdings Group Limited, a company whose shares are listed on the main board of the Stock Exchange, Stock code: 2623) since June 2019. He started his own serviced apartment business in June 2018. With over 17 years of working experiences in the industry, Mr. Leung Nga Tat is equipped with comprehensive knowledge of accounting, financing, compliance and merger and acquisition.

SENIOR MANAGEMENT

The four Directors holding executive offices above are directly responsible for the various businesses of the Group. They are regarded as the members of the senior management of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRINCIPLES

Xinhua News Media Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) persistently strives to operate its business in an economic, social and environmentally sustainable manner. With “People-oriented, Integrity and Mutual Benefit” as its core value and the building of a society with harmonious ecological civilisation as its mission, the Group respects the talents and creativity, focuses on enhancing the social and human care on the products and also the responsibility for integrity, honesty, bringing industrial matrix and navigating forward.

This year, the Group is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “Report”) for the year ended 31 March 2023 (the “Year”), which aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders.

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For information regarding the governance section, please refer to the Corporate Governance Report in the Company’s Annual Report.

The Group is committed to the long-term sustainability of its business, as well as providing support to environmental protection and the communities in which it operates. Quality products and services are delivered to customers, and their business is managed prudently under sound decision-making processes. Dialogue is maintained with stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators and the general public. The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity. The board of directors (the “Board”) is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

GOVERNANCE STRUCTURE

Board’s oversight of ESG issues

The Board has a primary role in overseeing the Group’s ESG issues. During the Year, the Board, the management and the ESG responsible staff evaluated the impacts of ESG-related risks towards the operation and formulated ESG-related policies in dealing with relevant risks. The oversight of the Board ensures that the management and the ESG responsible staff can have all the right tools and resources to oversee the ESG issues.

To demonstrate the Group’s commitment to transparency and accountability, the management and ESG responsible staff review and evaluate the Group’s performance in respect of ESG issues and report to the Board regularly.

Environmental, Social and Governance Report

Board's ESG management approach and strategy for material ESG-related issues

To better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms, and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group is able to understand the expectations and concerns from its stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impacts of the business decisions.

The Group has evaluated the materiality in ESG aspects through the following steps: (i) identification of ESG issues by the Group; (ii) key ESG areas prioritisation with stakeholder engagement; and (iii) validation and determining material ESG issues based on the results of communication with the stakeholders.

Taking these steps enhances the understanding of the expectations and concerns of the Group's stakeholders on various ESG issues, which enable the Board to plan the sustainable development direction to address material ESG-related issues in the future.

Progress review made against ESG-related goals and targets

ESG-related goals and targets have been set to provide a strategic direction in business operations, the progress is closely reviewed by the Group from time to time. Modification may be needed if the progress falls short of expectation or change of business operations.

The Group's sustainability target enables the Company to develop a realistic roadmap and focus on results of achieving the visions. The sustainability performance and progress made against the goals are reported to the Board for review at least annually.

REPORTING PRINCIPLES

The report is centred on four principles:

Materiality: Stakeholder engagement and materiality assessment were conducted regularly to identify material ESG issues, and to ensure that these issues are addressed in the report.

Quantitative: Data presented in this report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: Both positive and negative sides of the performance have been presented in a transparent manner.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

REPORTING BOUNDARIES

This Report has primarily highlighted the sustainability development and performance for the Year of the four environmental aspects and the eight social aspects under the ESG Reporting Guide. Lo's Cleaning Services Limited ("Lo's Cleaning") is principally engaged in provision of cleaning and related services in Hong Kong. For both environmental and social aspects, this Report will focus on Lo's Cleaning which is the major operating segment of the Group.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group fully appreciates the needs to build both online and offline communication channels and to provide stakeholders with timely reports on strategic planning and performance of the Group in order to establish a continuing communication mechanism with the stakeholders. In addition, the Group consults the stakeholders on their recommendations and propositions to ensure its business practices can meet the expectations of the stakeholders.

The stakeholders include the shareholders, governments and regulatory bodies, employees, customers, suppliers and society and the public. The Group discusses with the stakeholders through various channels for their expectations and relevant feedback of the Group as below:

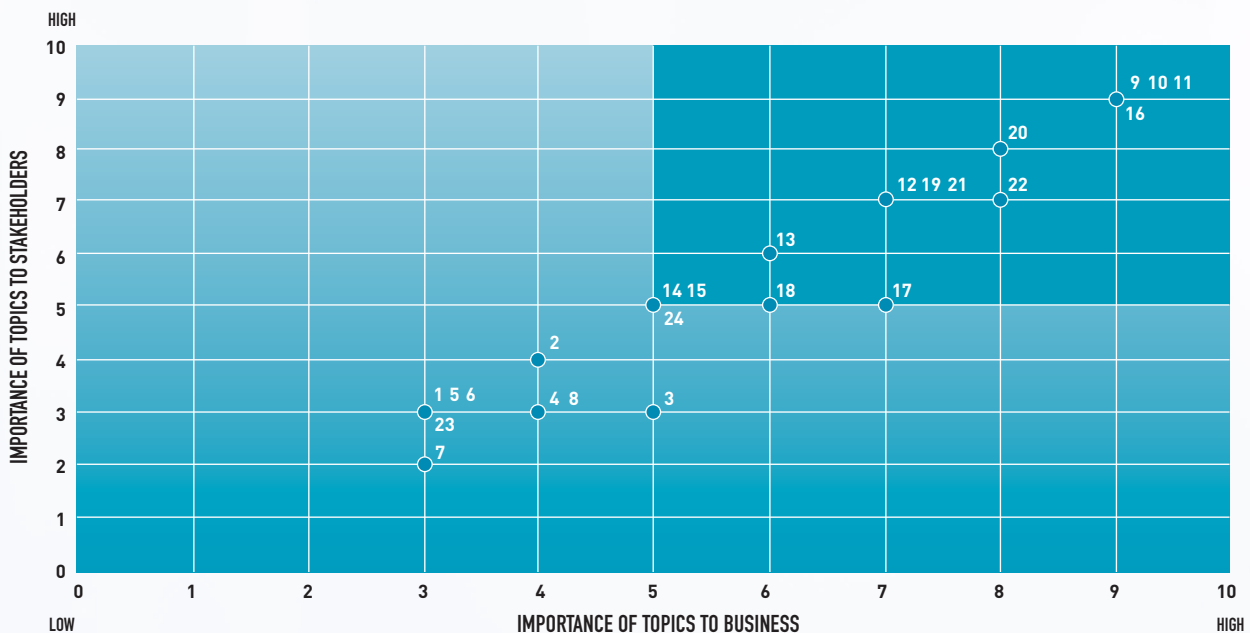
Stakeholders	Expectations	Communication and feedback
Shareholders	<ul style="list-style-type: none"> Financial results ESG performance Corporate transparency Sound risk control 	<ul style="list-style-type: none"> Growth in profitability Monitoring use of resources Regular information disclosure Optimising risk management and internal control
Governments and regulatory bodies	<ul style="list-style-type: none"> Compliance with laws and regulations Tax payment in accordance with laws Compliance with environmental regulations 	<ul style="list-style-type: none"> Compliance operation Tax payment in full and on time Compliance of environmental policies
Employees	<ul style="list-style-type: none"> Career development platform Salary and benefits Occupational health and safety 	<ul style="list-style-type: none"> Promotion mechanism Competitive salary and employee benefits Providing trainings for employees and strengthen their safety awareness
Customers	<ul style="list-style-type: none"> Service quality Customer information security Customer rights and interests protection 	<ul style="list-style-type: none"> Monitoring the customers' satisfaction level through enquiry and questionnaire Customer privacy protection Compliance marketing
Suppliers	<ul style="list-style-type: none"> Integrity cooperation Business ethics and credibility 	<ul style="list-style-type: none"> Building a responsible supply chain Performing the contract according to law
Society and the public	<ul style="list-style-type: none"> Environmental protection Employment opportunities 	<ul style="list-style-type: none"> Putting into use environmental protection and energy saving equipment Providing employment opportunities

MATERIALITY ASSESSMENT

During the Year, the Company conducted a comprehensive materiality assessment. This involved conducting interviews and/or surveys with internal and external stakeholders to identify which areas have the most significant operating, environmental and social impacts towards their business.

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Company has identified and confirmed 24 issues, which cover environmental, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption and community investments.

ESG ISSUES MATERIALITY MATRIX



Environmental issues		Social issues		Operating issues	
1.	Greenhouse gas emissions	8.	Community contribution	16.	Economic value generated
2.	Energy consumption and resource	9.	Occupational health and safety	17.	Supply chain management
3.	Water resources management	10.	Child labour	18.	Supplier evaluation and selection
4.	Waste management	11.	Forced and compulsory labour	19.	Customer service and satisfaction
5.	Use of packaging materials	12.	Training and development	20.	Customer privacy
6.	Impact on the environment	13.	Salaries and employee benefits	21.	Feedback and complaint handling
7.	Climate change	14.	Diversity and equal opportunity	22.	Product safety and quality
		15.	Talent attraction and retention	23.	Intellectual property protection
				24.	Marketing and labelling

Environmental, Social and Governance Report

A. ENVIRONMENTAL

During the Year, the Group was not aware of any breach of any laws in relation to emissions in respect of the cleaning business.

A1: Emissions

The cleaning business does not involve in any production activities and hence there were no emissions of pollutants to the atmosphere. However, the use of cleaning materials in form of detergents and chemical solutions will likely be producing environmentally unfriendly wastes to the environment. The Group strives to reduce the usage of these cleaning solutions and is now sourcing such cleaning solutions from suppliers who can supply environmentally friendly cleaning solutions.

Air pollutant emissions

During the Year, nitrogen oxides ("NOx"), Sulphur oxides ("SOx") and particulate matter ("PM") were emitted from fuel consumption company vehicles.

Lo's Cleaning has 6 motor vehicles, which are used for providing cleaning and related services in service site areas. 5,071 litres of diesels and 3,345 litres of unleaded petroleum have been consumed for the Year.

Greenhouse Gas ("GHG") Emissions

Gaseous emissions from the use of motor vehicles:

Air emissions (Note 1)	Unit	2023	2022
NOx	Kilogram ("Kg")	50.2	37.4
SOx	Kg	0.1	0.1
PM	Kg	5.1	3.6

Note 1: The emission factors used to calculate the NOx, SOx and PM are sourced from: the Hong Kong Environmental Protection Department's ("EPD") EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modeling Software - MOBILE6.1; and the assumptions of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30kmh, and include running exhaust emissions only.

Reduction target of air emissions

Air emissions intensity	Reduction Target	Baseline Year	Status
NOx emissions intensity	Reduce 3% by 2024	2019	In progress
SOx emissions intensity	Reduce 3% by 2024	2019	In progress
PM emissions intensity	Reduce 3% by 2024	2019	In progress

The Group consumes electricity, diesel and unleaded petroleum for the operation of its cleaning business. Upon consumption of electricity and combustion of diesel and unleaded petroleum, GHG which is expressed in carbon dioxide equivalent ("CO2e") is produced.

Environmental, Social and Governance Report

GHG emissions from operations:

GHG emissions	Unit	2023	2022
GHG emission (Scope 1)	Tonnes of CO _{2e}	23	19
GHG emission (Scope 2)	Tonnes of CO _{2e}	*25	27
GHG emission (Scope 3)	Tonnes of CO _{2e}	*5	5
Total	Tonnes of CO _{2e}	53	51
Number of employee	Person	1,089	1,060
GHG intensity	Tonnes of CO _{2e} /no. of employees	0.05	0.05

* The emission factor of electricity consumed is sourced from the HK Electric Investments in 2022. The figures are calculated in accordance with the "Reporting Guidance on Environmental KPIs".

Scope 1: It represents mainly the gasoline and diesel oil consumed by motor vehicles.

Scope 2: It represents mainly the electricity purchased from power suppliers in Hong Kong.

Scope 3: It represents mainly the paper waste disposed at landfills and water used.

Reduction target of GHG emissions

GHG emissions intensity	Reduction Target	Baseline Year	Status
GHG emission intensity (Scope 1)	Reduce 3% by 2024	2019	In progress
GHG emission intensity (Scope 2)	Reduce 3% by 2024	2019	In progress
GHG emission intensity (Scope 3)	Reduce 3% by 2024	2019	In progress

Hazardous waste produced from operations

Hazardous Waste	Unit	2023	2022
Hazardous waste produced	Tonnes	N/A (Note 1)	N/A (Note 1)
Intensity	Tonnes of wastes/no. of employees	N/A	N/A

Note 1: Hazardous waste produced by the cleaning business is minimal. Therefore, no relevant figure is quantified.

Non-hazardous waste produced from operations

Non-hazardous waste (Note 1)	Unit	2023	2022
Tissue paper	Tonnes	6.46	7.56
Plastic bag	Tonnes	270.19	287.81
Total	Tonnes	276.65	295.38
Intensity	Tonnes of wastes/no. of employees	0.25	0.28

Note 1: Non-hazardous waste including broom, mop and scrub brush which produced are immaterial and hence no relevant figure is disclosed.

Environmental, Social and Governance Report

Reduction target of hazardous and non-hazardous waste produced

Waste produced intensity	Reduction Target	Baseline Year	Status
Hazardous waste produced intensity	N/A	N/A	N/A
Non-hazardous waste produced intensity	Reduce 3% by 2024	2022	Achieved

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Waste Disposal Ordinance and other applicable laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the Year.

No fines or non-monetary sanctions for non-compliance had been incurred during the Year.

A2: Use of Resources

The cleaning business of the Group uses relatively less energy and power due to the nature of such business. The water consumption, while relatively higher, is still at an overall low level. The Group strives to conserve energy and reduce water usage by encouraging the staff to be more environmentally-friendly conscious and have good manners.

The Group is committed to performing regular assessment in analysing data in aims for better management in the use of resources.

Water consumption

In the process of cleaning business, a certain amount of water is required for cleaning. Most of the water consumed is supplied by customers and hence no relevant consumption is quantified. In general, the Group has not come across any difficulties in sourcing water as and when required. The Group understands the importance of water conservation and is committed to raise awareness of employees and improve water usage efficiency. In addition to educating and introducing various methods to conserve water, the Group has selected cleaning products that require no additional rinsing after use, which are more environmentally friendly and significantly reduce water consumption. Moreover, the Group introduced new cleaning machinery with a built-in water filtration system, which enables the Group to recycle used water and reduce water consumption.

Paper usage

According to the Group's records, 1,118 kg (2022: 1,053kg) of papers were used for office operations during the Year. Therefore, the Group has established a host of paper-saving initiatives to reuse and recycle papers through promoting double-sided printing and the use of telecommunication and electronic media. This is an opportunity to enhance environmental benefits by undertaking such conservative actions.

Environmental, Social and Governance Report

Lo's Cleaning total resources consumptions are listed as below:

Resources consumed	Unit	2023	2022
Energy Consumption			
Purchased electricity consumed	kWh	36,185	38,430
Diesel fuel consumed (Note 1)	kWh	54,272	54,286
Petrol fuel consumed (Note 1)	kWh	32,422	19,368
Total energy consumption	kWh	122,879	112,084
Energy consumption intensity	kWh/no. of employees	113	106
Water consumption (Note 2)	M ³	N/A	N/A
Water consumption intensity	M ³ /no. of employees	N/A	N/A
Packaging materials (Note 3)	Boxes	N/A	N/A
Packaging materials consumption intensity	Boxes/no. of employees	N/A	N/A

Note 1: The conversion factor used to convert data in other units to kWh is sourced from the Energy Statistics Manual issued by the International Energy Agency.

Note 2: The water consumed is supplied by customers and hence no relevant consumption is quantified.

Note 3: Packaging materials consumption by the cleaning business is minimal. Therefore, no relevant figure is quantified.

Reduction target of resources consumption

Resources consumed	Reduction Target	Baseline Year	Status
Energy consumption intensity	Reduce 3% by 2024	2019	In progress

Environmental, Social and Governance Report

A3: The Environment and Natural Resources

In a bid to create sustainable environmental value, the Group has implemented a set of energy-saving initiatives. Employee is required to save energy at offices such as controlling the use of electric power for lighting and air-conditioning. In addition, the Group focuses on daily maintenance and perseverance in order to set up a comprehensive policy and uphold the efficient level of facilities.

The Group is continuously on the look-out for latest equipments which are environmentally-friendly when required. Staff are encouraged to pay attention to the importance of preserving the environment and that the staff should have a clear understanding of the Group's policies and procedures in this area.

