China New Consumption Group Limited
中國新消費集團有限公司

(Formerly known as State Innovation Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)
Stock Code：8275

2023
Annual Report

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This report, for which the directors (the "**Directors**") of China New Consumption Group Limited (formerly known as State Innovation Holdings Limited) (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau *(resigned on 12 January 2023)*

Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Ms. Liu Ching Man

BOARD COMMITTEES

Audit Committee

Mr. He Dingding *(Chairman)*
Ms. Chan Tsz Hei Sammi
Ms. Liu Ching Man

Remuneration Committee

Ms. Liu Ching Man *(Chairman)*
Mr. He Dingding
Ms. Chan Tsz Hei Sammi

Nomination Committee

Ms. Chan Tsz Hei Sammi *(Chairman)*
Mr. He Dingding
Ms. Liu Ching Man

COMPANY SECRETARY

Mr. Lee Man Tai *(FCCA, FCPA))*

AUTHORISED REPRESENTATIVES

Mr. Tang Kwai Leung Stanley
Mr. Lee Man Tai *(FCCA, FCPA)*

COMPLIANCE OFFICER

Mr. Tang Kwai Leung Stanley

INDEPENDENT AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

David Fong & Co., Solicitors
Unit A, 12/F., China Overseas Building
No. 139 Hennessy Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1204, 12/F, Block 2
Golden Industrial Building
16–26 Kwai Tak Street
Kwai Chung, New Territories
Hong Kong

PRINCIPAL BANKS

Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

8275

COMPANY'S WEBSITE

www.beavergroup.com.hk

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the "**Board**") of Directors, I present the annual report of the Group for the year ended 31 March 2023 (the "**Reporting Year**").

PROSPECT

During the Reporting Year, the Group's business in the provision of construction services in the construction industry has been confronting challenges under the COVID-19 pandemic in Hong Kong, especially the fifth wave of epidemic in late February 2022. Although revenue generated for the construction contract has slightly increased during the Reporting Year, the profitability of the construction projects significantly dropped due to cost overrun in the Group's bored piling projects because of delay in work progress.

Despite the underperformance in results and stringent market environment of the construction industry, the Group will continue to deploy our efforts in tendering for contracts, particularly contracts which yield higher margins in price and make concerted efforts in controlling and managing the contract and operating costs, in order to foster improvement in the results of the business.

Looking forward to 2023, even the Hong Kong Government has removed all the COVID-19 pandemic containment measures, we still expect that the aftermath of the COVID-19 pandemic will continue to pose a challenge to Hong Kong's economy and construction industry in the foreseeable future. However, the Group is cautiously optimistic about the business prospects of the Group as the Group will give sustained impetus to the growth of the Group from two aspects.

Firstly, we will continue to do our best to implement tight cost control measures, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management so as to improve our operational efficiency and the profitability of our businesses.

Secondly, we will put our great effort on talent cultivation. The speciality and quality of employees will have an important impact on the development of the Group.

In addition, the Group is also actively seeking potential business opportunities that can widen its income streams and increase the return of shareholders of the Company. According to the "Development Plan of Housing and Urban-Rural Development Technology for the 14th Five-Year Plan" published by the Ministry of Housing and Urban-Rural Development of the People's Republic of China, technology will become a major driving force in promoting green development of urban-rural construction, achieving the goal and mission of carbon peak, and supporting the transformation and upgrade of the construction industry. According to the Financial Technology Development Plan (2022–2025) published by the People's Bank of China and the Fintech 2025 strategy published by the Hong Kong Monetary Authority, the Directors believe the financial industry of Hong Kong will continue evolving.

Moreover, with the continuous optimisation of China's economic structure, consumption has increasingly become the main engine of domestic economic growth. At the same time, as China's share of the global consumption is also increasing, China is expected to be the world's largest consumer market. The Company believes that the business has bright development prospects and will provide the Group with a diversified source of revenue.

In order to enhance the Group's future competitiveness and influence, the Group has a preliminary plan to develop new business segments in the field of technological innovation, including but not limited to smart construction technology, finance, fintech and new consumption in China, on the basis of consolidating its existing businesses.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business partners for their continued support.

Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 26 June 2023

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery.

For the Reporting Year, the Group recorded a net loss attributable to owners of the Company of approximately HK$26.8 million as compared to net loss attributable to owners of the Company of approximately HK$37.8 million for the same period in 2022. The Board considers that the net loss attributable to owners of the Company was primarily attributable to (i) the decrease in revenue due to fewer and lower value of contracts awarded to the Group; (ii) the increase in administrative expenses due to the increase in salaries and legal and professional fee.

OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The outbreak of the COVID-19 pandemic throughout the year has created economic uncertainty in Hong Kong and imposed negative impacts on the foundation industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government. The Group will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works.

The Group will also proactively seek potential business opportunities that will broaden the sources of income and increase the return of shareholders of the Company. On 9 November 2022, the Company newly incorporated and held 51% of equity interest in a subsidiary, Goldstone Communications Limited, the principal business activity of which is provision of public relation services, brand building and marketing services.

The Directors believe that the finance and fintech industry has a promising prospect and the development of finance and fintech will enable the Group to benefit from diversified revenue streams, as well as market deployment and preparation in advance for its entry into the Hong Kong financial services market which offers growth potential and better capital return. On 28 December 2022, the Company newly incorporated a direct wholly-owned subsidiary, Goldstone Finance Limited ("**Goldstone Finance**"), an investment holding company.

The Directors believe that the new consumption business has bright development prospects and will provide the Group with a diversified source of revenue. On 16 June 2023, the Company incorporated a wholly-owned subsidiary, Beijing New Consumption Network Technology Co., Limited* (北京紐默森網絡科技有限公司).

Looking ahead, the Group will adhere to prudent financial management in project selection and cost control. The Group will continue to strive to improve its operational efficiency and profitability of its businesses.

* *The English name of the subsidiary is used for identification purpose only. The official name of this entity is in Chinese.*

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the significant risks relating to the business are as follows:

– the Group determines project price based on the estimated time and costs involved in a project, which may deviate from actual time and costs incurred. Inaccurate estimation may adversely affect its financial results;

– the Group's foundation works are exposed to the risk of unexpected geological or sub-soil conditions;

– non-performance, delayed performance, sub-standard performance, non-compliance or unavailability of the Group's subcontractors may adversely affect its operation and profitability; and

– the Group's customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment will be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The details of ESG performance of the Group are set out in the ESG Report on pages 34 to 71 of this annual report.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains a good relationship with its employees, and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom success in the Group's business and operation would be at risk.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Year was approximately HK$135.1 million, representing a decrease by approximately 7.9% from approximately HK$146.7 million for the year ended 31 March 2022, which was primarily due to the decrease of construction contract income with fewer and lower value of contracts awarded to the Group.