During the Year, Lo's Cleaning is honoured to receive "Corporate Environmental Leadership Award 2021" presented by Bank of China (Hong Kong) Limited and The Federation of Hong Kong Industries, in recognitions for the Group's performance in environmental protection and fulfilling the environmental responsibility.



A4: Climate Change

Awareness over climate change continues to grow and is one of the most discussed topics among companies. The Group is no exception in increasing its awareness over the potential impact from climate change on the Group's business and operation.

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical risks and transition risks, which may impact businesses. Physical risks are risks related to physical impacts of climate change which can be driven by events such as floods and typhoons (acute risks) or longer-term shifts in climate patterns such as sustained high temperatures and sea level rise (chronic risks). Transition risks are risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

For physical risks, the Group has developed a contingency plan for extreme weather. For transition risks, the Group regularly reviews global and local government policies, regulatory updates and market trends to identify potential climate-related risks which may have impact on the Group's business operation. The Group will develop a response plan when necessary such as by changing the business strategy and modifying the development plan in order to reduce the negative impacts of such climate-related risks.

The Group will continuously incorporate sustainable practices in its business operations and prepare and maintain sufficient resources for managing identified climate-related risks and study the potential remediation measures.

During the Year, there was no climate-related risk, including physical risks and transitional risks that had a significant impact on the Group.

Environmental, Social and Governance Report

B. SOCIAL

B1: Employment

Labour practices

The Group strictly adheres to the prevailing legislation and codes of practice in the employment of staff. The Group supports the principles of the international declarations in the areas of child labour, forced labour, health and safety, wages and working hours, discrimination, discipline and freedom of association. The Group strictly complies with the Employment Ordinance.

During the Year, there was no major change in policies relating to compensation and dismissal, recruitment and promotion, working hours, equal opportunity, diversity and anti-discrimination. Staff handbook also highlights important information of policies on business conduct and the rights of termination.

Distribution of work force classified by different categories as follows:

Social Performance	Unit	2023	2022
By Gender			
Male	Person	261 (24%)	274 (26%)
Female	Person	828 (76%)	786 (74%)
Total	Person	1,089 (100%)	1,060 (100%)
By Employment Type			
Full time	Person	734 (67%)	663 (63%)
Part time	Person	355 (33%)	397 (37%)
Total	Person	1,089 (100%)	1,060 (100%)
By Age Group			
17 – 50 years old	Person	387 (35%)	283 (27%)
51 – 60 years old	Person	347 (32%)	372 (35%)
Over 60 years old	Person	355 (33%)	405 (38%)
Total	Person	1,089 (100%)	1,060 (100%)
By Geographical Region			
China	Person	736 (67%)	866 (82%)
Nepal	Person	221 (20%)	108 (10%)
Thailand	Person	28 (3%)	41 (4%)
India	Person	46 (4%)	13 (1%)
Philippines	Person	23 (2%)	16 (1%)
Pakistan	Person	19 (2%)	1 (1%)
Others	Person	16 (2%)	15 (1%)
Total	Person	1,089 (100%)	1,060 (100%)

Environmental, Social and Governance Report

For the Year, the turnover rate of the Lo's Cleaning is about 4.64%, including both part-time and full-time staff. To further promote good relationship with employees and lower the turnover rate, recreational and social activities are held for employees to increase the sense of work-life balance and sense of belongings.

During the Year, Lo's Cleaning annual employee turnover rate is as follows:

Employee turnover rate	2023	2022
By Gender ^(Note 1)		
Male	40%	46%
Female	57%	46%
By Employment Type ^(Note 1)		
Full time	49%	51%
Part time	61%	37%
By Age Group ^(Note 1)		
17 - 50 years old	58%	52%
51 - 60 years old	37%	38%
Over 60 years old	63%	49%
By Geographical Region ^(Note 1)		
China	49%	44%
Nepal	64%	70%
Thailand	57%	29%
India	63%	46%
Philippines	57%	31%
Pakistan	53%	100%
Others	25%	53%

Note 1: The employee turnover rate is calculated based on the number of employees who left employment in specified category during the Reporting Period divided by total number of employees as at the end of the financial year in specified category.

Equal opportunity

The workplace is committed to be free from discrimination and received equal opportunities for all irrespective of age, gender, race, colour, sexual orientation, disability or marital status to increase employee satisfaction. The Group encourages labour diversity and welcomes the full spectrum of the workforce, thus putting the principle of fairness into practice.

Environmental, Social and Governance Report

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong and Minimum Wage Ordinance of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Year.

No non-compliance that resulted in significant fines or sanctions was identified during the Year.

B2: Health and Safety

Workplace health and safety

Occupational health and safety have been the Group's adopted policy superior to all. The Group has made continued effort to instill safety concepts to employees and inculcating a safety culture within the Group. The Group implements national law and regulations and other standard related to workplace safety and occupational health. The Group has obtained the occupational health and safety management system certificates of ISO 45001:2018 and ISO 14001:2015. Furthermore, a list of safety measures is implemented to ensure staff is working in a safe environment:

- Annual occupational health examination and body check-up are provided for some staff;
- Conduct regular safety training and refreshment courses for all staff;
- Provide all-round fall prevention equipment for staff working at height; and
- Review safety measures implemented annually to ensure that they remain relevant and appropriate to the Group.

Employees are asked to follow the safety manual and safety plan detailing the procedures and precautions stringently. To ensure employees understand the commitments, employees are constantly refreshed by the Safety and Training Manager to keep abreast of these requirements.

Handling with chemicals

In order to minimise environmental impact and safeguard the health and safety of the staff, the Group has implemented a professional chemical dispensing system to help reduce wastage and lessen direct contact with the chemicals. The Group had also installed chemical dispensers at various sites and used cleaning chemicals with a "Green Seal" certificate. The staff underwent the relevant operational training to formulate the chemical more accurately; the process is simple and easy, which helped to increase productivity.

The below table shows the work-related fatalities and recordable injury for the three years ended 31 March 2021, 2022 and 2023.

Notification of accident	2023	2022	2021
Number of work-related fatalities	–	–	–
Rate of work-related fatalities	–	–	–
Number of work injuries by person	14	13	17
Lost days due to work injuries	994	959	1,300

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Occupational Safety and Health Ordinance of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Year.

Environmental, Social and Governance Report

B3: Development and Training

Employee Development and Training

The Group provides pre-employment and on-the-job training to its staff. The training covers health and safety at work, precautionary measures to be taken during inclement weather, rules and regulations for working in different worksites, proper use of tools, equipment and machines, safe handling of chemicals, grooming, customer service and code of conduct.

The Group has various training programs to fully develop its workforce. It is extremely important that safety is incorporated into the worksite orientation before the commencement of work. In addition to compulsory and optional internal trainings, the Group also encourages employees to attend external training programs held by government and recognised by relevant institutes, such as Vocation Training Council and Occupational Safety and Health Council.

There are several specific trainings attended by the employees for the Year which are as follows:

- occupational safety and health regulations;
- importance and usage of personal protective equipment;
- measures of fire precaution, use of fire extinguishers and fire escape points;
- refresher course for licensed workers; and
- work at height for assessors and supervisors.

The managerial staff is nominated to attend forums, exhibitions and seminars organised by the professional bodies both local and overseas so that the Group has a sound grasp of the most modern technology and equipment in the industry in response to the customers' needs in a prompt, efficient, flexible and cost-effective manner.

During the Year, Lo's Cleaning employee training rate is as follows:

	2023	2022
Percentage of employees trained ^(Note 1)	83%	74%
Percentage of employees trained by gender ^(Note 2)		
Male	22%	26%
Female	78%	74%
Percentage of employees trained by employment category ^(Note 2)		
Senior level	1%	1%
Middle level	6%	14%
Entry level	93%	85%

Note 1: It is calculated by dividing the number of employees who took part in training by the number of employee as at the end of the financial year.

Note 2: It is calculated by dividing the number of employees trained in specified category by the total number of employees trained.

Environmental, Social and Governance Report

The average training hours per employee grouped by gender and employee category in the Year are as follows:

	2023	2022
Total number of training hours	3,053	3,635
Average training hours per employee ^[Note 1]	2.8	3.4
Average training hours per employee by gender ^[Note 2]		
Male	2.9	3.3
Female	2.8	3.5
Average training hours per employee by employment category ^[Note 2]		
Senior level	0.3	1.9
Middle level	1.9	1.0
Entry level	3.1	3.8

Note 1: It is calculated by dividing the total number of training hours by the total number of employees as at the end of the financial year.

Note 2: It is calculated by dividing the total number of training hours for specified category by the number of employees as at the end of the financial year in specified category.

B4: Labour Standards

Child labour and forced labour

The Group prevents hiring child labour by conducting information verification of new employees. Without exception, during the Year, the Group is prohibited to employ any staffs who are under the legal working age for protecting young people at work. Once the situation of employment of child labour is discovered, the labour contract will be terminated as soon as possible, and the responsible person will be held accountable.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Employment Ordinance of Hong Kong, Employment of Children Regulations of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to preventing child or forced labour during the Year.

Environmental, Social and Governance Report

B5: Supply Chain Management

The Group makes various procurements, such as cleaning equipment and tools and consumables for cleaning business.

Under the Integrated Management System, the Group has a subcontractor management plan to control the selection and supervision of subcontractors and suppliers such that they are up to the strict requirements in safety, environmental and social risks and quality performance.

The evaluation of a subcontractor/supplier includes experience, job references, past performance, statutory licenses and certificates as may be required, financial status, integrity, social responsibility and particular skills, competencies and professionalism of the management teams.

The Group regards the subcontractors and suppliers as the Group's business partners and work closely with them to warrant that the services are conducted in a manner that meets the highest professional and ethical standard assuring a quality end-product as well as continued confidence of the customers and the public.

During the Year, the number of suppliers categorised by geographical regions are as follows:

Social KPI	2023	2022
Hong Kong	55	27

B6: Product Responsibility

The Group is aware of the fierce market competition and aims to provide high standard of services. Continuous improvement is the Group's culture. The Group operates an Integrated Management System which emphasises the operations from quality, environmental and safety perspective at the same time. The Group is in compliance with the relevant laws and regulations that relates to product responsibility during the Year.

In the design of the staff organisation, the Group keeps in mind that there should be adequate staff at all levels. It could ensure that high quality of services can be provided and maintained. Tools, equipments, machines and other important personal protective equipments are provided to ensure that all staff can carry out the work in an effective, efficient and safe manner.

The Group maintains constant communications with the customers, including visit, meeting and survey to receive their suggestions, comments and complaints in connection with the services.

Surprise and random checks and appraisals are conducted to self-evaluate the performance. The Group also holds a meeting twice a month for review of the business, sharing of opinions and racking the brains to up-grade the service standards.

Besides, comprehensive training plans are developed to ensure that all staff members are competent in handling their work with respect to quality, environmental and OHS requirements.

The Group seeks to provide efficient and courteous services to customers to their full satisfaction. The Group keeps customers informed about the Group's capabilities and avoids misrepresentation, exaggeration and overstatement.

The Group always puts customers in first priority by providing them with high-quality services at fees which are fair and reasonable.

During the Year, there were no products and service related to complaints received and no products sold or shipped subject to recalls for safety and health reasons.

Environmental, Social and Governance Report

The Group consolidated and comprehensively analysed the customers' feedback and monitor the level of customer satisfaction in its business. Follow-up actions, including internal evaluation and modification of training programs for employees, formulation of improvement plan and refining the existing management procedures will be taken to address the identified issues. Feedback will be provided to the customers in a timely manner.

The Group acknowledges the stakeholders' concern of data privacy, therefore puts great effort to protect data privacy to safeguard the corporate interest and comply with the relevant laws and regulations. The Group outlines data privacy requirements and confidentiality obligations in its internal control policy that employees should strictly follow and carefully manage the corporate confidential information, including but not limited to, customer business information and personal data, trade secrets and price-sensitive information.

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("IP rights") if and when applicable by valuing and protecting its intellectual properties through renewals of patent and trademark. In order to ensure that the customer's IP rights of products are properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement. The Group enters standard employment contracts with its employees who contain provisions on IP rights and confidentiality.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Trade Descriptions Ordinance of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the Year.

No significant fines were incurred during the Year.

B7: Anti-corruption

The Group believes that honesty, integrity and fair play are the important assets in business and strictly adhered to the laws relating to corruption, bribery, extortion and money-laundering etc. Code of Conduct has been prepared, under which all employees are advised that they are prohibited from offering or soliciting advantages in connection with his or her duties and with the business of the Group and that any employee soliciting or accepting an advantage without the permission of the Group commits an offence under the Prevention of Bribery Ordinance.

The Code of Conduct also states clearly that the Group shall not tolerate any illegal or unethical acts. Offenders will be subject to disciplinary action, including summary dismissal and termination of employment. In cases of suspected corruption or other forms of criminal activity, a report will be made to Independent Commission Against Corruption or appropriate authorities.

The Group shall not tolerate the use of insider information by the employee to secure personal advantage at the expense of the Group or over those not in the Group. The use of insider information which has not been made public for personal gain is illegal, unethical and strictly prohibited.

The Group provides anti-corruption education and training (through webcast and circulation of e-training materials) to its directors and staff on a regular basis to raise their awareness towards ethical and corruption issues.

A channel for raising complaint is open to all employees, so that any possible breach of the Code of Conduct or unlawful or unethical conduct can be sent directly to the Senior Management for an impartial investigation.

Environmental, Social and Governance Report

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the Prevention of Bribery Ordinance of Hong Kong and other applicable laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the Year.

There is no legal case concerning corruption brought against the Group or its employees during the Year.

B8: Community Investment

Corporate social responsibility used to sound foreign before but now it is a must for enterprises. As a commitment to making Hong Kong a more caring and just society in good and bad times, the Group sets out the following criteria to be followed and satisfied themselves.

The Group is committed to promoting social welfare, building a more just and caring society in collaboration with other sectors. During the Year, Lo's Cleaning is honoured to receive a "15 Years + Caring Company" award granted by the Hong Kong Council of Social Service. It is delighted that the Group's efforts are recognised over the past decade in inspiring corporate social responsibility through caring for the environment, community and employees, as well as promoting strategic partnerships among business and social service partners, so as to participate in building a cohesive society.

Lo's Cleaning also received the "Social Capital Builder Logo Award", in recognition of its contributions to the development of social capital.



Environmental, Social and Governance Report

The Group has always supported environmental protection. During the Year, Lo's Cleaning was invited by Lok Sin Tong Benevolent Society ("Lok Sin Tong"), Kowloon to participate in a 「無煙海濱萬步行」 charity walk. The charity event has two purposes: (i) to understand the harm third-hand smoke brings; and (ii) to encourage the participants to be more "active" in their daily lives and strive for a healthier living.

Lo's Cleaning has positive responded to Lok Sin Tong's invitation and 26 staff have signed up to participate in the charity walk. On 22 February 2023, the participating staff walked from East Coast Park Precinct to Central Pier with averaging 12,000 steps per person to walk along the harbour front. The participating staff cleaned up over 100 cigarette butts. The event provided a great opportunity to participating staff to enjoy the outdoor and encouraged one another to get out of their chairs more often.

At the end of the walk, as a token of appreciation, Lo's Cleaning treated all the participating staff to afternoon tea at Café 8, a social enterprise that provides a progressive environment and opportunity for members of the society with learning disabilities. The participating staff had a chance to bond with each other outside of office environment and were able to enjoy the beautiful sunset at the pier over a cup of freshly brewed coffee.

At one of the major residential sites where the Group provides contract cleaning, the Group conducts monthly recycling activities whereby residents are encouraged to exchange recycled items, such as glass bottles or jars, newspapers, plastics, etc. with consumer products sponsored by the Group. A recycling contractor has been arranged to collect the recycled items.



「無煙海濱萬步行」 Charity walk held in February 2023



「無煙海濱萬步行」 Certificate of appreciation presented by Lok Sin Tong

CORPORATE GOVERNANCE REPORT

The board (the “Board”) of Directors of the Company hereby presents this Corporate Governance Report in the Company’s annual report for the year ended 31 March 2023.

The Board is committed to maintaining a high corporate governance standard and procedures to safeguard the interests of the Company’s shareholders (the “Shareholders”) and to enhance corporate value, accountability and transparency.

Corporate Governance Practices

The Board recognises the vital importance of a good corporate governance to the Group’s management, success and sustainability. Corporate governance practices would be reviewed from time to time to ensure compliance with the regulatory requirements and to meet the rising expectations of Shareholders and investors relating to corporate value, transparency and accountability of all its operations.