Cost of sales

The Group's cost of sales for the Reporting Year was approximately HK$142.1 million, representing a decrease of approximately 16.5% from approximately HK$170.1 million for the year ended 31 March 2022, which was primarily due to the decrease in construction contract income.

Gross profit and gross profit margin

The Group's gross loss for the Reporting Year was approximately HK$7.0 million, representing a decrease of approximately 70.2% from gross loss of approximately HK$23.4 million for the year ended 31 March 2022.

The Group's gross loss margin decreased from approximately 15.9% to approximately 5.2% for the year of comparison. Such decrease was primarily due to (i) the completion of certain projects which incurred higher construction material and labour costs as a result of delay in progress and (ii) higher profit margins for newly awarded construction projects.

Administrative expenses

The Group's administrative expenses for the Reporting Year were approximately HK$20.1 million, representing an increase of approximately 41.1% from approximately HK$14.2 million for the year ended 31 March 2022. Administrative expenses primarily consisted of staff costs, advisory fees, legal and professional fee and other administrative expenses. The increase was mainly attributable to an increase in salaries and legal and professional fees.

Loss for the year

For the Reporting Year, the Group recorded a loss attributable to owners of the Company of approximately HK$26.8 million as compared to loss attributable to owners of the Company for the year ended 31 March 2022 of approximately HK$37.8 million. The Board considers that the net loss attributable to owners of the Company was mainly attributable to (i) the decrease in revenue due to fewer and lower value of contracts awarded to the Group; and (ii) the increase in administrative expenses due to increase in salaries and legal and professional fees.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Company's issued share capital was HK$27 million divided into 54,000,000 ordinary shares of HK$0.5 each.

Movements of the issued capital of the Company during the Reporting Year, resulting from the completion of the 2022 Rights Issue, 2022 Placing of New Shares and Share Consolidation (all as defined below), are detailed under this section below.

As at 31 March 2023, the Company's issued share capital was HK$80 million divided into 160,001,378 ordinary shares of HK$0.5 each.

On 25 April 2023, the Company proposed capital reduction of issued shares, share premium reduction, sub-division of unissued shares. The relevant special resolution was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company held on 18 May 2023. For further details, please refer to the announcements of the Company dated 25 April 2023 and 18 May 2023, and circular of the Company dated 3 May 2023.

During the Reporting Year, the Group financed its liquidity and capital requirements primarily though cash generated from operations, bank and other borrowings, promissory note payable, equity contribution from shareholders and proceeds raised from the 2022 Rights Issue and 2022 Placing of New Shares (all as defined below).

As at 31 March 2023, the Group had bank and cash balances of approximately HK$5.5 million (2022: approximately HK$4.3 million).

As at 31 March 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK$72.6 million (2022: approximately HK$50.5 million). As of the same date, the Group's total debts, comprising bank and other borrowings, promissory note payable and lease liabilities, amounted to approximately HK$7.5 million (2022: approximately HK$15.9 million).

The Directors believe that the Group is in a healthy financial position to expand its business and pursue its business objectives.

2022 Rights Issue

On 14 January 2022, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of three Rights Shares for every two consolidated shares in issue at a subscription price of HK$0.55 per Rights Share (the "**2022 Rights Issue**") to raise approximately HK$44.55 million by issuing 81,000,000 Rights Shares to the qualifying shareholders. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

On 3 May 2022, the Company completed the 2022 Rights Issue and issued 81,000,000 Rights Shares with par value of HK$0.5 each at a subscription price of HK$0.55 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The theoretical closing price per Share was HK$0.725 per share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.145 per Share as quoted on the Stock Exchange on 14 January 2022, being the last trading day). The net proceeds from the 2022 Rights Issue (after deducting the related expenses) were approximately HK$42.3 million, representing a net price of approximately HK$0.53 per Rights Share, which were used as to (i) approximately HK$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Note to be due six months after the date of issue of the Promissory Note (i.e. 13 June 2022); (ii) approximately HK$20 million for the acquisition of a new office premise and the relevant renovation cost; (iii) approximately HK$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group's operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income; (iv) approximately HK$3 million for business development and marketing expenses in order to expand the Group's customer base and acquire more projects; and (v) the remaining balance of approximately HK$9.2 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government.

Upon the completion of the 2022 Rights Issue in May 2022, the number of shares in issue became 135,000,000 of par value HK$0.5 each thereafter. Details of the 2022 Rights Issue are set out in the Company's announcements dated 14 January 2022, 27 January 2022, 19 April 2022, 29 April 2022, 3 May 2022, circular dated 24 February 2022 and prospectus dated 29 March 2022.

As at 31 March 2023, the actual use of the net proceeds of the 2022 Rights Issue was as follows:

	Planned use of net proceeds as stated in the prospectus Dated 29 March 2022 (HK$ million)	Actual use of proceeds up to 31 March 2023 (HK$ million)	Unutilised net proceeds up to 31 March 2023 (HK$ million)	Expected timeline for unutilised net proceeds
Repayment of the principal amount and interest accrued thereon of the Promissory Notes	3.1	3.1	–	N/A
Acquisition of a new office premise and the relevant renovation cost	20.0	17.8	2.2	by 30 June 2023
Recruitment of additional full-time staff	7.0	0.8	6.2	by 30 June 2024
Business development and marketing expenses	3.0	1.2	1.8	by 30 June 2024
General working capital	9.2	9.2	–	N/A
Total	42.3	32.1	10.2	

As at 31 March 2023, the net proceeds in the amount of approximately HK$32.1 million have been utilised and the remaining balance of approximately HK$10.2 million will be utilised as intended.

2022 Convertible Bonds

On 24 May 2022, to satisfy the acquisition of 100% equity interest of the Tiger Faith Holdings Limited, the Company announced (i) the issue of convertible bond (the "**Convertible Bond (I)**"); and (ii) placing of convertible bond (the "**Convertible Bond (II)**", together with the Convertible Bond (I), the "**2022 Convertible Bonds**") to raise approximately HK$29.4 million.