The Company strived to maintain a high standard of corporate governance and complied with the Corporate Governance Code (the “CG Code”) as stated in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

The Company has adopted the code provisions in the CG Code as its own code of corporate governance. During the year ended 31 March 2023, the Directors consider that the Company has complied with all the relevant code provisions set out in the CG Code throughout the year.

Non-compliance with Rule 3.28 of the Listing Rules

Reference was made to the announcement of the Company dated 29 June 2023, Ms. Chan Yuen Ying Stella (“Ms. Chan”) has resigned as the company secretary of the Company with effect from 30 June 2023. Following the resignation of Ms. Chan as the Company Secretary, the Company had no Company Secretary. The Company has temporarily not been able to meet the requirements under Rule 3.28 of the Listing Rules during the period from 1 July 2023 to the date of this report.

Save as mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code throughout the year ended 31 March 2023.

Compliance with the Model Code for Directors’ Securities Transactions

The Company has adopted its own code of conduct governing Directors’ dealings in the Company’s securities (the “Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of the Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Code and the Model Code throughout the year ended 31 March 2023.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “Employees Written Guidelines”) for governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. The list of Directors during the year is set out in the section headed "Report of the Directors" of this annual report.

The Board includes a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The independent non-executive Directors are of sufficient caliber with academic and professional qualifications in the fields of accounting and finance. The functions of independent non-executive Directors include, but not limited to:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Information of Directors and Senior Management" of this annual report.

Composition of the Board, including names of independent non-executive Directors, is disclosed in all corporate communications to Shareholders.

The Company has maintained on its website and on the Stock Exchange's website an updated list of its Directors identifying their role and function and whether they are independent non-executive Directors.

Directors have given sufficient time and attention to the affairs of the Group. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors have been invited to serve on different Board committees to monitor observance of corporate governance objectives, take lead where potential conflicts arise and to contribute to the development of the Company's strategy and policies.

Responsibilities and Function

The Board is responsible for the overall management and performance monitoring of the Group. Its main roles are to provide leadership and to take responsibility for decisions relating to major and significant matters on policies formulation, financial and operation performances, major acquisitions and disposals and Directors' appointment. The Directors perform their duties in good faith and in the interests of the Company and its Shareholders as a whole at all times.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management of the Company within the control and authority framework set by the Board. The delegated functions and work tasks are periodically reviewed by the Board. The Board has the full support of the management of the Company to discharge its responsibilities. Information and updates of the Company's performance and position are given to all Directors in a timely manner to enable the Directors to discharge their duties. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Development Committee and the Corporate Governance Committee. Further details of these committees are set out in this annual report.

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All Directors have full and timely access to all relevant and available information as well as the advice and services of the company secretary of the Company (the “Company Secretary”) and management of the Company with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company’s expenses, upon reasonable request made to the Board.

The Board adopted on 29 June 2023 a mechanism for Directors to obtain independent opinions and perspectives in order for them to discharge their duties and responsibilities, and to ensure independent views and input are available to the Board. The Board will review the implementation and effectiveness of such mechanism annually.

The Company shall arrange suitable and sufficient resources to cover any matters relating to the obtaining of an independent opinion by the Board, including but not limited to the engagement of a legal team or any other professionals for such purpose (where appropriate).

The Directors shall give at least three working days’ notice to the Company Secretary to obtain an independent opinion, including but not limited to engaging a professional team for such purpose (where appropriate).

The Board is required to review its structure, size, composition (including skills, knowledge and experience) and Board Diversity policy at least annually to ensure that the composition of the Board complies with the relevant requirements of the Listing Rules, including maintaining a balanced mix of executive and non-executive Directors (including independent non-executive Directors) so that the Board can make and exercise judgment independently and effectively.

If all independent non-executive Director has served on the Board for more than nine years, the Company should consider to appoint a new independent non-executive Director at the next annual general meeting.

Directors’ Training and Continuous Professional Development

The Company encourages the Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills.

Pursuant to C.1.4 of the CG Code, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Regulatory updates and relevant materials on amendments of the Listing Rules have been sent to the Directors for their awareness of the latest development on regulatory requirements, to ensure that they are fully aware of the responsibilities and obligations of directors under the Listing Rules and relevant regulatory requirements.

All Directors have participated in continuous professional development and provided to the Company a record of training they received for the year ended 31 March 2023.

Name of Directors	Attending or participating in seminars/in-house briefing relevant to the business, regulatory updates and director's duties
Mr. Lo Kou Hong (<i>Chairman</i>)	✓
Mr. Tsui Kwok Hing (<i>Co-chairman</i>)	✓
Mr. Fu Jun (<i>Chief Executive Officer</i>)	✓
Mr. Leung Cheung Hang	✓
Ms. Wang Guan	✓
Mr. Wang Chunping	✓
Mr. Wang Qi	✓
Mr. Yau Pak Yue	✓
Mr. Leung Nga Tat	✓

Directors' and Officers' Insurance

The Company has arranged for appropriate liability insurance for the Directors to cover their liabilities arising out of corporate activities. The coverage and the sum insured under the policy are to be reviewed regularly.

Chairman and Chief Executive

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lo Kou Hong is the Chairman, Mr. Tsui Kwok Hing is the Co-Chairman and Mr. Fu Jun is the Chief Executive Officer of the Company. The Company considered that the division of responsibilities between the chairman, co-chairman and chief executive officer is clearly established.

Appointment, Re-election and Removal of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will evaluate, select and recommend candidate(s) for directorship to the Board on the appointments and re-appointments of Directors. The Board adopted a nomination policy in May 2019 which sets out the selection criteria and process to guide the Nomination Committee and the Board in relation to nomination and appointment of Director(s).

According to the Company's articles of association (the "Articles"), all Directors are subject to retirement by rotation at least once in every three years and are eligible for re-election at the annual general meeting of the Company. Any new Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting of the Company after appointment and shall then be eligible for re-election at such meeting.

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BOARD MEETINGS

Board Practices and Conduct of Meetings

The Directors met regularly as and when required by business needs. At least four Board meetings were held every year. Schedules for Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Directors may participate in meetings in person or through electronic means of communication. At all times reasonable notice are given to enable all Directors to attend Board meetings and to include matters for discussion in the agenda as they think fit.

Draft agenda of each meeting is normally made available to Directors in advance. In addition, Board papers together with all appropriate, complete and reliable information are sent to all Directors as soon as practicable before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the management of the Company whenever necessary.

Access to Information

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

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

Independent Non-executive Directors

As required under Rules 3.10(1) and 3.10(2) of the Listing Rules, as at 31 March 2023 and the date of this report, the Company has appointed sufficient number of independent non-executive Directors and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

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

Attendance Records at Board Meetings and General Meetings

The attendance record at the Board and its committee meetings during the year ended 31 March 2023 demonstrates Directors' strong commitment to the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and management.

During the financial year ended 31 March 2023, (i) the Directors have made active contribution to the affairs of the Group and a total of 6 Board meetings were held to, among other things, review and approve the interim results and the final results of the Group and (ii) 1 general meeting of the Company was held, being the 2022 annual general meeting of the Company held on 9 September 2022 (the "2022 AGM").

	Number of attendance for Board meetings	Number of attendance for General meetings
Executive Directors		
Mr. Lo Kou Hong (<i>Chairman</i>)	2/6	1/1
Mr. Tsui Kwok Hing (<i>Co-chairman</i>)	3/6	1/1
Mr. Fu Jun (<i>Chief Executive Officer</i>)	6/6	1/1
Mr. Leung Cheung Hang	5/6	1/1
Non-executive Directors		
Ms. Wang Guan	4/6	1/1
Mr. Wang Chungping	5/6	1/1
Independent Non-executive Directors		
Mr. Wang Qi	6/6	1/1
Mr. Yau Pak Yue	6/6	1/1
Mr. Leung Nga Tat	6/6	1/1

BOARD COMMITTEES

The Board has established six Board committees, namely, the Remuneration Committee, the Audit Committee, the Nomination Committee, the Corporate Governance Committee, the Strategy and Development Committee and the Executive Committee, for overseeing particular aspects of the Company's affairs and assisting in the execution of the Board's responsibilities. All Board committees except the Executive Committee have defined written terms of reference. The list of the Chairman and members of each committee is set out in each of the following Board committee section. The meeting procedures follow the statutory procedures for Board meetings. To assist the Board committees to perform their responsibilities, sufficient resources are provided and independent advice is also available on request at the Company's expenses.

1. Remuneration Committee

The Remuneration Committee was established on 12 July 2005 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange. The Remuneration Committee has adopted the approach under code provision E.1.2(c)(ii) of the CG Code and made recommendations to the Board on the Group's overall policy and structure for the remuneration of Directors and senior management.

The duties of the Remuneration Committee include, amongst other things:

- make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

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- determine, with delegated responsibility from the Board, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors. The committee shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- review and approve compensation payable to executive Directors for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company; and
- review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Company may consult the Chairman of the Board about their remuneration proposals for other executive Directors. The Remuneration Committee may seek independent professional advice to perform its responsibilities if it considers necessary.

During the year, 1 Remuneration Committee meeting was held, its members and their attendance records are as follows:

	Number of attendance
Mr. Yau Pak Yue (<i>Chairman</i>)	1/1
Mr. Tsui Kwok Hing (<i>Note</i>)	N/A
Mr. Wang Qi	1/1
Mr. Leung Nga Tat	1/1

Note: Mr. Tsui Kwok Hing was appointed as a member of the Remuneration Committee on 24 June 2022 and no Remuneration Committee meetings were held after his appointment.

The major works performed by the Remuneration Committee during the year included, amongst other things, the following:

- reviewing the effectiveness of the Company's remuneration policy and structure for all Directors and senior management;
- reviewing the remuneration package for Directors; and
- recommending to the Board the proposed remuneration of the Directors and senior management.

2. Audit Committee

The Audit Committee was established on 12 July 2005 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee include, amongst other things:

- review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board;
- review and monitor the external auditors' independence and the effectiveness of the audit process in accordance with applicable standard;
- make recommendation to the Board on the appointment, re-appointment and removal of external auditors;
- review the adequacy and effectiveness of the Company's financial reporting system, internal control system, risk management system and associated procedures; and
- report to the Board on the matters set out in the code provisions as stated in Appendix 14 to the Listing Rules.

The Audit Committee may seek independent professional advice to perform its responsibilities if it considers necessary.

During the year, 3 Audit Committee meetings were held, its members and their attendance records are as follows:

	Number of attendance
Mr. Yau Pak Yue (<i>Chairman</i>)	3/3
Mr. Wang Qi	3/3
Mr. Leung Nga Tat	3/3

The major works performed by the Audit Committee during the year included, amongst other things, the following:

- reviewing the final results for the year ended 31 March 2022;
- reviewing the financial controls, risk management and internal control systems for the year ended 31 March 2022;
- reviewing the interim results for the six months ended 30 September 2022; and
- proposing the acceptance of resignation of ZHONGHUI ANDA CPA Limited and appointment of CCTH CPA Limited as the auditors of the Company.

The accounts for the year ended 31 March 2023 were audited by CCTH CPA Limited ("CCTH") whose term of office will expire upon the conclusion of the forthcoming annual general meeting of the Company ("2023 AGM"). The Audit Committee has reviewed the terms of engagement of CCTH, inter alia, (i) the size and structure as well as the nature and complexity of the business of the Group, (ii) the relevant audit fees and (iii) the resources deployed by CCTH in respect of the audit of the financial statements of the Group in accordance with "Guidelines for the Effective Operation of Audit Committees – Selection, Appointment and Reappointment of Auditors" published by the Financial Reporting Council on 16 December 2021 and recommended to the Board the re-appointment of CCTH as the auditor of the Company at the 2023 AGM.

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3. Nomination Committee

The Nomination Committee was established on 8 March 2012 with written terms of reference in compliance with paragraph B.3.1 of Appendix 14 to the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange.

The main duties of the Nomination Committee include, among other things:

- review the structure, size and composition (including, but not limited to, the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- make recommendations on relevant matters relating to the appointment and re-appointment of Directors and succession planning for Directors; and
- to review the diversity of Board member policy and the progress of achieving the objectives of the Board diversity policy of the Company (the "Board Diversity Policy").

The Nomination Committee may seek independent professional advice to perform its responsibilities if it considers necessary.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") on 29 May 2019. The Nomination Policy sets out the approach to guide the Nomination Committee in relation to the evaluation, selection and recommendation of the Directors of the Company.

The selection criteria specified in the Nomination Policy include:

- character and integrity;
- qualifications, including experience in the relevant industries the Company's business is involved in and other professional qualifications;
- the Company's Board Diversity Policy, having considered a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, perspectives, skills, knowledge and length of service;
- commitment for responsibilities of the Board in respect of available time and relevant interest;
- contribution that the candidate(s) can potentially bring to the Board; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Nomination Committee will identify candidates in accordance with the selection criteria set out in the Nomination Policy, evaluate the candidates and recommend to the Board for the appointment of the appropriate candidate for directorship. The Board decides the appointment based upon the recommendation of the Nomination Committee and the Board has the final authority on determining suitable Director candidate for directorship.

Board Diversity Policy

The Board has adopted the Board Diversity Policy on 30 April 2014 and revised on 10 January 2019. In designing the Board's composition, the diversity of members of the Board has been considered from a number of aspects, including but not limited to gender, age, educational background, professional experience and qualifications, relevant industry experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered and selected based on a range of diversity perspectives including but not limited to the said aspects.

BOARD LEVEL

Pursuant to the Board Diversity Policy, selection of candidates for the Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity in the Board. The Nomination Committee will review the Board Diversity Policy annually to ensure its continued effectiveness.

The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the year ended 31 March 2023 and as at the date of this annual report, the Board consists of eight male members and one female member. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender and the Board had not set any measurable objectives. The Company has also reviewed the structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation. The Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

WORKFORCE LEVEL

As at 31 March 2023, the Group had a total of 1,144 staff, comprising of 291 male staff and 853 female staff. As such, the Group has achieved gender diversity in respect of its workforce. The Group will continue to strive to maintain an appropriate balance of gender diversity in its workforce in near future.

During the year, 1 Nomination Committee meeting was held, its members and their attendance records are as follows:

	Number of attendance
Mr. Tsui Kwok Hing (<i>Chairman</i>)	1/1
Mr. Leung Cheung Hang	1/1
Mr. Wang Qi	1/1
Mr. Yau Pak Yue	1/1
Mr. Leung Nga Tat	1/1

The major works performed by the Nomination Committee during the year included, amongst other things, the following:

- reviewing the structure, size and composition of the Board;
- accessing the independence of the independent non-executive Directors; and
- considering and making recommendations to the Board on the re-election of Directors at the 2022 AGM.

Corporate Governance Report

4. Corporate Governance Committee

The Corporate Governance Committee was established on 24 June 2014 with written terms of reference in compliance with paragraph A.2.1 of Appendix 14 to the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange.

The duties of the Corporate Governance Committee include, amongst other things:

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

During the year, 1 Corporate Governance Committee meeting was held, its members and their attendance records are as follows:

	Number of attendance
Mr. Tsui Kwok Hing (<i>Chairman</i>)	1/1
Mr. Yau Pak Yue	1/1
Mr. Leung Nga Tat	1/1

5. Strategy and Development Committee

The Strategy and Development Committee was established on 24 June 2014 with written terms of reference and a copy of which is posted on the website of the Company and of the Stock Exchange.

The main duties of the Strategy and Development Committee include, among other things:

- review the documents from the senior management of the Company on issues relating to its strategies and developments (such as vision of the Company, mission of the Company, and annual strategy documents) on a regular basis and make recommendations to the Board regarding any propose changes;
- identify market changes and competition or make recommendations to the Board on issues relating to the Company's strategies and developments, such as Company's market positions, pricing strategies, new markets and strategic partnerships;
- make recommendations to the Board on matters relating to the Company's strategies; and
- all such other responsibilities and powers as may be delegated by the Board from time to time.

During the year, the Strategy and Development Committee did not hold any meeting, its members are as follows:

Mr. Tsui Kwok Hing (*Chairman*)
Mr. Fu Jun
Mr. Yau Pak Yue

6. Executive Committee

The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision.

During the year ended 31 March 2023, the Executive Committee did not hold any meeting and its members are as follows:

Mr. Tsui Kwok Hing (*Chairman*)

Mr. Fu Jun

Mr. Yau Pak Yue

Mr. Leung Nga Tat

RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended 31 March 2023 which were prepared in accordance with statutory requirements and applicable accounting standards and were prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2023, the Directors made judgments and estimated that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of the auditors on the financial statements are set out in the section headed "Independent Auditors' Report" of this annual report.