Convertible Bond (I) represented the 2.5% unsecured redeemable convertible bond in the aggregate principal amount of HK$10,000,000 to be issued by the Company to the relevant vendor for settlement and discharge of part of the consideration for the above acquisition. The issue of the Convertible Bond (I) has been terminated as the above acquisition has been terminated on 12 December 2022. Convertible Bond (II) represented the 2.5% unsecured redeemable convertible bond in the aggregate principal amount of up to HK$30,000,000 to be issued by the Company under the placing agreement dated 23 May 2022.

Details of the 2022 Convertible Bonds are set out in the Company's announcements dated 24 May 2022, 13 June 2022, 12 August 2022, 23 September 2022, 11 November 2022, 12 December 2022, 14 December 2022, 17 February 2023, 24 February 2023 and circular dated 2 September 2022.

The placing of Convertible Bond (II) is yet to be completed as at the date of this annual report. The issue of the Convertible Bond (I) has been terminated as the above acquisition has been terminated on 12 December 2022. Completion of the placing of Convertible Bond (II) is subject to the fulfilment of the conditions set out in the placing agreement. On 24 February 2023, the Company and the placing agent of the Convertible Bond (II) has entered into an extension letter to extend the closing date of the placing of the Convertible Bond (II) to 22 September 2023. It is expected that the net proceeds of the placing of Convertible Bond (II) will be in the amount of HK$29,400,000. As the acquisition of the entire equity interest of the Tiger Faith Holdings Limited has been terminated on 12 December 2022, the Company intended to reallocate all the net proceeds of the placing of the Convertible Bond (II) to develop the financial assistance business. Further announcement(s) in relation to the completion of the placing of Convertible Bond (II) will be made by the Company as and when appropriate in accordance with the requirements under the GEM Listing Rules.

2022 Placing of New Shares

On 11 November 2022 (after trading hours of the Stock Exchange), the Company entered into the placing agreement with Orient Securities Limited (the "**Placing Agent**"), pursuant to which the Placing Agent conditionally agreed, as agent of the Company, to procure on a best effort basis then expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 25,001,378 Placing Shares at the placing price of HK$0.27 per new share to be placed (the "**Placing Share**") (the "**2022 Placing of New Shares**"). The Company was of the view that the 2022 Placing of New Shares represented an attractive opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future operation.

On 2 December 2022, the 2022 Placing of New Shares was completed and a total of 25,001,378 Placing Shares were placed by the Placing Agent to not less than six placees at the placing price of HK$0.27 per Placing Share, representing (i) 18.52% of the issued share capital of the Company immediately before completion of the 2022 Placing of New Shares; and (ii) approximately 15.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the 2022 Placing of New Shares, determined with reference to the prevailing market price. The closing price per share of the Company as quoted on the Stock Exchange on 11 November 2022, being the date of the placing agreement, was HK$0.295 per share. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the placees is independent of and not connected with the Company, its connected persons and their respective associates, who and whose ultimate beneficial owner(s) (where applicable) are all independent third parties. The net proceeds from the 2022 Placing of New Shares (after deducting the estimated expenses) were approximately HK$6.5 million, representing a net issue price of approximately HK$0.26 per Placing Share, which were used as to approximately HK$6.5 million for general working capital of the Group. Details of the 2022 Placing of New Shares are set out in the Company's announcements dated 11 November 2022, 15 November 2022 and 2 December 2022.

As at 31 March 2023, the actual use of the net proceeds of the 2022 Placing of New Shares was as follows:

	Planned use of net proceeds as stated in the announcement dated 11 November 2022 (HK$ million)	Actual use of proceeds up to 31 March 2023 (HK$ million)	Unutilised net proceeds up to 31 March 2023 (HK$ million)	Expected timeline for unutilised net proceeds
General working capital	6.5	6.5	–	N/A
Total	6.5	6.5	–	

As at 31 March 2023, all the net proceeds in the amount of approximately HK$6.5 million have been utilised as intended.

2023 Rights Issue

On 17 February 2023, to satisfy its funding needs and ease its cash flow pressure, the Company announced a proposed rights issue on the basis of three Rights Shares for every two shares held on the record date at a subscription price of HK$0.147 per Rights Share (the "**2023 Rights Issue**") to raise approximately HK$33.5 million by issuing 240,002,067 Rights Shares to the qualifying shareholders. Under the relevant compensatory arrangements, all the unsubscribed Rights Shares were placed by the placing agent to not less than six independent placees at the subscription price.

On 12 April 2023, the 2023 Rights Issue has been approved by the independent shareholders of the Company. As additional time is required by the Company to prepare and finalise certain information contained in the Prospectus, it is expected that the despatch date of the prospectus documents in relation to the 2023 Rights Issue will be postponed and the expected timetable for the 2023 Rights Issue will be revised accordingly. The net proceeds from the 2023 Rights Issue (after deducting the estimated expenses) were approximately HK$33.5 million, representing a net price of approximately HK$0.140 per Rights Share, which were used as to (i) approximately HK$18.5 million will be used for the expansion of the foundation business capacity of the Group; (ii) approximately HK$7.5 million will be used for the development of the AI business; and (iii) the remaining balance of approximately HK$7.5 million will be used as the general working capital of the Group.

Upon the completion of the 2023 Rights Issue and the capital reduction of the issued shares and sub-division of unissued shares of the Company, the number of shares in issue will be up to 400,003,445 of par value HK$0.01 each thereafter. Details of the 2023 Rights Issue are set out in the Company's announcements dated 17 February 2023, 24 February 2023, 3 March 2023, 10 March 2023, 25 April 2023 and the circular dated 23 March 2023.

As at 31 March 2023, the actual use of the net proceeds of the 2023 Rights Issue was as follows:

	Planned use of net proceeds as stated in the circular Dated 23 March 2023 (HK$ million)	**Actual use of proceeds up to 31 March 2023** (HK$ million)	**Unutilised net proceeds up to 31 March 2023** (HK$ million)	**Expected timeline for unutilised net proceeds**
Expansion of the foundation business capacity	18.5	–	18.5	by 30 June 2024
Development of AI business	7.5	–	7.5	by 30 June 2025
General working capital	7.5	–	7.5	by 30 June 2024
Total	33.5	–	33.5	

As at 31 March 2023, the 2023 Rights Issue is not completed, all the net proceeds have not been utilised.

BORROWINGS AND GEARING RATIO

As at 31 March 2023, the Group had total debts (summation of bank and other borrowings and lease liabilities) of approximately HK$7.5 million (2022: bank and other borrowings, promissory note payable and lease liabilities approximately HK$15.9 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2023, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 10.3 % (2022: approximately 31.5%).

FOREIGN EXCHANGE EXPOSURE

The revenue generating from operations and borrowings raised by the Group was mainly transacted in Hong Kong Dollars which are the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CHARGE ON GROUP ASSETS

As at 31 March 2023, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK$2.7 million (2022: approximately HK$5.4 million).

CONTINGENT LIABILITIES

As at 31 March 2023 and 2022, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the Reporting Year, all the construction projects were covered by the employees' compensation insurance and contractors' all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2023, the Group had no material capital commitments (2022: Nil) contracted but not provided for property, plant and equipment.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 10 of the consolidated financial statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

A wholly-owned subsidiary of the Company, Longson Enterprise Development Company Limited ("**Longson**") entered into the agreement, pursuant to which Longson agreed to purchase a property situated at office no. 3, 4 & 5 on 2nd floor Yue Shing Commercial Building, 15–16 Queen Victoria Street & 3–7 Man Yee Lane, Hong Kong (the "**Property**") as a new office premise in the consideration of HK$15,500,000, which has been settled by the proceeds from the 2022 Rights Issue. The purchase of the Property was completed on 18 July 2022. For details, please refer to the announcements of the Company dated 23 May 2022 and 26 May 2022.

On 24 May 2022, the Company entered into the acquisition agreement (the "**Acquisition Agreement**"), pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Tiger Faith Holdings Limited at the consideration of HK$20,000,000 (the "**Acquisition**"), of which (i) HK$10,000,000 shall be satisfied by cash and (ii) HK$10,000,000 shall be settled by the issue of convertible bonds. In the light of the current market situation, after careful consideration, the parties to the Acquisition Agreement have mutually agreed to terminate the Acquisition Agreement on 12 December 2022. The issue of the Convertible Bond (I), which is part of the consideration of the Acquisition, has been terminated and the relevant deposit has been refunded. For details, please refer to the announcements of the Company dated 24 May 2022, 13 June 2022, 12 August 2022, 23 September 2022, 12 December 2022 and circular of the Company dated 2 September 2022.

On 29 January 2023, a wholly-owned subsidiary of the Company, Goldstone Finance, entered into a sales and purchase agreement, pursuant to which, Goldstone Finance agree to purchase 14.23% of issued share capital of Central Champion Holding Limited at the consideration of HK$8,100,000. For details, please refer to the announcement of the Company dated 29 January 2023.

Save as disclosed in this annual report, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Year and there is no other plan for material investments or capital assets as at 31 March 2023.

INFORMATION ON EMPLOYEES

As at 31 March 2023, the Group had 76 full-time employees working in Hong Kong (2022: 87). The total staff costs, including Directors' emoluments and mandatory provident fund contributions, of the Group were approximately HK$44.5 million for the Reporting Year (2022: approximately HK$49.1 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees.

Details of the Company's share option schemes (the "**Share Option Scheme**") is set out in note 36 to the consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Year (2022: HK$Nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Tang Kwai Leung Stanley (湯桂良)

Mr. Tang Kwai Leung Stanley ("**Mr. Tang**"), aged 54, is the executive Director and chairman of the Board responsible for overseeing the corporate strategy, operational management of the Group, and a co-founder of the Group. Mr. Tang is also the Compliance Officer of the Company. Mr. Tang attended secondary school education in Hong Kong. Mr. Tang completed a construction safety supervisor course organised by the Construction Industry Training Authority in 1999. He also obtained a trade test certification card for piling operative (bored pile) issued by the Construction Industry Training Authority in 2002, a certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in November 2008 and a certificate for operation of crawler-mounted mobile crane in May 2014.

Mr. Tang has approximately 25 years of experience in construction and foundation work industry. Before establishing Triangular Force Construction Engineering Limited ("**Triangular Force**") in 2008, he accumulated approximately 10 years of experience working for China Overseas (Hong Kong) Limited as a foreman for intermittent periods from October 1994 to December 2007, with his last position as a general foreman. He also worked for Hsin Chong (Foundations) Limited as a site foreman from August 2000 to May 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Dingding (賀丁丁)

Mr. He Dingding ("**Mr. He**"), aged 46, was appointed as the independent non-executive Director on 14 May 2021. He is also the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**") and nomination committee of the Company (the "**Nomination Committee**").

Mr. He graduated from Nanyang Technological University, Singapore with a bachelor's degree in civil engineering. Mr. He was awarded the CFA Charter by the CFA Institute in September 2006. Mr. He has more than 18 years of extensive experiences in capital markets, corporate finance, investment and finance, and corporate management through working in investment banks, advisory firms and listed companies in Singapore and Hong Kong since 2005.

Mr. He was an independent non-executive director and a member of the audit committee of China Kangda Food Company Limited, the issued shares of which are listed on the Main Board of both the Stock Exchange and Singapore Exchange Securities Trading Limited (stock codes: 834 and P74, respectively), between August 2012 and June 2015. Mr. He was a non-executive director and a member of the audit committee of Perfect Group International Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3326), between March 2017 and February 2018 and was subsequently appointed as its deputy chief executive officer between March 2018 and August 2018. Since August 2018, Mr. He has been an independent non-executive director and a member of each of the audit committee, remuneration committee and nomination committee of Sino Harbour Holdings Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1663). From May 2021 to September 2021, Mr. He has also been an independent non- executive director, a chairman of the audit committee, and a member of the remuneration, quality and nomination committee of Crown International Corporation Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727). Since March 2023, Mr. He has been appointed as an independent non-executive director, the chairman of the remuneration committee, and a member of each of the audit committee and nomination committee of Mobile Internet (China) Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock codes: 1439). Since May 2023, Mr. He has been appointed as an executive director and chief executive officer of Link Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock codes: 8237).

Ms. Chan Tsz Hei Sammi (陳梓烯)

Ms. Chan Tsz Hei Sammi ("**Ms. Chan**"), aged 37, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Ms. Chan is a practising solicitor admitted in Hong Kong in 2018 and a member of the Law Society of Hong Kong. Ms. Chan has also been a Certified Management Accountant of Australia since 2016 and a lawyer of the Supreme Court of New South Wales since 2014. Ms. Chan has a Postgraduate Certificate in Laws and a Bachelor of Laws degree from the City University of Hong Kong and a Bachelor of Business Administration in Accounting and Finance degree from the University of Hong Kong.

From November 2019 to March 2022, Ms. Chan was the company secretary and authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Bamboos Health Care Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2293). From January 2021 to February 2022, she was the company secretary and authorised representative under Rule 5.24 of the GEM Listing Rules of AV Promotions Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8419).