In respect of code provision D.1.3 of the CG Code, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

During the year ended 31 March 2023, services provided to the Company by its external auditors and the respective fees paid were:

Services rendered	Fee paid/ payable HK\$'000
Audit services	700
Non-audit services	138
Total	838

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board acknowledges that it is responsible for maintaining the effectiveness of the risk management and internal control systems to safeguard the assets of the Group. Such systems are designed to manage rather than eliminate risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee is delegated by the Board to assist the Board in fulfilling the above responsibilities.

During the year, the Board, through the Audit Committee, has reviewed the risk management and internal control systems of the Group, which covers all material financial, operational, compliance controls and risk management functions, and considered the risk management and informed the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function. The Board concluded that the risk management and internal control systems are adequate and effective.

In light of the Group's size, nature and complexity of the business, management currently is of the view that the need for setting up an independent internal audit function is not significant. The need for an independent internal audit function will be reviewed from time to time. The Board was satisfied to the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff members of the Company's accounting and financial reporting function.

Main Features of Risk Management and Internal Control Systems

The key elements of the Group's risk management and internal control systems include a well-defined management structure with limits of authority, clear policies, standard operation procedures, and risk control self-assessment conducted for all major operating units of the Group. The system is designed to provide reasonable assurance of no material misstatement or loss and to manage risks failure in operational systems and achievement of the Group's objectives.

The Board has the overall responsibility to ensure that sound and effective internal controls are maintained, but the management is responsible for designing and implementing internal control systems to manage all kinds of risks faced by the Group. The operating units and support functions are facilitated and coordinated by the management and ensure that risk management processes and mitigation plans follow good practices and guidelines established in their day-to-day operations.

The Group's risk management activities are performed by management on an ongoing basis. The effectiveness of the Group's risk management and internal control systems is evaluated at least annually to update the progress of risk monitoring efforts.

Process used to identify, evaluate and manage significant risks

Management will assess the nature and impact of risk, and report issues to the Board. The Group identifies outside and inside events by reviewing its external and internal environment and stakeholders, which have an influence or potential influence on the Group's ability to achieve its strategy and business objectives.

The Board, according to the risk report, would take appropriate action to eliminate the risks. Risks which cannot be accepted or are beyond the Company's risk appetite are transferred, eliminated or controlled through risk mitigation measures. Each risk mitigation measure has a process owner who is a department manager and a target completion date is assigned to ensure accountability. Risks owners are also responsible for monitoring the status of the risk mitigation measures for risks under their purview.

Process used to review the effectiveness of the Risk Management and Internal Control Systems

The Board and Audit Committee review the internal control issues identified by external auditors, independent advisor, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. To further enhance control awareness, the Group has also approved launching a whistleblowing policy for employees to raise any concerns about possible improprieties in any matter related to the Group.

Inside Information Policy

In relation to the internal control and procedures for the handling and dissemination of inside information, the Group is in compliance with the relevant parts of the Securities and Futures Ordinance (the "SFO") and Listing Rules.

The Company regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company's legal advisor also assists the Board to assess whether the relevant information is considered to be inside information which needs to be disclosed as soon as reasonably practicable.

Conflict of Interest

If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction.

The Group also adopted certain internal control policies to manage potential conflicts of interest.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and enabling investors to understand the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Board adopted a Shareholders communication policy (the "Shareholders Communication Policy") which sets out the provisions with the objective of ensuring that the Shareholders and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

General Policy

The Board shall maintain an on-going dialogue with Shareholders and the investment community, and will regularly review the Shareholders Communication Policy to ensure its effectiveness.

Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times. Any question regarding the Shareholders Communication Policy shall be directed to the Company Secretary or the Board.

Corporate Governance Report

Communication Strategies

Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communication

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.

Corporate Website

A dedicated "Investor Relations" section is available on the Company's website. Information on the Company's website is updated on a regular basis.

Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

All press releases issued by the Company will be made available on the Company's website.

Shareholders' Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the annual general meeting shall be in place to encourage Shareholders' participation. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. Board members, in particular, either the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meeting to answer Shareholders' questions. Shareholders are encouraged to attend shareholders' activities organised by the Company, where information about the Company, including the latest strategic plan, products and services etc. will be communicated.

Investment Market Communications

Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews and marketing activities for investors etc. will be available on a necessary basis in order to facilitate communication between the Company, Shareholders and the investment community. The Directors and employees who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Shareholders Communication Policy for Disclosure of Information of the Company. The Company's chief executive officer should be the authorized spokesperson on behalf of the Company unless otherwise authority is given.

Shareholder Privacy

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Company continues to enhance communication and relationship with Shareholders and investors. Designated management of the Company maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

The Board welcomes views of Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management of the Company directly. The Chairman of the Board as well as the chairman and/or other members of the Board committees and the external auditors will normally attend the annual general meeting and other Shareholders' meetings of the Company to answer questions raised. Meeting circulars are distributed to all Shareholders before the annual general meeting and general meetings in accordance with the timeline requirement as laid down in the Listing Rules and the Articles. All the resolutions proposed to be approved at the general meetings will be taken by poll and poll voting results will be published on the website of the Stock Exchange and of the Company after the meetings.

The Board has conducted a review of the Shareholders Communication Policy for the year ended 31 March 2023 to ensure the effectiveness of the Shareholders Communication Policy. Such review shall be conducted annually. The Board considered that the Shareholders Communication Policy for the year ended 31 March 2023 was effective.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be our goal and adopted a dividend policy (the "Dividend Policy") on 10 January 2019. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

- (a) the financial performance of the Group;
- (b) the Group's actual and future operations and liquidity position;
- (c) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (e) the general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (f) any other factors that the Board deems appropriate.

Declaration of dividend by the Company is also subject to any restrictions under the laws of the Cayman Islands, the Articles and any applicable laws, rules and regulations.

The Dividend Policy shall be reviewed from time to time. There can be no assurance that a dividend will be proposed or declared in any given period.

Corporate Governance Report

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting of the Company provides a useful forum for Shareholders to exchange views with the Board. The Directors (including independent non-executive Directors) are available at the annual general meeting to answer questions from Shareholders about the business and performance of the Group. In addition, the Company's external auditors is also invited to attend the annual general meeting to answer questions about the conduct of the audit, and the preparation and contents of the auditor's report. Separate resolutions are proposed at general meetings for each substantial issue. An explanation of the detailed procedures of conducting poll was provided to Shareholders at the annual general meeting, to ensure that Shareholders are familiar with such procedures.

SHAREHOLDERS' RIGHTS

Convene a General Meeting

In accordance with the Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisitionist not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the requisitionist(s) concerned at the annual general meeting or general meetings varies according to the nature of the proposal as set out in the Articles.

Put Forward Proposals at Shareholders' Meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written request, duly signed by the shareholder concerned, setting out the proposals at the Company's principal office in Hong Kong for the attention of the Board and the Company Secretary. The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will pass the request to the Board. Whether a proposal will be put to a general meeting will be decided by the Board in its discretion, unless the proposal put forward by a shareholder is (i) pursuant to a requisition by a shareholder to convene a general meeting referred to above or (ii) forms part of ordinary business to be considered at an annual general meeting as described in the Articles.

The procedures for Shareholders to propose a person for election as Director is available on the Company's website.

Shareholders' enquiries

Specific enquiries or suggestions by Shareholders can be sent in writing to the Board or the Company Secretary at our principal office in Hong Kong. In addition, Shareholders can contact Tricor Tengis Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlement to attend the general meeting or dividend. Relevant contact details are set out on page 3 of this annual report.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance and the implementation of the CG Code.

The Company Secretary reports to the Board. All Directors also have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations, are followed. The selection, appointment and dismissal of the Company Secretary is subject to the Board approval.

During the year ended 31 March 2023, The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("Uni-1"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit difference commercial needs.

Ms. Chan Yuen Ying, Stella ("Ms. Chan"), the representative of Uni-1, was the named Company Secretary of the Company for the year. Mr. Tsui Kwok Hing, the Co-Chairman and an executive Director, is the primary point of contact at the Company for the Company Secretary.

According to the requirements of Rule 3.29 of the Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the financial year ended 31 March 2023.

Ms. Chan has resigned as the Company Secretary with effect from 30 June 2023. The Company is seeking for suitable candidate to fill up the vacancy as soon as practicable.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 March 2023. The Board proposed to amend the existing memorandum and Articles (the "Existing M&A") and to adopt an amended and restated memorandum and articles of association of the Company in 2023 AGM in order to (i) conform to the core standards set out in Appendix 3 to the Listing Rules; (ii) update the Existing M&A according to the relevant requirements of the Listing Rules and the applicable laws of the Cayman Islands; and (iii) to make certain housekeeping amendments.

REPORT OF THE DIRECTORS

The Board is pleased to present this Report of the Directors and the audited financial statements of the Group for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is organised into business units based on their products and services and has three operating segments as follows:

- (a) the cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;
- (b) the advertising media business segment engages in the provision of media strategy, planning and management, product launching and selling, brand building, event marketing as well as the development and operations of advertising media; and
- (c) the waste treatment business segment engages in the provision of organic waste treatment and sale of the by-products produced.

The Board remains dedicated to maximizing returns to Shareholders by actively pursuing new business opportunities, refining and expanding the current business scopes.

For more details regarding the Group's performance by reference to environmental and social-related policies, as well as compliance with relevant laws and regulations that have a significant impact on the Group's business and operation can be found in the section headed "Environmental, Social and Governance Report" set out on pages 12 to 29 of this annual report.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2023 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 64 to 135 of this report.

The Board does not recommend any payment of final dividend for the year ended 31 March 2023 (2022: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 136. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital and share options during the year ended 31 March 2023 are set out in Notes 29 and 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RELIEF OF TAXATION

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Reference was made to the announcement of the Company dated 19 June 2020 relating to, among others, the settlement agreement in relation to the termination of the acquisition of the entire issued shares in DaWen Corporation Limited (香港達文有限公司). The 66,666,666 escrow consideration shares of the Company has been sold on the Stock Exchange by the licensed securities brokerage firm on behalf of the Company on 3, 6, 7, 8 and 9 March 2023 at an aggregate net consideration of approximately HK\$2,216,000.

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2023 are set out in Note 31 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2023, the Company had no reserves available for distribution. Under the Companies Act, the share premium account of the Company of approximately HK\$563,658,000 as of 31 March 2023 is distributable to the Shareholders provided that immediately following the date on which the dividend, if any, is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 73% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 32%.

Purchases from the Group's five largest suppliers accounted for approximately 66% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 26%.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Report of the Directors

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Lo Kou Hong (*Chairman*)

Tsui Kwok Hing (*Co-chairman*)

Fu Jun (*Chief Executive Officer*)

Leung Cheung Hang

Non-executive Directors:

Wang Guan

Wang Chunping

Independent Non-executive Directors:

Wang Qi

Yau Pak Yue

Leung Nga Tat

In accordance with the Article 112 of the Articles, Mr. Fu Jun, Mr. Wang Qi and Mr. Yau Pak Yue will retire by rotation at the 2023 AGM and, being eligible, offer themselves for re-election.

All other Directors will continue in office.

The biographical details of the Directors and senior management are set out on pages 9 to 11 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Lo Kou Hong, being the chairman and an executive Director, has entered into a service contract with the Company for a term of three years commencing on 1 February 2021. Either party has the right to terminate the service contract by giving not less than three months' written notice to the other party.

Mr. Tsui Kwok Hing, being the co-chairman and an executive Director, has entered into a service contract with the Company for a term of three years commencing on 12 February 2020 renewable automatically for successive terms of one year. Either party has the right to terminate the service contract by giving not less than three months' written notice to the other party.

Mr. Fu Jun, being the chief executive officer and an executive Director, has entered into a service contract with the Company for a term of three years commencing on 7 April 2020. Either party has the right to terminate the service contract by giving not less than three months' written notice to the other party.

Mr. Leung Cheung Hang, being an executive Director, has entered into a service contract with the Company for a term of three years commencing on 21 April 2020. Either party has the right to terminate the service contract by giving not less than three months' written notice to the other party.

Ms. Wang Guan, being a non-executive Director, has entered into a service contract with the Company for a term of three years commencing on 20 October 2021. Either party has the right to terminate the service contract by giving not less than one month's written notice to the other party.

Mr. Wang Chunping, being a non-executive Director, has entered into a service contract with the Company for a term of three years commencing on 1 November 2021. Either party has the right to terminate the service contract by giving not less than one month's written notice to the other party.

Mr. Wang Qi, being an independent non-executive Director, has signed an appointment letter issued by the Company for a term of three years commencing on 1 October 2021. Either party has the right to terminate the appointment letter by giving not less than three months' written notice to the other party.

Mr. Yau Pak Yue, being an independent non-executive Director, has signed an appointment letter issued by the Company for a term of three years commencing on 15 July 2021. Either party has the right to terminate the appointment letter by giving not less than one month's written notice to the other party.

Mr. Leung Nga Tat, being an independent non-executive Director, has signed an appointment letter issued by the Company for a term of three years commencing on 1 November 2021. Either party has the right to terminate the appointment letter by giving not less than one month's written notice to the other party.

Save as disclosed above, none of the Directors has any service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' REMUNERATION

Directors' remuneration is determined by the Remuneration Committee and the Board with reference to Directors' duties, responsibilities, performance and the results of the Group. Details of the remuneration of the Directors are set out in Note 12 to the consolidated financial statements.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and those of the five highest paid individuals of the Group for the year ended 31 March 2023 are set out in Notes 12 and 13 to the consolidated financial statement.

INDEMNITY OF DIRECTORS

A permitted indemnity provision that provides for indemnity against liability incurred by Directors is currently in force and was in force throughout the year ended 31 March 2023.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest subsisted during the year ended 31 March 2023.

CONTRACT OF SIGNIFICANCE

There is no contract of significance between the Company and any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACT

Other than the service contracts of the Directors as stated above in the section headed "Directors' Service Contracts", the Company has not entered into any agreement with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company.

COMPETING INTERESTS

As far as the Directors are aware, none of the Directors or their associates had any interest in a business that competes or may compete with the business of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests in the Shares and Underlying Shares of the Company and its Associated Corporations" and "Share Option Scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2023, the interests of the Directors in the shares of the Company (the "Shares") and underlying Shares and its associated corporations as recorded in the register required to be kept under Section 352 of Part XV of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

A. Interests in shares of the Company

Name of Director	Long/short positions	Capacity	Total interest in Shares	Total interest in underlying Shares	Aggregate interests	Approximate percentage of the Company's issued share capital
Mr. Tsui Kwok Hing ("Mr. Tsui") (Note 1)	Long position	Beneficial owner	69,190,090	16,000,000	164,871,130	8.54%
	Long position	Interest of spouse	79,681,040			
Mr. Lo Kou Hong ("Mr. Lo") (Note 2)	Long position	Beneficial owner	53,674,000	16,000,000	71,779,000	3.72%
	Long position	Interest of spouse	2,105,000			
Mr. Fu Jun ("Mr. Fu") (Note 3)	Long position	Beneficial owner	-	8,000,000	8,000,000	0.41%
Mr. Leung Cheung Hang ("Mr. Leung") (Note 3)	Long position	Beneficial owner	-	8,000,000	8,000,000	0.41%
Mr. Wang Qi ("Mr. Wang Qi") (Note 4)	Long position	Beneficial owner	1,367,000	1,600,000	2,967,000	0.15%

Notes:

- (1) Mr. Tsui is the beneficial owner of 69,190,090 Shares and 16,000,000 share options. He is also deemed to be interested in 79,681,040 Shares through interest of his spouse, Ms. Budirahaju Lita, who personally and beneficially owned such 79,681,040 Shares.
- (2) Mr. Lo is the beneficial owner of 53,674,000 Shares and 16,000,000 share options. He is also deemed to be interested in 2,105,000 Shares through interest of his spouse, Ms. Ko Lok Ping, Maria Genoveffa ("Ms. Ko"), who personally and beneficially owned such 2,105,000 Shares.
- (3) Each of Mr. Fu and Mr. Leung is interested in share options which can be severally exercised to subscribe for 8,000,000 Shares.
- (4) Mr. Wang Qi is interested in share options which can be severally exercised to subscribe for 1,600,000 Shares.

Report of the Directors

DIRECTORS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(continued)

B.(1) Associated corporation – Peixin Group Limited (“Peixin”), an indirect non wholly-owned subsidiary of the Company

Name of director	Long/short position	Capacity	Number of ordinary Shares in Peixin	Percentage of Peixin’s issued share capital
Mr. Lo	Long position	Interest held by a controlled corporation	42 shares (Note)	30%

Note: The 42 shares in Peixin were held through a corporation controlled by Mr. Lo and Ms. Ko. As such, Mr. Lo and Ms. Ko were deemed to be interested in such shares pursuant to Part XV of the SFO.

B.(2) Associated corporation – Shuyang ITAD Environmental Technology Limited (“Shuyang ITAD”), an indirect non wholly-owned subsidiary of the Company

Name of director	Long/short position	Capacity	Amount of registered capital in Shuyang ITAD	Percentage of Shuyang ITAD’s issued share capital
Mr. Lo	Long position	Interest held by a controlled corporation	RMB62,500,000 (Note)	30%

Note: The entire registered capital in Shuyang ITAD was beneficially owned by Peixin and 42 shares in Peixin were beneficially owned by a corporation controlled by Mr. Lo and Ms. Ko in equal shares. Such 42 shares in Peixin represent 30% of the entire issued share capital on Peixin. As such, Mr. Lo and Ms. Ko were deemed to be interested in such registered capital pursuant to Part XV of the SFO.

In addition to the above, as at 31 March 2023, Mr. Lo held 1 share in Lo’s Cleaning Services Ltd., an indirect wholly-owned subsidiary of the Company, in a non-beneficial capacity as nominee for Sinopoint Corporation.

Save as disclosed above, as at 31 March 2023, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept 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, nor had there been any grant or exercise of rights of such interests during the year ended 31 March 2023.

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

As at 31 March 2023, the following person (other than the Directors and chief executive of the Company) had interests of 5% or more in the issued Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Interests in Shares

Name of substantial shareholder	Long/short position	Capacity	Number of Shares	Percentage of the Company's issued share capital
WKI Partners (Holdings) Limited	Long position	Interest held by controlled corporation	179,315,000 (Note)	9.29%

Note: WKI Partners (Holdings) Limited is wholly-owned by Brave Venture Limited. Brave Venture Limited is wholly-owned by WKI Hong Kong Limited. WKI Hong Kong Limited is wholly-owned by WKI GP Limited. Accordingly, each of WKI Partners (Holdings) Limited, Brave Venture Limited, WKI Hong Kong Limited, WKI GP Limited was deemed to be interested in such Shares under Part XV of SFO.

SHARE OPTION SCHEME

The share option scheme of the Company was approved and adopted by the Shareholders in the annual general meeting of the Company held on 25 September 2015 (the "Share Option Scheme") and shall be valid and effective for a period of 10 years up to 24 September 2025.

The maximum number of Shares which may be issued upon exercise of all options which may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme ("Scheme Mandate Limit"). The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting in accordance with the rules of the Share Option Scheme. The Scheme Mandate Limit was refreshed by the Shareholders at the annual general meeting of the Company held on 25 September 2020.

According to the Share Option Scheme, the Board may at its absolute discretion, offer to grant option to any participant as the Board may think fit. The amount payable on acceptance of an option is HK\$1.00. The offer of option shall be accepted by the participants within 28 days from the date of the offer, otherwise the offer shall be deemed to have been irrevocably declined and lapsed automatically.

Report of the Directors

SHARE OPTION SCHEME (continued)

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee but may not be exercised after the expiry of ten years from the offer date. The Board may impose restrictions on the exercise of an option during the period an option may be exercised.

Pursuant to the Share Option Scheme, the Board may at its discretion offer options to any eligible participants including, but not limited to (i) any eligible employee as stated in the Share Option Scheme; (ii) any non-executive Director (including independent non-executive Directors) of the Company, any of its subsidiaries or any entity in which the Group holds any equity (the "Invested Entity"); (iii) any supplier of goods or services to the member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultant, adviser, legal consultant, legal adviser, agent and contractor engaged by the Company, the Group or any Invested Entity; (vi) any shareholder and director of any member of the Group or any Invested Entity or (vii) any holder of any securities issued by any member of the Group or any Invested Entity; and (viii) any other classes of participants who have contributed or may contribute, whether by way of joint venture, business alliance, other business arrangement, or otherwise, to the development and growth of Group.

The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and to encourage the participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any Invested Entity.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the options but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company to each participant in any 12-month period must not exceed 1 per cent of the total issued share capital of the Company for the time being. Any further grant of options to a participant in excess of the abovementioned limit in any 12-month period up to and including the date of such further grant must be subject to the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting.

SHARE OPTION SCHEME (continued)

Details of movements in the share options for the year ended 31 March 2023 are as follows:

Name or Category of participants	Exercise price per share HK\$	During the period			As at 31 March 2023	Notes
		As at 1 April 2022	Granted	Lapsed		
Directors						
Mr. Lo Kou Hong	0.094	16,000,000	-	-	16,000,000	(1)
Mr. Tsui Kwok Hing	0.094	16,000,000	-	-	16,000,000	(1)
Mr. Fu Jun	0.094	8,000,000	-	-	8,000,000	(1)
Mr. Leung Cheung Hang	0.094	8,000,000	-	-	8,000,000	(1)
Mr. Wang Qi	0.094	1,600,000	-	-	1,600,000	(1)
Sub-total		49,600,000	-	-	49,600,000	
Continuous Contracts Employees						
	0.278	9,686,302	-	-	9,686,302	(2)
	0.094	39,800,000	-	(800,000)	39,000,000	(1)
Sub-total		49,486,302	-	(800,000)	48,686,302	
All other eligible participants						
	0.278	2,446,000	-	(1,000,000)	1,446,000	(2)
	0.094	29,000,000	-	(7,250,000)	21,750,000	(1)
Sub-total		31,446,000	-	(8,250,000)	23,196,000	
Total		130,532,302	-	(9,050,000)	121,482,302	

Notes:

- (1) The share options were granted and deemed to be accepted on 23 July 2020. There were no vesting period and the share options are exercisable at any time during the period from 23 July 2020 to 22 July 2030 (both days inclusive) and the exercise price is HK\$0.094.
- (2) The share options were granted and deemed to be accepted on 6 July 2018. The vesting period of the share options was from the date of grant and up to 5 July 2019 and the share options are exercisable at any time during the period from 6 July 2019 to 5 July 2028 (both days inclusive) and the exercise price is HK\$0.278.

As at the date of this report, 114,232,302 share options were outstanding under the Share Option Scheme, which were fully vested and exercisable.

Report of the Directors

RELATED PARTY TRANSACTIONS

A summary of related party transactions made during the year was disclosed on Note 32 to the consolidated financial statements. These related party transactions were connected transactions. The Company has complied with the disclosure requirements with Chapter 14A of the Listing Rules during the year ended 31 March 2023.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and the best knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules. As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wang Qi, Mr. Yau Pak Yue (chairman) and Mr. Leung Nga Tat, and is responsible for reviewing the Group's financial information and overseeing the Group's financial reporting system and internal control procedures. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records, and external auditors and senior management.

The Audit Committee has reviewed together with the management of the Company the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, risk management, auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the year ended 31 March 2023.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2023, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" on pages 30 to 47.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK\$1,913,000 (2022: approximately HK\$4,630,000) in respect of certain services provided to various customers by the Group.
- (b) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2023 and 2022.
- (c) As at 31 March 2023, the Group had contingent liabilities as possible claims arising from indemnity related to acquisition of property, plant and equipment of approximately HK\$5,144,000 being equivalent to RMB4,500,000 (31 March 2022: Nil). In the opinion of management of the Group, it is not necessary for recording any provisions for the above contingent liabilities as at 31 March 2023.

Report of the Directors

As at the date of this report, there are no other known material contingent liabilities of the Group not disclosed and there are no legal, administrative or other proceedings pending which would materially affect the Group's financial condition.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitle to attend and vote at the 2023 AGM to be held on Thursday, 28 September 2023, the register of members of the Company will be closed from Friday, 22 September 2023 to Thursday, 28 September 2023, both dates inclusive, during which period no transfer of Shares will be effected. All transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 21 September 2023.

AUDITORS

On 4 November 2022, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") resigned as the auditors of the Company and CCTH CPA Limited ("CCTH") was appointed as auditors of the Company to fill the casual vacancy caused by resignation of ZHONGHUI ANDA. Save as disclosed above, there was no other changes in the Company's auditors in the past three years.

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by CCTH whose term of office will expire upon conclusion of the 2023 AGM. The Audit Committee has recommended to the Board that CCTH be nominated for re-appointment as the auditors of the Company at the 2023 AGM.

ON BEHALF OF THE BOARD

Lo Kou Hong

Chairman

Hong Kong, 29 June 2023

INDEPENDENT AUDITORS' REPORT



TO THE SHAREHOLDERS OF XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 64 to 135, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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 matters

How our audit addressed the key audit matters

Impairment of trade receivables

We identified the estimated impairment of trade receivables from customers as a key audit matter due to the use of significant estimates by the management of the Group in assessing the impairment of trade receivables.

As at 31 March 2023, the Group had trade receivables of HK\$49,320,000 before a provision for impairment of HK\$168,000.

The impairment of trade receivables was recognised based on the allowance for expected credit losses (ECLs). The management of the Group determines the ECLs of trade receivables based on historical information of settlement of trade receivables, customers' creditworthiness, and forward-looking economic conditions, involving the use of significant judgements and estimates.

The accounting policies and disclosures for the impairment of trade receivables are included in notes 4, 5, and 21 to the consolidated financial statements.

We tested the key controls of the Group relating to the credit control, debt collection and estimation of ECLs. We checked the ageing analysis of the trade receivables to obtain an understanding of the movements in the ageing and the settlement pattern of the customers.

For the collectively assessed ECLs, we assessed the reasonableness of the Group's ECL model, including inputs and assumptions used by the Group in calculating the ECLs. We assessed the reasonableness that historical experience was representative of current circumstances and of the recent losses incurred in the portfolios.

We also assessed the financial statements disclosures relating to the Group's exposure to credit risk.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 24 June 2022.

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.

Independent Auditors' Report

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 our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditors' Report

- 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.

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 29 June 2023

Ng Kam Fai

Practising Certificate Number: P06573

Unit 1510-1517,15/F., Tower 2

Kowloon Commerce Centre

No. 51 Kwai Cheong Road, Kwai Chung

New Territories, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
REVENUE	7	273,619	276,426
Other income and gains	8	4,422	1,365
Other losses	9	-	(533)
Staff costs	10	(198,416)	(189,693)
Depreciation and amortisation	10	(6,083)	(6,012)
Loss on fair value changes at financial assets at fair value through profit or loss	10	(1,714)	(1,830)
Other operating expenses		(88,935)	(94,754)
Fair value loss on investment properties	10,17	-	(1,065)
Finance costs	11	(693)	(633)
LOSS BEFORE INCOME TAX	10	(17,800)	(16,729)
Income tax expenses	14	(192)	(425)
LOSS FOR THE YEAR		(17,992)	(17,154)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries, net of tax		(236)	402
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(18,228)	(16,752)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(17,671)	(16,651)
Non-controlling interests		(321)	(503)
		(17,992)	(17,154)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(17,968)	(16,283)
Non-controlling interests		(260)	(469)
		(18,228)	(16,752)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	15	HK\$(0.0096)	HK\$(0.0093)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	16	9,972	13,181
Investment properties	17	–	2,220
Financial assets at fair value through profit or loss	18	17,007	13,976
Right-of-use assets	19	5,781	9,114
Deferred tax assets	28	–	212
Deposits paid for acquisition of property, plant and equipment		3,086	3,348
Total non-current assets		35,846	42,051
Current assets			
Inventories	20	288	895
Trade receivables	21	49,152	56,524
Prepayments, deposits and other receivables	22	18,307	15,394
Pledged time deposits	23	2,079	2,075
Cash and cash equivalents	23	70,125	74,026
Total current assets		139,951	148,914
Current liabilities			
Trade payables	24	12,670	11,634
Other payables and accruals	25	39,096	36,234
Promissory notes payable	26	3,000	3,000
Amount due to a related company	32(b)	1,055	1,055
Lease liabilities	27	3,017	3,606
Loans from directors	32(b)	7,047	14,258
Tax payables		283	283
Total current liabilities		66,168	70,070
Net current assets		73,783	78,844
Total assets less current liabilities		109,629	120,895

Consolidated Statement of Financial Position

As At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (restated)
Non-current liabilities			
Lease liabilities	27	3,967	6,984
Total non-current liabilities		3,967	6,984
NET ASSETS		105,662	113,911
Equity			
Equity attributable to owners of the Company			
Share capital	29	19,311	18,049
Reserves	31	86,799	96,050
		106,110	114,099
Non-controlling interests		(448)	(188)
TOTAL EQUITY		105,662	113,911

The consolidated financial statements on pages 64 to 135 were approved and authorised for issue by the Board of Directors on 29 June 2023 and are signed on its behalf by:

Lo Kou Hong
Chairman

Tsui Kwok Hing
Co-Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company											
	Share capital	* Share premium	* Capital redemption reserve	* Merger reserve	* Share option reserve	* Contributed surplus	* Other reserve	* Accumulated losses	* Exchange fluctuation reserve	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note31(a))	HK\$'000	HK\$'000 (note31(b))	HK\$'000 (note31(c))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	18,049	557,157	254	47,063	9,470	26,591	-	(532,917)	9,382	135,049	281	135,330
Loss for the year	-	-	-	-	-	-	-	(16,651)	-	(16,651)	(503)	(17,154)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	368	368	34	402
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(16,651)	368	(16,283)	(469)	(16,752)
Returned shares	-	-	-	-	-	-	(4,667)	-	-	(4,667)	-	(4,667)
Lapsed share options	-	-	-	-	(2,159)	-	-	2,159	-	-	-	-
At 31 March 2022 and 1 April 2022	18,049	557,157	254	47,063	7,311	26,591	(4,667)	(547,409)	9,750	114,099	(188)	113,911
Loss for the year	-	-	-	-	-	-	-	(17,671)	-	(17,671)	(321)	(17,992)
Other comprehensive (expense)/income for the year	-	-	-	-	-	-	-	-	(297)	(297)	61	(236)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(17,671)	(297)	(17,968)	(260)	(18,228)
Placing of shares (note 29)	1,262	6,501	-	-	-	-	-	-	-	7,763	-	7,763
Release upon disposal of returned shares (note 31(c))	-	-	-	-	-	-	2,216	-	-	2,216	-	2,216
Lapsed share options	-	-	-	-	(506)	-	-	506	-	-	-	-
At 31 March 2023	19,311	563,658	254	47,063	6,805	26,591	(2,451)	(564,574)	9,453	106,110	(448)	105,662

* The reserve accounts comprise the consolidated reserves of approximately HK\$86,799,000 (2022: HK\$96,050,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (restated)
OPERATING ACTIVITIES			
Loss before income tax		(17,800)	(16,729)
Adjustments for:			
Finance costs	11	693	633
Interest income	8	(998)	(233)
Dividend income	8	(482)	(431)
Depreciation on property, plant and equipment	10	2,750	2,782
Depreciation on right-of-use assets	10	3,333	3,230
Gain on lease termination		–	(120)
Fair value loss on financial assets at fair value through profit or loss		1,714	1,830
Reversal of impairment losses on financial assets, net		(45)	–
Fair value loss on investment properties	17	–	1,065
Net gain on disposals of property, plant and equipment	10	(16)	(117)
Written-off of property, plant and equipment	10	116	13
Loss on disposal of investment properties		606	–
Impairment on intangible assets	9	–	533
Operating cash flows before movements in working capital		(10,129)	(7,544)
Decrease/(increase) in inventories		606	(746)
Decrease/(increase) in trade receivables		7,372	(16,355)
Increase in prepayments, deposits and other receivables		(2,872)	(3,647)
Increase in trade payables		1,079	2,254
Increase in other payables and accruals		3,121	796
Cash used in operations		(823)	(25,242)
Net income tax refunded		3	455
Net cash used in operating activities		(820)	(24,787)
INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(5,500)	(16,500)
Redemption of financial assets at fair value through profit or loss		755	8,498
Repayment from a director		–	60
Purchase of property, plant and equipment		(376)	(2,943)
Proceeds from disposals of property, plant and equipment		29	292
Proceeds from disposal of investment properties		1,440	3,267
Redemption of structured deposits		–	7,000
Increase in pledged time deposits		(4)	(2)
Interest received		998	233
Dividend received		482	431
Net cash (used in)/generated from investing activities		(2,176)	336

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (restated)
FINANCING ACTIVITIES			
Principal portion of lease payments		(3,606)	(1,953)
(Repayment)/advance from directors		(7,190)	7,035
Proceeds from returned shares		2,216	–
Proceeds from placing of new shares		7,763	–
Interest paid		(453)	(393)
Net cash (used in)/generated from financing activities		(1,270)	4,689
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		74,026	93,953
Effect of exchange rate changes on the balance of cash held in foreign currencies		365	(165)
Cash and cash equivalents at end of the year	23	70,125	74,026
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		40,209	32,858
Non-pledged time deposits with original maturity of less than three months when acquired		29,916	41,168
Cash and cash equivalents as stated in the consolidated statement of cash flows	23	70,125	74,026

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. CORPORATE INFORMATION

Xinhua News Media Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit 407, Fu Hang Industrial Building, 1 Hok Yuen Street East, Hunghom, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) was principally engaged in the provision of cleaning and related services, the provision of waste treatment service and the provision of advertising media service.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively the “Group”) has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 April 2022 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts 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	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” (continued)

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” (“HKAS 12”) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group’s annual reporting periods beginning on or after 1 April 2023, with early application permitted. The Group is in still the process of assessing the full impact of the application of the amendments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as modified by the investment properties and financial assets at fair value through profit or loss, which are carried at their fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 "Leases" ("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".