Biographical Details of Directors and Senior Management

Ms. Liu Ching Man (廖靜雯)

Ms. Liu Ching Man ("**Ms. Liu**"), aged 34, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Ms. Liu graduated from the Upper Iowa University with a Bachelor of Psychology degree in 2016 and obtained a master of business administration degree at The Hong Kong Polytechnic University in 2022. She is well experienced in the investor relationship and public relationship industry. She has extensive experience in financial public relations. She participated and prepared many listing ceremonies, roadshows and fund-raisings. She also has experience on blockchain development. She previously led development of cryptocurrency exchanges and Web 3.0 blockchain. She is currently the business development manager of Hanvey Group Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8219), responsible for achieving the company's development strategy and optimising business management by developing the company's strategic goals and brand positioning. With effect from September 2022, Ms. Liu has been appointed as an executive director of Farnova Group Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8153).

The Directors confirm that they are not related to each of the Directors or any of the senior management, substantial shareholders or controlling shareholders of the Company.

COMPANY SECRETARY

Mr. Lee Man Tai (李文泰)

Mr. Lee Man Tai ("**Mr. Lee**"), aged 46, joined the Company in June 2021 and has been acting as the chief financial officer of the Company. He has been appointed as company secretary of the Company since August 2021. He graduated from Lingnan University, Hong Kong in 2000 with a bachelor's degree in business administration and The Hong Kong Polytechnic University in 2010 with a master's degree in business administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He has been a licensed representative and responsible officer for Type 1 (advising on dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since 2017 and 2020, respectively.

Mr. Lee has approximately 20 years of working experience in the financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company listed on Mainboard of the Singapore Exchange Limited (stock code: CYBP.SP or BCD.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited (中國三三傳媒集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8030), from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of Chanco International Group Limited (卓高國際集團有限公司) (now known as China International Development Corporation Limited (中聯發展控股集團有限公司)), a company listed on Main Board of the Stock Exchange (stock code: 264), from April 2015 to January 2016 and from April 2015 to September 2015, respectively.

Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited (中國能源開發控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited (進昇集團控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 1581). Since December 2019, he has been an independent non-executive director of Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a company listed on Main Board of the Stock Exchange (stock code: 6117). Since June 2021, he has been an independent non-executive director of MEIGU Technology Holding Group Limited (美固科技控股集團有限公司) (now known as Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司)), a company listed on GEM of the Stock Exchange (stock code: 8349).

Corporate Governance Report

INTRODUCTION

The Group is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**"), in force for the Reporting Year, set out in Appendix 15 of the GEM Listing Rules. During the Reporting Year, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Following specific enquiries to all the Directors, each of them has confirmed that he/she has complied with the Required Standard of Dealing and there was no event of non-compliance throughout the Reporting Year.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Reporting Year. Statements of the Directors' responsibilities for preparing the consolidated financial statements of the Group and the external auditor's reporting responsibilities are set out in the Independent Auditor's Report in this annual report.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, *inter alia,* the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their works and business decisions to the Board.

CULTURE

The Board believes that a healthy corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its purpose, vision, mission and values. The followings are the key features of the Company's culture:

Integrity

The Group is committed to achieving high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anticorruption policy and the whistleblowing policy of the Group.

Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

BOARD COMPOSITION

The composition of the Board as at the date of this annual report is set out as follows:

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau *(resigned on 12 January 2023)*

Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Ms. Liu Ching Man

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 16 to 19 of this annual report.

On 12 January 2023, Mr. Chui Koon Yau ("**Mr. Chui**") resigned as an executive Director, the Board has four members, being one executive Director and three independent non-executive Directors, which fulfils the requirement of Rules 5.05, 5.05A and 5.28 of the GEM Listing Rules, whereby independent non-executive Directors of a listed issuer are required to represent at least one-third of its board. Further, each of the Audit Committee, Remuneration Committee and Nomination Committee has no less than three members and comprises a majority of independent non-executive Directors, which fulfils the requirements of the terms of reference of the Committees and complies with Chapter 5 and the CG Code.

The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Director and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role on the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his or her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director has entered into a service contract with the Company on 22 September 2017 for an initial term of three years. The service contracts with the executive Directors shall continue thereafter unless and until terminated by either the Company or the Director giving to the other not less than three months' notice in writing and subject to rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company (the "**Articles of Association**").

Mr. He has entered into an appointment letter as the independent non-executive Director with the Company for a term of three years commencing from 14 May 2021 subject to rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association.

Each of Ms. Chan and Ms. Liu has entered into an appointment letter as the independent non-executive Director with the Company for a term of three years commencing from 1 June 2021 subject to rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association.

The service contracts and appointment letters are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association.

According to Article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Articles 112 of the articles of association of the Company provides that any Directors who are appointed to fill casual vacancies or as an additional Director shall hold office only until the first annual general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Mr. He and Ms. Chan will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 25 August 2023. Each of them will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to proposed re-election of Mr. He and Ms. Chan as independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Tang is the chairman of the Board who is primarily responsible for managing the Board. Mr. Tang also chairs the Board meetings and briefs the Board members on the issues arising at the Board meetings. During the Reporting Year, the Company did not name any officer with the title "Chief executive officer". The Directors are supported by the senior management in the day-to-day management of the Group's business.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and defective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the Reporting Year, the Company has provided and all Directors, namely, Mr. Tang, Mr. He, Ms. Chan and Ms. Liu have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website www.hkexnews.hk and the Company's website at www.beavergroup.com.hk. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 22 September 2017. The chairman of the Remuneration Committee is Ms. Liu, the independent non-executive Director, and other members included Mr. He and Ms. Chan, the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the Reporting Year. No Director or any of his/her associates were involved in deciding his/her own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 September 2017. The chairman of the Nomination Committee is Ms. Chan, the independent non-executive Director, and other members include Mr. He and Ms. Liu, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against an objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

AUDIT COMMITTEE

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. He, the independent non-executive Director, and other members included Ms. Chan and Ms. Liu, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members of non-executive Directors only and the majority of the members of the Audit Committee being independent non-executive Directors and chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Year, the Audit Committee held four meetings to review and comment on the company's 2022 annual results, interim results and quarterly results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the Reporting Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Reporting Year comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

INDEPENDENT BOARD COMMITTEE

The Board had established an independent board committee of the Company, comprising Mr. He, Ms. Chan and Ms. Liu (all independent non-executive Directors) to advise the independent shareholders of the Company in respect of the 2023 Rights Issue. Details of which are set out in the circular of the Company dated 23 March 2023.

ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the Reporting Year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Director(s).