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 entities comprising 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) The entity and the Group are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Gain 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 on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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 life at the following rates per annum:

Buildings	5%
Leasehold improvements	Over the lease terms
Furniture and equipment	10% - 33%
Motor vehicles	20% - 25%
Tools and machinery	10% - 33%

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.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Allocation of consideration to components of a contract (continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") on financial assets (including trade receivables, other receivables, deposits, pledged bank balances and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for all government customers and collectively for non-government customers using a collective assessment with past due status groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables from non-government customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities including trade payables, other payables, promissory notes payable, amount due to a related company and loans from directors are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

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

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required 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 benefit 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.

Income tax

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

Current tax

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax

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

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Repayment of a grant related to income is applied first against any unamortised deferred income set up in respect of the grant. To the extent that the repayment exceeds any such deferred income, or where no deferred income exists, the repayment is recognised immediately in profit or loss. Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income by the amount repayable. The cumulative additional depreciation that would have been recognised in profit or loss to date in the absence of the grant is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

The Group recognises revenue mainly from cleaning services.

Under the terms of these contracts, the customers of the Group simultaneously receive and consume the benefits provided by the Group’s performance as the Group performs and thus these income are recognised over time.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

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

Share-based payments transactions

The Group issues equity-settled share-based payments to eligible participants who contribute to the success of the Group’s operations. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Employee leave entitlements

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

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

Pension obligations

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

Termination benefits

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their consolidated statement of profit or loss and other comprehensive incomes are translated into Hong Kong dollars at the weighted average exchange rates for the year. Exchange differences arising are recognised in the exchange reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained earnings within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Events after the reporting period

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

5. SIGNIFICANT ACCOUNTING ESTIMATES

Key sources of estimation uncertainty

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

(a) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the service sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the consolidated financial statements.

(b) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(c) Property, plant and equipment/intangible assets and depreciation/amortisation

The Group determines the estimated useful lives, residual values and related depreciation and amortisation charges for the Group's property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment and intangible assets of similar nature and functions. The Group will revise the depreciation and amortisation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different, differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;
- (b) the advertising media business segment engages in the provision of media strategy, planning and management, product launching and selling, brand building, event marketing as well as developing and operating advertising media; and
- (c) the waste treatment business segment engages in the provision of organic waste treatment and sale of by-products produced.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted loss before income tax. The adjusted loss before income tax is measured consistently with the Group's loss before income tax except that interest income, government subsidies, dividend income and gain or loss on fair value changes on financial assets at fair value through profit or loss, share option expenses, finance costs and unallocated head office and corporate expenses are excluded from such measurement.

Segment liabilities exclude loans from directors as these liabilities are managed on a group basis.

There are no inter-segment revenue and transfers between the segments for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

6. OPERATING SEGMENT INFORMATION (continued)

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

	For the year ended 31 March 2023			Total HK\$'000
	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Waste treatment HK\$'000	
Segment revenue:				
Service income from external customers recognised over time	273,619	-	-	273,619
Segment results	(2,445)	(3,160)	(1,106)	(6,711)
Reconciliation:				
Unallocated other incomes and gains				2,954
Interest income				998
Unallocated expenses				(14,348)
Finance costs				(693)
Loss before taxation				(17,800)
Income tax expenses				(192)
Loss for the year				(17,992)
Segment assets:	151,090	18,037	6,670	175,797
Total assets				175,797
Segment liabilities:	42,604	13,561	6,923	63,088
Reconciliation:				
Loans from directors				7,047
Total liabilities				70,135
Other segment information:				
Capital expenditure (note)	376	-	-	376
Depreciation and amortisation	4,305	680	1,098	6,083

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

6. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 March 2022 (restated)			Total HK\$'000
	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Waste treatment HK\$'000	
Segment revenue:				
Service income from external customers recognised over time	276,426	–	–	276,426
Segment results	3,559	(4,794)	(1,688)	(2,923)
Reconciliation:				
Unallocated other incomes and gains				468
Interest income				233
Unallocated expenses				(13,874)
Finance costs				(633)
Loss before taxation				(16,729)
Income tax expenses				(425)
Loss for the year				(17,154)
The following is an analysis of the Group's assets and liabilities by reportable segments:				
Segment assets:	164,401	18,375	8,189	190,965
Total assets				190,965
Segment liabilities:	43,131	12,263	7,402	62,796
Reconciliation:				
Loans from directors				14,258
Total liabilities				77,054
Other segment information:				
Capital expenditure (note)	2,935	8	–	2,943
Depreciation and amortisation	3,905	944	1,163	6,012

Note: Capital expenditure consists of additions of property, plant and equipment and intangible assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

6. OPERATING SEGMENT INFORMATION (continued)

Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 March		Year ended 31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (restated)
Hong Kong	273,619	276,426	25,693	27,196
The People's Republic of China (the "PRC")	-	-	10,153	14,828
Macau	-	-	-	27
	273,619	276,426	35,846	42,051

The revenue and non-current assets information above are based on the location of the customers and that of the assets, respectively.

Information about major customers

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

	2023	2022
	HK\$'000	HK\$'000
Customer A	87,803	85,258
Customer B	54,989	28,679
Customer C	N/A	31,153

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

7. REVENUE

Group's revenue represents the net invoiced value of services rendered. An analysis of the Group's revenue is as follows:

	2023 HK\$'000	2022 HK\$'000
Cleaning and related service fee income	273,619	276,426

(a) Disaggregation of revenue from contracts with customers:

Segments	Cleaning and related services	
	2023 HK\$'000	2022 HK\$'000
Geographical markets		
Hong Kong	273,619	276,426
Total	273,619	276,426
Timing of revenue recognition		
Over time	273,619	276,426
Total	273,619	276,426

The Group provides cleaning and related service and waste treatment service are recognized on a monthly basis when the services are rendered. The amount for which can be reliably estimated and it is probable that the income will be received. The cleaning and related services and waste treatment service income are normally made with credit terms of 0 to 90 days.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

7. REVENUE (continued)

(b) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

The aggregated amounts of transaction price allocated to the remaining performance obligations under the Group's existing contracts are as follows:

	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Waste Treatment HK\$'000	Total HK\$'000
As at 31 March 2023				
Expected to be recognized within one year	215,739	-	-	215,739
Expected to be recognized after one year	38,204	-	-	38,204
	253,943	-	-	253,943

	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Waste Treatment HK\$'000	Total HK\$'000
As at 31 March 2022				
Expected to be recognized within one year	239,099	-	-	239,099
Expected to be recognized after one year	109,643	-	-	109,643
	348,742	-	-	348,742

The amounts represent revenue expected to be recognized in the future from the Group's service contracts for the respective services. The Group will recognize the expected revenue in future when services are rendered, which is expected to occur over the next 12 to 21 months (2022: next 12 to 27 months).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

8. OTHER INCOME AND GAINS

	2023 HK\$'000	2022 HK\$'000 (restated)
Interest income	998	233
Management fee income	60	60
Government subsidies (note 1)	2,472	37
Dividend income on financial assets at fair value through profit or loss	482	431
Net gain on disposals of property, plant and equipment	16	117
Sundry income	394	487
	4,422	1,365

Note:

- These represented subsidies received by the Group under the Employment Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region (2022: from the Macau Government under the cash support plan for workers, self-employed professionals and operators of commercial establishments for the year 2021). There is no unfulfilled conditions and other contingencies attaching to the government subsidies that has been recognised.

9. OTHER LOSSES

	2023 HK\$'000	2022 HK\$'000
Impairment on intangible assets (note)	-	533

Note:

In 2020, the directors resolved to dispose of the 100% equity interest in a subsidiary which holding the scripts of the dramas together with the intellectual property rights and other relevant rights ("Drama Scripts"). On 19 June 2020, the Company and the original vendor (the "Vendor") entered into a settlement agreement ("Settlement Agreement"), pursuant to which, the Company disposed of 100% equity interest in the subsidiary to the Vendor, and the shares previously issued to the Vendor for acquisition would be disposed of in public market and the proceeds would be paid to the Company accordingly. During the year ended 31 March 2022, the Drama Scripts had been returned to the Vendor. The proceeds from disposal were expected to be HK\$4,667,000 and less than the carrying amounts of the relevant intangible assets of HK\$5,200,000, and accordingly, impairment losses of approximately HK\$533,000 had been recognised for the year ended 31 March 2022 on intangible assets in respect of advertising media business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

10. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	Note	2023 HK\$'000	2022 HK\$'000 [restated]
Employee benefit expenses (including directors' remuneration):			
Wages, salaries and other benefits		187,831	180,321
Retirement scheme contributions		7,929	7,446
Provision for long service payments		945	(251)
Provision for untaken paid leave		1,711	2,177
Total staff costs		198,416	189,693
Cost of services rendered*		258,506	252,968
Auditors' remuneration			
– Audit service		700	710
– Non-audit service		138	197
Depreciation on property, plant and equipment		2,750	2,782
Depreciation on right-of-use assets		3,333	3,230
Net gain on disposals of property, plant and equipment		(16)	(117)
Written-off of property, plant and equipment		116	13
Loss on disposal of investment properties		606	–
Loss on fair value changes at financial assets at fair value through profit or loss		1,714	1,830
Reversed of impairment losses on other receivables, net		(45)	–
Fair value loss on investment properties	17	–	1,065

* The cost of services rendered includes employee benefit expenses of approximately HK\$185,011,000 (2022: HK\$170,030,000) incurred in the provision of services which has been included in the employee benefit expenses above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

11. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Leases interest	453	393
Interest on promissory notes	240	240
	693	633

12. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance is as follows:

Name of Directors	For the year ended 31 March 2023				Total remuneration HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in-kind HK\$'000	Equity-settled share option expenses HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors					
Mr. Lo Kou Hong (<i>Chairman</i>)	-	1,795	-	166	1,961
Mr. Tsui Kwok Hing (<i>Co-Chairman</i>) (appointed as the co-chairman on 1 November 2021)	240	600	-	-	840
Mr. Fu Jun	-	305	-	-	305
Mr. Leung Cheung Hang	240	-	-	-	240
	480	2,700	-	166	3,346
Non-executive directors					
Ms. Wang Guan (appointed on 20 October 2021)	-	-	-	-	-
Mr. Wang Chunping (appointed on 1 November 2021)	-	-	-	-	-
	-	-	-	-	-
Independent non-executive directors					
Mr. Wang Qi	240	-	-	-	240
Mr. Leung Nga Tat (appointed on 1 November 2021)	180	-	-	-	180
Mr. Yau Pak Yue (appointed on 15 July 2021)	180	-	-	-	180
	600	-	-	-	600
Total	1,080	2,700	-	166	3,946

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

12. DIRECTORS' REMUNERATION (continued)

Name of Directors	For the year ended 31 March 2022				Total remuneration HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in-kind HK\$'000	Equity-settled share option expenses HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors					
Mr. Lo Kou Hong (<i>Chairman</i>)	-	1,745	-	161	1,906
Mr. Tsui Kwok Hing (<i>Co-Chairman</i>) (appointed as the co-chairman on 1 November 2021)	240	250	-	-	490
Mr. Fu Jun	-	323	-	-	323
Mr. Leung Cheung Hang	240	-	-	-	240
	480	2,318	-	161	2,959
Non-executive directors					
Ms. Wang Guan (appointed on 20 October 2021)	-	-	-	-	-
Mr. Wang Chunping (appointed on 1 November 2021)	-	-	-	-	-
	-	-	-	-	-
Independent non-executive directors					
Mr. Wang Qi	240	-	-	-	240
Mr. Tsang Chi Hon (resigned on 15 July 2021)	140	-	-	-	140
Mr. Wong Hon Kit (resigned on 31 August 2021)	100	-	-	-	100
Mr. Leung Nga Tat (appointed on 1 November 2021)	75	-	-	-	75
Mr. Yau Pak Yue (appointed on 15 July 2021)	128	-	-	-	128
	683	-	-	-	683
Total	1,163	2,318	-	161	3,642

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office during the year (2022: Nil). No directors waived or agreed to waive any remuneration during the year (2022: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 1 director (2022: 1 director) respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration of the remaining 4 (2022: 4) non-Directors highest paid employee for the year are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and allowances	6,365	6,759
Retirement benefit scheme contributions	410	398
Equity-settled share option expenses	-	-
	6,775	7,157

The number of the non-director highest paid employees whose remuneration fell within the following band is as follows:

	Number of individuals	
	2023	2022
HK\$1,000,001 to HK\$1,500,000	2	2
HK\$1,500,001 to HK\$2,000,000	-	-
HK\$2,000,001 to HK\$2,500,000	2	2
	4	4

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 a compensation for loss of office during the year (2022: Nil). No five highest paid individuals waived or agreed to waive any remuneration during the year (2022: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

14. INCOME TAX EXPENSES

	2023 HK\$'000	2022 HK\$'000
Current tax:		
Hong Kong	-	9
The PRC	-	3
Overprovision in prior years:		
The PRC	(3)	-
	(3)	12
Deferred tax (note 28)	195	413
	192	425

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

Macau Complementary Tax is calculated at a rate of 0% on the estimated assessable profit up to MOP600,000 and 12% on the estimated assessable profit over MOP600,000 for the year. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the year.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, the provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2022: 16.5%) to the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), one subsidiary of the Group is subject to the PRC Enterprise Income Tax at a rate of 15% up to 31 December 2023 for being engaged in the encouraged industries in a designated area as pollution prevention and control. Other subsidiaries of the Group located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (2022: 25%) on their assessable profits.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

14. INCOME TAX EXPENSES (continued)

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

	Macau		Hong Kong		PRC		Total	
	2023 HK\$'000	2022 HK\$'000 (restated)	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000 (restated)
Loss before tax	(41)	31	(14,270)	(11,725)	(3,489)	(5,035)	(17,800)	(16,729)
Tax at the applicable tax rate	-	-	(2,355)	(1,935)	(872)	(1,259)	(3,227)	(3,194)
Income not subject to tax	-	-	(1,336)	(853)	-	-	(1,336)	(853)
Expenses not deductible for tax	-	-	794	810	-	1,224	794	2,034
Tax losses not recognised	-	-	2,897	1,987	1,067	451	3,964	2,438
Overprovision in prior years	-	-	-	-	(3)	-	(3)	-
Income tax expenses	-	-	-	9	192	416	192	425

The Group has tax losses arising in Hong Kong of approximately HK\$162,540,000 (2022: HK\$143,116,000) which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in PRC of approximately HK\$8,820,000 (2022: HK\$2,806,000), that are available for five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

15. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$17,671,000 (2022: approximately loss of HK\$16,651,000), and the weighted average number of ordinary shares of 1,841,058,290 (2022: 1,788,248,792) in issue during the year.

Diluted loss per share

The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2023 and 2022 because the Company's share options outstanding during these years were anti-dilutive.