Subsequent to the reporting period, one meeting of the Board was held on 25 April 2023 and three extraordinary general meeting were held on 12 April 2023, 10 May 2023 and 18 May 2023, one meeting of each Audit Committee, Nomination Committee, Remuneration Committee and the Board was held on 26 June 2023, respectively. The forthcoming annual general meeting will be held on 25 August 2023.

The information below are details of all Directors' attendance at the Board meeting and Board committees' meeting held for the Reporting Year:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2022 AGM	2023 Extraordinary General Meeting
	Number of Meetings Attended/Held					
Executive Directors						
Mr. Tang	9/9				1/1	2/2
Mr. Chui (resigned on 12 January 2023)	8/8				1/1	2/2
Independent non-executive Directors						
Mr. He	9/9	4/4	1/1	1/1	1/1	2/2
Ms. Chan	9/9	4/4	1/1	1/1	1/1	2/2
Ms. Liu	9/9	4/4	1/1	1/1	1/1	2/2

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

Mr. Lee was appointed as the Company Secretary on 5 August 2021. Mr. Lee possesses the necessary qualification and experience and is capable of performing the functions of the Company Secretary. Mr. Tang, the chairman and executive Director of the Company is the primary contact person of Mr. Lee.

For the Reporting Year, Mr. Lee undertook no less than 15 hours of relevant professional training to develop his skills and knowledge. The biographical details of Mr. Lee is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

BOARD INDEPENDENCE

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views are available.

The current composition of the Board, comprising more than one third of the Board being independent non-executive Directors, and the members of the Audit Committee are all independent non-executive Directors and comply with the independence requirements under the Listing Rules. The Nomination Committee, Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

The Company has reviewed the implementation of the mechanisms in relation to the Board Independence and considered it to be effective during the Reporting Year.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 28 December 2018. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

When determining the composition of the Board, the Company will consider Board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018. A summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors of the Company. This also ensures that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

Measurable Objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

(a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;

(b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Potential contributions that the individual(s) can bring to the Board; and

(g) Commitment to enhance and maximise shareholders' value.

Re-election of Director at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the Criteria including but not limited to:

(a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Monitoring and Reporting

The Nomination Committee will assess and report annually, in the corporate governance report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

Review of Nomination Policy

The Nomination Committee will launch a formal process to review this Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Disclosure of Nomination Policy

A summary of the Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the Reporting Year will be disclosed in the annual corporate governance report.

In the circular to shareholders for proposing a candidate as an independent non-executive Director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;

- if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;

- the perspectives, skills and experience that the candidate can bring to the Board; and

- how the candidate can contribute to the diversity of the Board.

AUDITOR'S REMUNERATION

RSM Hong Kong is appointed as the external auditor of the Company, the fee paid and payable in respect of audit services and non-audit services amounted to approximately HK$0.6 million and HK$0.3 million respectively for the Reporting Year.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interest and rights is to separate resolutions proposed at the shareholders' meeting on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than 10% of the voting rights (on a one vote per share basis) in the issued share capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Articles for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders' and the Group's asset at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

– Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

– Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

– Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

Anti-Corruption

The Group is committed to preventing, detecting, and reporting to any levels of bribery and corruption. The Anti-Corruption Policy was adopted in June 2023 to provide principles for all directors, officers, and employees to operate conduct business with integrity and to reduce the risk of corruption and bribery. The Group conducts periodic and systematic fraud risk assessments to mitigate fraud risks identified internally and externally. Proper trainings and briefings related to bribery, corruption, conflicts of interest, money laundering and financing of terrorism, non-compliance with the Prevention of Bribery Ordinance will also be provided to all employees.

Whistleblowing

A Whistleblowing Policy was adopted in June 2023 to provide guidance on the procedure of reporting allegations of any fraud and misconduct, malpractice or irregularity by employees and stakeholders. All filed whistleblowing reports and the identity of the whistleblowers are treated in a strictly confidential manner in accordance with the procedures set out in the policy. The matter raised may be investigated internally and referred to the Board, or be referred to external lawyers or auditors.

Once the investigation is completed, a report including the impact of the matter reported and an action plan will be prepared by the Audit Committee. Disciplinary and other appropriate actions will be determined by the responsible line management while recommendations will be made by the Audit Committee for the Board's final decision on the actions required.

No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations was reported during the Reporting Year. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Hong Kong Exchanges and Clearing Limited's website and the Company's website.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the Reporting Year and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the Reporting Year as required under CG Code C.2.5. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Audit Committee and the Board have considered the internal control review report prepared by an independent consultancy company and communicated with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website www.hkexnews.hk and the Company's website www.beavergroup.com.hk;

(ii) periodic announcements are made through the Stock Exchange and published on the respective website of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange view with the Directors and senior management; and

(v) the Hong Kong branch share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post the Company's principal place of business in Hong Kong.

Save for the amendments to memorandum and articles of association and adoption of the amended and restated memorandum and articles of association of the Company on 26 August 2022, there was no significant change to the Company's memorandum and articles of association during the Reporting Year.

Environmental, Social and Governance Report

PREAMBLE

As one of the prominent foundation contractors in Hong Kong, especially in the realm of bored piling construction, China New Consumption Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") has been integrating an ESG mindset into its business strategies in order to pursue sustainability. The Group, as a construction service provider in Hong Kong, has undoubtedly been a supporter of the ESG concept. The Group has long been working on the transformation towards a sound ESG governance framework and approach in daily operation, to seek its long-term business sustainability while fulfilling corporate social responsibility.

With the increasing attention on corporate ESG management, the Group is aware that a sound ESG management is underpinned by the robustness of leadership and governance mechanism. As such the Group is committed to handling the Group's ESG affair effectively and responsibly, which is gradually integrated as one of the core components of the Group's business strategies. Besides, the Group lays emphasis on engaging both internal and external stakeholders of the Group, the Group has kept consulting and sharing knowledge and experience of ESG risk management with its stakeholders in order to gather their opinions.

In the future, the Group will continue its efforts in facilitating the "green recovery" of the society and put forward practicable sustainable measures to minimise the underlying hazards that the Group poses to the environment during its operations. For instance, the Group has been seeking substitutes for carbon-intensive concrete which is one of the biggest contributors to the industry's carbon footprint. The Group will keep leveraging its expertise collaboratively with other industry players to move towards sustainability as well as leading the industry to improve its resilience as a whole.