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16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Furniture and equipment	Motor vehicles	Tools and machinery	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
At 1 April 2021	51,838	1,760	5,267	5,362	12,662	76,889
Additions	-	1,608	591	-	744	2,943
Disposals	-	-	(1)	(699)	(2)	(702)
Written-off	-	(1,155)	(289)	(1,521)	-	(2,965)
Exchange realignment	2,178	-	8	74	161	2,421
At 31 March 2022 and 1 April 2022	54,016	2,213	5,576	3,216	13,565	78,586
Additions	-	-	131	-	245	376
Disposals	-	-	(46)	-	(34)	(80)
Written-off	-	-	(175)	-	(944)	(1,119)
Exchange realignment	(4,225)	-	(16)	(143)	(313)	(4,697)
At 31 March 2023	49,791	2,213	5,470	3,073	12,519	73,066
Accumulated depreciation and impairment						
At 1 April 2021	42,570	1,275	4,496	3,774	11,957	64,072
Charge for the year	1,160	347	281	470	524	2,782
Written back on disposals	-	-	(1)	(524)	(2)	(527)
Written-off	-	(1,150)	(281)	(1,521)	-	(2,952)
Exchange realignment	1,818	-	8	43	161	2,030
At 31 March 2022 and 1 April 2022	45,548	472	4,503	2,242	12,640	65,405
Charge for the year	1,096	631	333	234	456	2,750
Written back on disposals	-	-	(45)	-	(22)	(67)
Written-off	-	-	(148)	-	(855)	(1,003)
Exchange realignment	(3,563)	-	(15)	(100)	(313)	(3,991)
At 31 March 2023	43,081	1,103	4,628	2,376	11,906	63,094
Carrying amount						
At 31 March 2023	6,710	1,110	842	697	613	9,972
At 31 March 2022	8,468	1,741	1,073	974	925	13,181

At 31 March 2023 and 2022, the Group was in the process of obtaining the building ownership certificates of the Group's buildings. Notwithstanding this, the Directors are of the opinion that the Group has obtained the legal rights to use these assets as at 31 March 2023 and 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

17. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
At the beginning of the year	2,220	6,390
Disposal of investment properties	(2,046)	(3,267)
Fair value loss on investment properties	-	(1,065)
Exchange realignment	(174)	162
At the end of the year	-	2,220

The investment properties was disposal to a third party on February 2023 and completed by March 2023. The estimated fair value of investment properties as at 31 March 2022 was approximately HK\$2,220,000, which has been arrived at on the basis of a valuation carried out by Greater China Appraisal Limited, an independent professional valuer.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$'000	2022 HK\$'000
Assets management funds	17,007	13,976

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For the year ended 31 March 2023

19. LEASES AND RIGHT-OF-USE ASSETS

	2023 HK\$'000	2022 HK\$'000
Disclosures of lease-related items:		
At 31 March		
Right-of-use assets		
– Buildings	5,781	9,114
	5,781	9,114
Lease commitments of short-term leases	–	161
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Within 1 year	3,017	3,606
– Between 2 and 5 years	3,967	6,984
	6,984	10,590
Depreciation charge of right-of-use assets		
– Buildings	3,333	3,230
	3,333	3,230
Lease interests	453	393
Expenses related to short-term leases	809	919
Total cash outflow for leases	4,868	3,265
Additions to right-of-use assets	–	8,915

The Group leases various buildings. Lease agreements are typically made for fixed periods of 2 to 5 years (2022: 1.25 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

20. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Finished goods	288	895

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21. TRADE RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	49,320	56,707
Less: Impairment loss recognised on trade receivables	(168)	(183)
	49,152	56,524

The Group's trading terms with its customers are mainly on credit. Trade receivables are non-interest-bearing and are generally terms of 0 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

Reconciliation of impairment loss for trade receivables:

	2023 HK\$'000	2022 HK\$'000
Balance at the beginning of the year	183	175
Exchange realignment	(15)	8
Balance at the end of the year	168	183

An aged analysis of trade receivables, based on the invoice dates and net of loss allowance at the end of the reporting period, is as follows:

	2023 HK\$'000	2022 HK\$'000
Within 30 days	24,677	21,701
31 to 60 days	23,547	17,382
61 to 90 days	650	11,078
91 to 120 days	57	5,045
Over 120 days	221	1,318
	49,152	56,524

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

21. TRADE RECEIVABLES (continued)

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

	Current	Within 30 days past due	31-60 days past due	61-120 days past due	121 days - 1 year past due	Over 1 year past due	Total
At 31 March 2023							
Weighted average expected loss rate	0%	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	48,874	57	204	13	4	168	49,320
Loss allowance (HK\$'000)	-	-	-	-	-	168	168
At 31 March 2022							
Weighted average expected loss rate	0%	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	50,160	5,046	712	602	4	183	56,707
Loss allowance (HK\$'000)	-	-	-	-	-	183	183

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2023 HK\$'000	2022 HK\$'000 (restated)
Prepayments		2,780	3,511
Deposits		5,655	3,774
Other receivables		3,239	20,688
Amount due from a related company	32(b)	6,933	6,802
Less: Impairment loss recognised on other receivables and deposits		(300)	(19,381)
		18,307	15,394

Reconciliation of impairment loss for other receivables and deposits:

	2023 HK\$'000	2022 HK\$'000
Balance at the beginning of the year	19,381	19,381
Amount written off as uncollectible	(19,036)	-
Impairment loss reversed, net	(45)	-
Balance at the end of the year	300	19,381

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The other receivables mainly included the loan receivable (the "Loan") which was advanced to Sheng Tang Petroleum & Chemical Development Limited (the "Borrower"), an independent third party of the Company. The Loan is unsecured and receivable on demand. The loan receivable is charged at an interest rate of 6% per annum. As of 31 March 2018, the Loan in the original principal amount of HK\$18,000,000, bearing interest at a rate of 6% per annum, an amount of HK\$3,690,000 was outstanding and total HK\$18,690,000 was made for the provision of impairment, after considering subsequent settlement of HK\$3,000,000.

On 4 October 2018, the Company obtained a final judgement from the Court of First Instance of the High Court of The Hong Kong Special Administrative Region against the Borrower for recovering the Loan. Based on a legal advice provided in October 2018, the Board decided to enforce the final judgement on 30 November 2018. In March 2019, the Company successfully obtained garnishee orders from the Court of First instance to order banks to pay to the Company relevant amount and attend a hearing. However, banks later replied to the legal representative of the Company that either no fund was attached or the bank account was closed by the Borrower therefore would not attend the hearing.

During the years ended 31 March 2023 and 2022, the Borrower was compulsory winding up by court order and joint and several liquidators were appointed on 19 October 2021 to deal with the affairs. The impairment loss recognised in prior years was written off against the other receivables accordingly.

23. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Cash and bank balances	40,209	32,858
Time deposits	31,995	43,243
	72,204	76,101
Less: Pledged short-term time deposits for banking facilities	(2,079)	(2,075)
Cash and cash equivalents	70,125	74,026

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$408,000 (2022: HK\$302,000). RMB is not freely convertible into other currencies; however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the Group's banking facilities amounting to HK\$40,000,000 (2022: HK\$40,000,000) were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,079,000 (2022: approximately HK\$2,075,000), and a property owned by a related company which is controlled by a director of the Company. The facilities were not utilised to the extent of HK\$40,000,000 (2022: HK\$40,000,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

24. TRADE PAYABLES

An aged analysis of trade payables, based on the invoice dates at the end of the reporting period, is as follows:

	2023 HK\$'000	2022 HK\$'000
Within 30 days	7,047	6,098
31 to 60 days	5,115	4,986
Over 90 days	508	550
	12,670	11,634

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

25. OTHER PAYABLES AND ACCRUALS

	2023 HK\$'000	2022 HK\$'000
Other payables	12,432	10,891
Accruals (Note)	26,664	25,343
	39,096	36,234

Note: Accrual mainly represent the accrued staff costs incurred in the Group.

26. PROMISSORY NOTES PAYABLE

During the year ended 31 March 2021, the Company issued three promissory notes to an investor in the aggregate principal sum of HK\$3,000,000 and bearing interest at 8% per annum. The promissory notes should be repayable in full by 31 January 2023 but the expiry date has been extended to 31 January 2024 by the Company and the investor.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

27. LEASE LIABILITIES

	2023 HK\$'000	2022 HK\$'000
Lease liabilities payable:		
Within one year	3,017	3,606
Within a period of more than one year but not exceeding two years	3,967	6,984
Subtotal	6,984	10,590
Less: Amount due for settlement within 12 months shown under current liabilities	(3,017)	(3,606)
Amount due for settlement after 12 months shown under non-current liabilities	3,967	6,984

At 31 March 2023, the average effective borrowing rates ranged from 4.75% to 5.00% (2022: 4.75% to 5.00%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

28. DEFERRED TAX ASSETS

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year is as follows:

	Fair value change of revaluation of investment properties HK\$'000
At 1 April 2021	(610)
Deferred tax charged to profit or loss during the year (note 14)	413
Exchange realignment	(15)
At 31 March 2022 and 1 April 2022	(212)
Deferred tax charged to profit or loss during the year (note 14)	195
Exchange realignment	17
At 31 March 2023	-

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 HK\$Nil (2022: approximately HK\$Nil). No liability has been recognised in respect of these differences because there is no retained earning in PRC subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

29. SHARE CAPITAL

	2023 HK\$'000	2022 HK\$'000
Authorised:		
4,000,000,000 ordinary shares of HK\$0.01 each	40,000	40,000
Issued and fully paid:		
1,931,069,796 (as at 31 March 2022: 1,804,869,796) ordinary shares of HK\$0.01 each	19,311	18,049

A summary of the transactions during the year with reference to the below movements in the Company's issued ordinary share capital is as follow:

	Number of shares in issue	Issued capital HK\$'000
At 1 April 2021, 31 March 2022 and 1 April 2022	1,804,869,796	18,049
Placing of shares (note)	126,200,000	1,262
At 31 March 2023	1,931,069,796	19,311

Note:

On 21 June 2022, the Company issued 126,200,000 ordinary shares at the price of HK\$0.063 each through placing of new shares under general mandate, in order to raise additional capital for the Group for the general working capital and future business opportunities and investment. The gross and net proceeds (after deduction of placing commission and other related costs and expenses) from the placing were HK\$7,950,600 and approximately HK\$7,763,000 respectively. As at the date of this report, the net proceeds from the placing were fully utilized as general working capital.

30. SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") of the Company was approved and adopted by the shareholders in the annual general meeting of the Company held on 25 September 2015 and shall be valid and effective for a period of 10 years up to 24 September 2025.

The maximum number of shares which may be issued upon exercise of all options which may be granted at any time under this Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme ("Scheme Mandate Limit"). The Scheme Mandate Limit may be refreshed by the shareholders in general meeting in accordance with the rules of the Share Option Scheme.

The Scheme Mandate Limit was refreshed by the shareholders at the annual general meeting of the Company held on 27 September 2018. The maximum number of shares which can be issued upon the exercise of all the share options to be granted under the refreshed Scheme Mandate Limit shall be 160,920,313 shares, representing 10% of a total of 1,609,203,130 shares in issue as at the date of approval of the refreshment of Scheme Mandate Limit. For details, please refer to the supplementary circular to the annual general meeting of the Company dated 4 September 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

30. SHARE OPTION SCHEME (continued)

According to the Share Option Scheme, the Board may at its absolute discretion, offer to grant option to any participant as the Board may think fit. The amount payable on acceptance of an option is HK\$1.00. The offer of option shall be accepted by the Participants within 28 days from the date of the offer, otherwise the offer shall be deemed to have been irrevocably declined and lapsed automatically.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each Grantee but may not be exercised after the expiry of ten years from the Offer Date. The Board may impose restrictions on the exercise of an Option during the period an Option may be exercised.

For the purpose of this section, participants refers to (i) any eligible employee as stated in the Share Option Scheme; (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any entity in which the Group holds any equity (the "Invested Entity"); (iii) any supplier of goods or services to the member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultant, adviser, legal consultant, legal adviser, agent and contractor engaged by the Company, the Group or any Invested Entity; any shareholder and director of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and any other classes of participants who have contributed or may contribute, whether by way of joint venture, business alliance, other business arrangement, or otherwise, to the development and growth of Group.

The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and to encourage the participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any Invested Entity.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the options but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

Notes to the Consolidated Financial Statements

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30. SHARE OPTION SCHEME (continued)

(a) Details of the specific categories of options are as follows:

	Number of share options outstanding as at 31 March 2023	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$
Share options granted to directors - 2018	-	6-Jul-18	N/A	6/7/2018 to 5/7/2028	0.278
Share options granted to all other eligible participant - 2018	1,446,000	6-Jul-18	N/A	30/11/2019 to 29/11/2024	0.278
Share options granted to employees - 2018	9,686,302	6-Jul-18	1 year from the date of grant	6/7/2019 to 5/7/2028	0.278
Share options granted to directors - 2020	49,600,000	23-Jul-20	N/A	23/7/2020 to 22/7/2030	0.094
Share options granted to employees - 2020	39,000,000	23-Jul-20	N/A	23/7/2020 to 22/7/2030	0.094
Share options granted to all other eligible participant - 2020	21,750,000	23-Jul-20	N/A	23/7/2020 to 22/7/2030	0.094
	121,482,302				

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

(b) Details of the share options outstanding during the year are as follows:

	2023		2022	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	130,532,302	0.112	174,076,302	0.154
Lapsed during the year	(9,050,000)	0.056	(43,544,000)	0.050
Outstanding at the end of the year	121,482,302	0.111	130,532,302	0.112
Exercisable at the end of the year	121,482,302		130,532,302	

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For the year ended 31 March 2023

30. SHARE OPTION SCHEME (continued)

Detail movements of the share options granted to directors and employees during the year ended 31 March 2023 are listed below in accordance with chapter 17 of the Listing Rules:

Name or category of participant	As at 1 April 2021 (restated)	Lapsed during the year	Reallocation	As at 31 March 2022 (restated)	Lapsed during the year	As at 31 March 2023	Date of grant of share option	Exercise period of share option	Exercise price of share options HK\$ per share
Directors									
Mr. Lo Kou Hong	16,000,000	-	-	16,000,000	-	16,000,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Mr. Wang Qi	1,600,000	-	-	1,600,000	-	1,600,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Mr. Wong Hon Kit (resigned on 31 August 2021)	1,600,000	(1,600,000)	-	-	-	-	23/7/2020	23/7/2020 to 22/7/2030	0.094
Mr. Tsang Chi Hon (resigned on 15 July 2021)	1,600,000	(1,600,000)	-	-	-	-	23/7/2020	23/7/2020 to 22/7/2030	0.094
Mr. Tsui Kowk Hing	16,000,000	-	-	16,000,000	-	16,000,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Mr. Fu Jun	8,000,000	-	-	8,000,000	-	8,000,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Mr. Leung Cheung Hang	8,000,000	-	-	8,000,000	-	8,000,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Sub-total	52,800,000	(3,200,000)	-	49,600,000	-	49,600,000			

Notes to the Consolidated Financial Statements

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30. SHARE OPTION SCHEME (continued)

Name or category of participant	As at 1 April 2021 (restated)	Lapsed during the year	Reallocation	As at 31 March 2022 (restated)	Lapsed during the year	As at 31 March 2023	Date of grant of share option	Exercise period of share option	Exercise price of share options HK\$ per share
Continuous Contracts Employees	12,930,302	(2,244,000)	(1,000,000)	9,686,302	-	9,686,302	6/7/2018	6/7/2019 to 5/7/2028	0.278
Continuous Contracts Employees	77,900,000	(16,350,000)	(21,750,000)	39,800,000	(800,000)	39,000,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Sub-total	90,830,302	(18,594,000)	(22,750,000)	49,486,302	(800,000)	48,686,302			
All other eligible participant	1,446,000	-	1,000,000	2,446,000	(1,000,000)	1,446,000	6/7/2018	6/7/2018 to 5/7/2028	0.278
All other eligible participant	29,000,000	(21,750,000)	21,750,000	29,000,000	(7,250,000)	21,750,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Sub-total	30,446,000	(21,750,000)	22,750,000	31,446,000	(8,250,000)	23,196,000			
Total	174,076,302	(43,544,000)	-	130,532,302	(9,050,000)	121,482,302			

No share options (2022: nil) were exercised and 9,050,000 share options (2022: 43,544,000 share options) were lapsed during the year ended 31 March 2023. The options outstanding at the end of the year have a weighted average remaining contractual life of 7.1 years (2022: 8.1 years) and the exercise price range from HK\$0.094 to HK\$0.278 per share (2022: HK\$0.094 to HK\$0.278 per share).