ABOUT THE REPORT

In compliance with the requirements set out in the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") contained in Appendix 20 of the GEM Listing Rules of the Stock Exchange under "Comply or Explain" provision, the Group is pleased to present its Environmental, Social and Governance Report (the "**ESG Report**") summarising its ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development for the year from 1 April 2022 to 31 March 2023 ("**FY2022/2023**").

Reporting boundary

Consistently adopting the operational control approach, this ESG Report covers the environmental and social performance of the main operations of the Group's business activities in the realm of bored piling construction and its office operation in Hong Kong. Given that Goldstone Communications Limited was incorporated in November 2022 while Goldstone Finance Limited was incorporated in December 2022, the Group believe their ESG performance was relatively insignificant compared to subsidiaries that were fully operated throughout FY2022/2023. As such, following the principle of Materiality, this ESG Report mainly covers Triangular Force Construction Engineering Limited and TMP Machinery Engineering Limited.

This ESG Report covers the period from 1 April 2022 to 31 March 2023, unless specifically stated otherwise. This report was prepared in both English and Chinese, and has been uploaded to the Group's website at http: //www.tfcel.com.hk/financial-reports.html under the "Investor Relations" section. For any conflict or inconsistency, the English version shall prevail.

For the Group's corporate governance practices, please refer to the section "Corporate Governance Report" contained in this annual report.

Reporting principles

The ESG Report has been prepared with reference to the Reporting Principles set forth in the ESG Guide of the Stock Exchange. Given the reporting principles that underpin the preparation of the ESG report, the content of this ESG report has been determined and summarised by the principles of Materiality, Quantitative, Balance, and Consistency.

Materiality	Quantitative
To identify the significant ESG issues that may have great impact on the Group's business activities, the Group implements the principle of Materiality and conducts an annual materiality assessment engaging both its internal and external stakeholders to express their viewpoints against a list of ESG topics. More details can be found in the section Materiality Assessment.	To practice the principle of quantitative, the Group has disclosed its environmental and social performance against a series of key performance indicators ("**KPIs**") in the report, including emissions, consumption of natural resources, and employment information. Calculation method, assumptions and source of conversion factors are clearly stated in the footnote of the corresponding performance tables.
Balance	**Consistency**
To portray an unbiased picture of the Group's ESG performance to all readers, the Group revealed both its achievements and room for improvement in the preparation of this ESG Report.	To facilitate a year-on-year comparison and enable meaningful peer benchmarking, this ESG Report was prepared with reference to internationally and domestically recognised standards and frameworks. Any significant changes will be stated clearly at the corresponding sections to enable meaningful comparison.

Information disclosure

The information in this ESG report was gathered from official documents and statistics of the Group, the integrated information on supervision, management approach, and operating process in accordance with relevant policies, the internal quantitative and qualitative data through online questionnaires, and the sustainability practices of different business divisions of the Group. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

Stakeholder feedback

As the Group strives for excellence, the Group welcomes its stakeholders' feedback, especially on topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views on the ESG matters with the Group via:

Postal address: Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, N.T., Hong Kong

Email address: tf@tfcel.com.hk

THE ESG GOVERNANCE STRUCTURE

As one of the leading enterprises in the construction industry, the Group believes that robust governance is crucial and the foundation to attaining the Group's long-term business success. As part of its governance structure, the Board of Directors of the Group (the "**Board**") has taken the lead and assumes the ultimate responsibility for overseeing the Group's ESG strategies, evaluating and reviewing the severity of impacts brought by material ESG issues to the Group's operations on a regular basis.

The Group's ESG management focuses on two pillars, namely environmental protection and employees' wellbeing, which are regarded as the most significant topics to the Group. To maintain an effective flow of information throughout the Group, in particular, between the executives and operation units, the Group has established an ESG Taskforce (the "**Taskforce**") that is composed of the core members from different departments and chaired by one of the Directors. The Taskforce is mainly responsible for assisting the implementation and evaluating the effectiveness of the Group's ESG internal control mechanisms, as well as reporting to the Board on a regular basis.

Under the oversight and leadership of the Board, sub-committees such as audit committee, risk management committee and etc, have been established, in which their respective roles and responsibilities are to drive and improve the Group's sustainability performance within their remits. Specifically, a management representative is responsible for monitoring the annual audit on material ESG topics and the company secretary is responsible for updating the Board with the latest information, as well as ensuring material ESG- and climate-related matters are positioned on the agenda of the Board meetings with due consideration through meetings with the Board. External professional organisations are also engaged from time to time to advise and update the Board and the management of the Group on the latest information regarding climate-related risks and opportunities.

To efficiently keep track on the Group's ESG performance, the Group has formulated a set of KPIs for monitoring and analysing the Group's consumption of resources, which the Group's management believes is one of the most significant ESG impacts of the Group's business. These KPIs allow the Group's management to evaluate the progress that the Group achieves and the analysed results will be reported to the Board for further review on a regular basis.

MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

With the ever-soaring attention spotted on the sustainability issues, we have realised the importance of a robust governance structure and comprehensive ESG management approaches to our sustainable development. To this end, we have been unceasingly incorporating the philosophy of sustainability into the business development strategies and leveraging all our strengths in improving the ESG governance and management. We are dedicated to realising economic growth while shouldering our corporate social responsibility simultaneously in creating a safe and ethical working environment for the employees and minimising the environmental impacts throughout the project period.

Our ESG Management Approaches

To efficiently identify material ESG issues that have significant impacts on us and set up countermeasures in a timely manner, the Group has based on the materiality assessment's result to prioritise a list of ESG issues. The consolidated materiality assessment results have been mapped on a well-defined matrix and reported to the Board for approval, to assess the issues of greatest interest to the Group and our stakeholders. More details can be found in the chapter **Stakeholder Engagement**.

Besides, given the business nature, the Group unavoidably consumes a certain amount of various resources, such as water, diesel, and cement, during its operations. As such, we have established our short-term reduction targets with reference to resource consumption in FY2022/2023, as well as the action plans for us to attain such targets. More details can be found in the subsections headed **Targets and Actions** under the chapters **A.1 Emissions and A.2 Use of Resources**.

Looking Ahead

Looking ahead, we will put forward and implement various measures to improve our ESG management and performance, as well as developing our business-related ESG goals and targets. We will continue to incorporate the concept of green development into our business strategies and operations, aiming at slashing our environmental footprints during the operations and attaining our long-term sustainability.

On behalf of the Board, I hereby present to you the ESG Report of FY2022/2023 demonstrating our strategy and focus on transitioning towards an environmentally sustainable and socially responsible future.