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30. SHARE OPTION SCHEME (continued)

The fair values of options granted under the Share Option Scheme measured at the date of grant during the year ended 31 March 2021 was approximately HK\$9,691,000. The following significant assumptions were used to derive the fair value using the Binomial Option Pricing Model:

	23 July 2020	23 July 2020
Grantee	Director	Employee
Total number of share option	52,800,000	108,000,000
Option value (HK\$)	0.0484	0.0434
Option life	10 years	10 years
Expected tenor	10 years	10 years
Exercise price (HK\$)	0.094	0.094
Stock price at the date of grant (HK\$)	0.094	0.094
Expected volatility	78.43%	78.43%
Risk-free rate	0.49%	0.49%

Expected volatility was reference to Bloomberg calculated from the weighted average historical volatility of weekly return of share price of comparable companies and the Company. Risk-free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the share options granted date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considers.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

- The Group's merger reserve arose from the business combination under common control in respect of the acquisition of Peixin Group Limited in the year ended 31 March 2009.
- The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.
- In 2020, the directors resolved to dispose of the 100% equity interest in a subsidiary which holding the Drama Scripts. On 19 June 2020, the Company and the original vendor (the "Vendor") entered into a settlement agreement ("Settlement Agreement"), pursuant to which, the Company disposed of 100% equity interest in the subsidiary to the Vendor, and the shares previously issued to the Vendor for acquisition would be disposed of in public market and the proceeds would be paid to the Company accordingly. During the year ended 31 March 2022, the Drama Scripts had been returned to the Vendor. The proceeds from disposal were expected to be less than the carrying amounts of the relevant intangible assets, and accordingly, impairment losses of approximately HK\$533,000 had been recognised for the year ended 31 March 2022 on intangible assets.

In March 2023, all the returned shares of 66,666,666 escrow consideration shares of the Company were disposed of in public market through the security account of a subsidiary of the Company for approximately HK\$2,216,000 and credited to other reserve accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

32. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions and balances with related companies, of which certain directors are also Directors, during the year.

	2023 HK\$'000	2022 HK\$'000
Management fee income from a related company (note)	60	60

Note: The management fee income from the provision of accounting and administrative services and the sharing of office space and facilities with the Group was received in a lump sum annually with reference to the actual costs incurred.

- (b) Balances with related parties:

	2023 HK\$'000	2022 HK\$'000
Amount due from a related company		
Honest Grand International Limited	6,933	6,802
Amount due to a related company		
Sky Merit International Ltd	1,055	1,055
Loans from directors		
Within one year		
Tsui Kwok Hing	5,990	7,223
Fu Jun	1,057	274
Lo Kou Hong	-	6,761
	7,047	14,258

The amounts due are unsecured and interest-free and should be repaid within one year.

- (c) Compensation of key management personnel of the Group:

	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	3,180	2,798
Retirement scheme contributions	166	161
	3,346	2,959

Further details of directors' emoluments are included in note 12 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investments in subsidiaries		19,971	19,971
		19,971	19,971
Current assets			
Amounts due from subsidiaries		84,437	72,480
Prepayments, deposits and other receivables		815	9,291
Cash and cash equivalents		139	131
		85,391	81,902
Current liabilities			
Other payables and accruals		2,423	2,790
		2,423	2,790
Net current assets		82,968	79,112
Total assets less current liabilities		102,939	99,083
NET ASSETS		102,939	99,083
Capital and reserves			
Share capital	29	19,311	18,049
Reserves	34	83,628	81,034
TOTAL EQUITY		102,939	99,083

Approved by the Board of Directors on 29 June 2023 and signed on its behalf by:

Lo Kou Hong
Chairman

Tsui Kwok Hing
Co-Chairman

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

34. RESERVES OF THE COMPANY

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021	557,157	254	9,470	59,511	(540,547)	85,845
Loss for the year	-	-	-	-	(4,811)	(4,811)
Total comprehensive loss for the year	-	-	-	-	(4,811)	(4,811)
Lapsed of share options	-	-	(2,159)	-	2,159	-
At 31 March 2022 and 1 April 2022	557,157	254	7,311	59,511	(543,199)	81,034
Loss for the year	-	-	-	-	(3,907)	(3,907)
Total comprehensive loss for the year	-	-	-	-	(3,907)	(3,907)
Placing of shares (note 29)	6,501	-	-	-	-	6,501
Lapsed of share options	-	-	(506)	-	506	-
At 31 March 2023	563,658	254	6,805	59,511	(546,600)	83,628

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For the year ended 31 March 2023

35. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2023 are as follows:

Name	Place of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company	Principal activities
Directly held:				
Xinhua News Media Limited	British Virgin Islands	US\$1 Ordinary	100%	Provision of advertising media business
Sinopoint Corporation	British Virgin Islands/ Hong Kong	US\$100 Ordinary	100%	Investment holding
Indirectly held:				
Lo's Cleaning Services Limited	Hong Kong	HK\$100 Ordinary HK\$26,768,000 Non-voting deferred	100%	Provision of cleaning and related services
Lo's Enviro-Pro Limited	Hong Kong	HK\$100	100%	Investment holding
Marce International Limited	British Virgin Islands/ Hong Kong	US\$100 Ordinary	100%	Investment holding
Peixin Group Limited	British Virgin Islands/ Hong Kong	-	70%	Investment holding
Shuyang ITAD Environmental Technology Limited*	PRC	RMB123,640,000	70%	Provision of waste treatment services
Utter Enlightenment International Limited	British Virgin Islands	US\$1 Ordinary	100%	Investment holding
Kaoting Investment Co. Ltd	Macau	MOP 100,000	100%	Investment holding
Precise Vision International Limited	British Virgin Islands	US\$50,000	100%	Investment holding
Treasure Mind Developments Limited	British Virgin Islands	US\$10	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

35. PARTICULARS OF THE SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company	Principal activities
Easy Advance International Trading Limited	Hong Kong	HK\$1	100%	Investment holding
Million Potential Limited	British Virgin Islands	US\$10	100%	Investment holding
Asia Surplus Limited	British Virgin Islands	US\$10	100%	Investment holding
Asia Surplus (Hong Kong) Limited	Hong Kong	HK\$3,000,000 Ordinary	100%	Investment holding
Elite Gain International Limited	British Virgin Islands	US\$1 Ordinary	100%	Investment holding
Heng Qin Hetong #* (橫琴和同文化傳播有限公司)	PRC	US\$3,000,000	100%	Provision of advertising media business
Fujian Yu Sheng Da Supply Chain Management Company Limited #* (福建省昱盛達供應鏈管理有限公司)	PRC	RMB10,000,000	100%	Provision of supply chain business

The English names are for identification only

* Registered as wholly foreign-owned enterprises under PRC law

The Directors made an assessment as at the date of the reporting period that there is no individual subsidiary that was non-controlling interest which is material to the Group and therefore no financial information is disclosed for these non-wholly owned subsidiaries.

Significant restrictions

Cash and short-term deposits of RMB held in the PRC are subject to local exchange control regulations. These local exchange control regulations provide for the restrictions on exporting capital from the PRC, other than through normal dividends.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

36. 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 maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

The Group monitors capital using a current ratio, which is current assets divided by the current liabilities, and gearing ratio, which is the total interest-bearing debts divided by total equity. The Group's policy is to maintain net positive current assets and a current ratio greater than one and a prudent level of gearing ratio that complies with debt covenant and requirement. The current ratios and gearing ratios at end of the reporting period are as follows:

	2023 HK\$'000	2022 HK\$'000 (restated)
Current assets	139,951	148,914
Current liabilities	(66,168)	(70,070)
Net current assets	73,783	78,844
Current ratio	2.1	2.1
Promissory notes payable	3,000	3,000
Total equity	105,662	113,911
Gearing ratio	2.8%	2.6%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2023 HK\$'000	2022 HK\$'000 (restated)
Financial assets:		
Financial assets at fair value through profit or loss	17,007	13,976
<i>Financial assets at amortised cost (including cash and cash equivalents):</i>		
Trade receivables	49,152	56,524
Financial assets included in prepayments, deposits and other receivables	15,053	11,337
Pledged time deposits	2,079	2,075
Cash and cash equivalents	70,125	74,026
	153,416	157,938
Financial liabilities:		
<i>Financial liabilities at amortised cost:</i>		
Trade payables	12,670	11,634
Financial liabilities included in other payables and accrued liabilities	29,683	26,753
Lease liabilities	6,984	10,590
Loans from directors	7,047	14,258
Promissory notes payable	3,000	3,000
Amount due to a related company	1,055	1,055
	60,439	67,290

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing such risks and they are summarised below.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's interest-bearing financial instruments are mainly cash, short-term deposits and promissory notes.

As at the end of the reporting period, the Group's exposure to interest rate risk is considered to be relatively small as the Group's financial instruments predominately were non-interest-bearing or carried at minimal interest rates.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has no specific policy to deal with foreign currency risk. However, management monitors the exposure and will consider hedging the foreign currency risk exposure for significant cash flow risks should the need arise. As at the end of the reporting period, the Group's exposure to foreign currency risk is minimal as all transactions are denominated in the operating units' functional currency.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade and other receivables and deposits with financial institutions.

Trade receivables arising from contracts with customers

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. At the end of the reporting period, the Group has certain concentrations of credit risk as 22% (2022: 18%) and 71% (2022: 58%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, within the cleaning and related services and advertising media business segment. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 21.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Deposits and other receivables

For deposits and other receivables, the directors make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and/or qualitative information that is reasonable and supportable forward-looking information. The directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECLs. For the years ended 31 March 2023 and 2022, no allowance for credit losses was recognised.

The Group's internal credit risk grading assessment comprises the following categories.

Internal credit rating	Description	Trade receivables	Other financial assets
Normal	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECLs
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECLs
Doubtful	There was an increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Credit-impaired	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

Deposits with financial institutions

The Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. At 31 March 2023 and 2022, the Group has low concentration of credit risk as the deposits are placed in various financial institutions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The table below shows the credit quality by reference to internal credit rating and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and yearend staging classification as at 31 March 2023. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECL			Simplified approach HK\$'000	HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000			
2023						
Trade receivables*	-	-	-	49,320	49,320	
Financial assets included in deposits and other receivables						
— Normal**	15,053	-	-	-	15,053	
Cash and bank balances						
— Not yet past due	72,204	-	-	-	72,204	
	87,257	-	-	49,320	136,577	

	12-month ECLs	Lifetime ECL			Simplified approach HK\$'000	HK\$'000 (restated)
	Stage 1 HK\$'000 (restated)	Stage 2 HK\$'000	Stage 3 HK\$'000			
2022						
Trade receivables*	-	-	-	56,707	56,707	
Financial assets included in deposits and other receivables						
— Normal**	11,337	-	-	-	11,337	
Cash and bank balances						
— Not yet past due	76,101	-	-	-	76,101	
	87,438	-	-	56,707	144,145	

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating-rate, the undiscounted amount is derived from existing interest rate at the end of the reporting period.

	Within one year or on demand HK\$'000	Two to five years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
2023				
Trade payables	12,670	-	12,670	12,670
Financial liabilities included in other payables and accrued liabilities	29,683	-	29,683	29,683
Amount due to a related company	1,055	-	1,055	1,055
Promissory notes payable	3,240	-	3,240	3,000
Loans from directors	7,047	-	7,047	7,047
Lease liabilities	3,299	4,137	7,436	6,984
	56,994	4,137	61,131	60,439

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	Within one year or on demand HK\$'000 (restated)	Two to five years HK\$'000	Total undiscounted cash flow HK\$'000 (restated)	Carrying amount HK\$'000
2022				
Trade payables	11,634	-	11,634	11,634
Financial liabilities included in other payables and accrued liabilities	26,753	-	26,753	26,753
Amount due to a related company	1,055	-	1,055	1,055
Promissory notes payable	3,240	-	3,240	3,000
Loans from directors	14,258	-	14,258	14,258
Lease liabilities	4,059	7,437	11,496	10,590
	60,999	7,437	68,436	67,290

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of the Group's financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

39. FAIR VALUE MEASUREMENTS

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

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

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

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

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

(a) Disclosures of level in fair value hierarchy at 31 March 2023:

Description	Fair value measurement using:			Total 2023
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Investment in funds	17,007	-	-	17,007
Investment properties				
Residential – PRC	-	-	-	-
	17,007	-	-	17,007

Disclosures of level in fair value hierarchy at 31 March 2022:

Description	Fair value measurement using:			Total 2022
	Level 1 HK\$'000 (restated)	Level 2 HK\$'000 (restated)	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Investment in funds	13,976	-	-	13,976
Investment properties				
Residential – PRC	-	-	2,220	2,220
	13,976	-	2,220	16,196

For years ended 31 March 2023 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

39. FAIR VALUE MEASUREMENTS (continued)

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

	2023 HK\$'000	2022 HK\$'000
Investment properties		
At 1 April 2022/2021	2,220	6,390
Disposal of investment properties	(2,046)	(3,267)
Fair value loss on investment properties [#]	-	(1,065)
Exchange realignment	(174)	162
<hr/>		
At 31 March 2023/2022	-	2,220
<hr/>		
[#] Include losses for assets held at end of reporting period	-	(1,065)

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

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors determine the appropriate valuation techniques and inputs for fair value measurements.

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. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

Level 1 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			2023 HK\$'000	2022 HK\$'000 (restated)
Financial assets at fair value through profit or loss	Market approach	Quoted prices	17,007	13,976

Notes to the Consolidated Financial Statements

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39. FAIR VALUE MEASUREMENTS (continued)

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value	
				2023 HK\$'000	2022 HK\$'000
Investment properties					
House Nos. 110 of House Zone 2, No. 1 Tuanshan Road, Sun Hang Kai, Emerald City Project, Jiangyang District, Luzhou City, Sichuan Province, the PRC	Direct Comparison	Comparable Evidence RMB4,500 per square metre	Increase	N/A	2,220

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loans from directors HK\$'000	Promissory notes payable HK\$'000 (restated)	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000 (restated)
At 1 April 2021	6,369	3,000	4,479	13,848
Changes in cash flows	7,035	–	(2,346)	4,689
Non-cash changes				
– new leases entered during the year	–	–	8,915	8,915
– remeasurement upon early termination of leases	–	–	(851)	(851)
– transfer	583	(240)	–	343
– interest charged	–	240	393	633
– exchange difference	271	–	–	271
At 31 March 2022 and 1 April 2022	14,258	3,000	10,590	27,848
Changes in cash flows	(7,190)	–	(4,059)	(11,249)
Non-cash changes				
– new leases entered during the year	–	–	–	–
– remeasurement upon early termination of leases	–	–	–	–
– transfer	–	(240)	–	(240)
– interest charged	–	240	453	693
– exchange difference	(21)	–	–	(21)
At 31 March 2023	7,047	3,000	6,984	17,031

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

41. PLEDGE OF ASSETS

Details the Group's pledged assets are included in note 23 to the consolidated financial statements.

42. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of HK\$1,913,000 (2022: HK\$4,630,000) in respect of certain services provided to various customers; and
- (b) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2023 and 2022.
- (c) Contingent liabilities

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2023 HK\$'000	2022 HK\$'000
Indemnity related to acquisition of property, plant and equipment	5,144	–

At the end of the reporting period, the Directors do not consider it probable that a claim will be made against the Group under the above possible claim.

43. CAPITAL COMMITMENTS

	2023 HK\$'000	2022 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	7,201	7,782

44. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

45. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 29 June 2023.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
CONTINUING OPERATIONS					
REVENUE	273,619	276,426	248,183	348,648	404,279
(LOSS)/PROFIT BEFORE TAXATION	(17,800)	(16,729)	20,449	(47,561)	(7,172)
INCOME TAX (EXPENSES)/CREDITS	(192)	(425)	83	1,387	(9,054)
(LOSS)/PROFIT FOR THE YEAR	(17,992)	(17,154)	20,532	(46,174)	(16,226)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(17,671)	(16,651)	20,938	(47,199)	(15,582)
NON-CONTROLLING INTERESTS	(321)	(503)	(406)	1,025	(644)
(LOSS)/PROFIT FOR THE YEAR	(17,992)	(17,154)	20,532	(46,174)	(16,226)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	175,797	190,965	195,584	164,080	243,072
TOTAL LIABILITIES	(70,135)	(77,054)	(60,254)	(69,044)	(95,837)
TOTAL EQUITY	105,662	113,911	135,330	95,036	147,235
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	106,110	114,099	135,049	94,208	144,757
NON-CONTROLLING INTERESTS	(448)	(188)	281	828	2,478
TOTAL EQUITY	105,662	113,911	135,330	95,036	147,235