Mr. Tang Kwai Leung Stanley
Chairman & Executive Director

26 June 2023

STAKEHOLDER ENGAGEMENT

Throughout the years, the Group has valued its stakeholders and their views in relation to its business and ESG issues. The Group regularly engages and communicates with its stakeholders to ensure their needs and expectations can be heard, respected and met. The effective dialogue is also an essential tool for the Group to prioritise ESG issues and identify market trends that are material to the Group's operations. The Group engages a diverse group of stakeholders through various channels summarised below:

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders and investors	• Return on investments • Corporate governance • Business compliance • Protect the voting rights of shareholders and investors • Director appointment	• Annual reports, interim reports and quarterly reports • Announcements and circulars • Corporate website • Hong Kong Share Registrar
Customers and business partners	• High quality products and services • Protect the rights of customers	• Customer satisfaction survey • Face-to-face meetings and on-site visits • Customer service hotline and email
Employees	• Employees' compensation and benefits • Career development • Healthy and safe working environment	• Training, seminars and briefing sessions • Regular performance reviews • Emails, notice boards, hotline, activities with the management
Suppliers and subcontractors	• Win-win collaboration • Sustainable supply chain	• Open tendering • Suppliers' satisfactory assessment • Face-to-face meetings and on-site visits • Industry seminars
Regulatory bodies and government authorities	• Compliance with laws and regulations • Support local economic development	• Supervision on the compliance with local laws and regulations • Routine reports and tax payments
Media, NGO (Non-Governmental Organisation) and the public	• Involvement in the communities • Business compliance • Environmental protection awareness • Transparency and reliability	• Media conferences and responses to enquiries • Public welfare activities • ESG Report • Corporate website

Materiality assessment

Given that ESG risks and opportunities vary across different industries, the Group strives to identify its specific ones. In FY2021/2022, the Group conducted a materiality assessment to determine and understand its stakeholders' material concerns and interests. To ensure the comprehensiveness of the assessment, key stakeholder representatives were invited to participate in the materiality assessment survey initiated by a third-party consulting agency for better accuracy and objectivity of the evaluation.

Since key stakeholders of the Group remain similar to the previous financial year (FY2021/2022) and there were no significant operational and business changes in FY2022/2023, the Group believes a new materiality assessment is not necessary. As such, the Group continued to design its strategies and approaches during the Reporting Year according to the materiality assessment result of FY2021/2022. In specific, the materiality assessment consisted of the following steps:

Step 1: Stakeholder identification

Key stakeholders were identified based on the degree to which they were affected by the Group's activities, as well as by their ability to influence the Group's business objectives. Once key stakeholder groups were identified, the Group chose the representatives or representative organisations for each stakeholder group. Key stakeholders engaged in FY2021/2022 included senior management and directors of the Company.

Step 2: Desktop impact assessment

Through a desktop impact assessment, a list of priority issues relevant to the Group's operations were developed.

1 GHG Emissions
2 Energy Management
3 Water & Wastewater Management
4 Solid Waste Stewardship
5 Climate Change Mitigation & Adaptation
6 Renewable and Clean Energy
7 Labour Practices
8 Employee Remuneration and Benefits
9 Occupational Health and Safety
10 Employee Development and Training
11 Green Procurement
12 Engagement with Suppliers
13 Environmental and Social Risk Management of Supply Chain
14 Supply Chain Resilience
15 Product/Service Quality and Safety
16 Customer Privacy and Data Security
17 Marketing and Promotion
18 Intellectual Property Rights
19 Labelling Relating to Products/Services
20 Business Ethics & Anti-corruption
21 Internal Grievance Mechanism
22 Participation in Philanthropy
23 Cultivation of Local Employment
24 Support of Local Economic Development
25 Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
26 Management of the Legal & Regulatory Environment (regulation-compliance management)
27 Critical Incident Risk Responsiveness
28 Systemic Risk Management (e.g. Financial Crisis)

Step 3: Prioritisation

The invited stakeholders' ratings on the ESG issues were assessed. Through analysing the weighted average, a set of material topics are identified.

Step 4: Validation

According to the results,

- Business Ethics and Anti-corruption
- Management of the Legal and Regulatory Environment (regulation-compliance management)
- Systemic Risk Management (e.g. Financial Crisis)

were identified as the material topics to the Group's business operations. The outcome of the materiality assessment was presented for discussion during the meeting of the Group's executive committee, wherein the senior management of the Group considered and validated the results, as well as the way forward in setting appropriate and effective management policies and internal control systems for ESG issues.

Progressing towards SDGs

Sustainable Development Goals ("**SDGs**") are a set of 17 goals set by the United Nations ("**UN**") to be achieved by all agreeing countries to bring about a sustainable world by 2030. It is a new trend that emerging policy and regulatory updates and societal changes are reviewed in parallel with the UN SDGs. To this end, to attain a common language to be aligned with the global sustainable development trend, the Group has matched relevant SDGs to its initiatives and management measure.

Following the SDG Compass, the Group pinpointed the SDG that was most aligned with its strategy. SDG 3: Good Health and Well-being was selected as most relevant to the Group's business where it can drive significant positive changes.

SDG 3: Looking after our people

As a contractor in the Hong Kong construction industry, securing the health and safety of its employees is critical to the Group. In strict compliance with applicable laws and regulations, the Group implements effective measures including emergency drills and safety work meetings regularly to raise the awareness of site safety among workers. The Group respects and cares about the wellbeing of its staff and aims to achieve the safety goal of recording zero work-related fatalities. As such, the Group has formulated and taken a series of measures onsite to protect its workers' health. More detailed information can be found in the section **Health and Safety**.

ENVIRONMENTAL SUSTAINABILITY

The Group has been committed to incorporating environmental sustainability into its daily operations and minimising its environmental footprint in development projects and office operations. Aiming at achieving sustainable development, the Group has taken effective measures in enhancing resource efficiency, controlling its emissions, reinforcing the implementation of environmental principles within the organisation, as well as facilitating an eco-friendly manner in business operations.

This section primarily discloses the Group's policies and practices on emissions, use of resources, the environment and natural resources, and climate change in FY2022/2023. For detailed quantitative information regarding different categories of emissions and the use of resources, please refer to Tables E1 and E2 in the **Appendix**.

A.1. Emissions

The Group is prudent in controlling its emissions and consumption of resources and in strict compliance with all relevant local environmental laws and regulations in its daily operations. In FY2022/2023, the Group abided by the relevant and material environmental laws and regulations in the operating regions, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong); and
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong).

In FY2022/2023, the Group was not aware of any violation of laws and regulations in relation to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise that have a significant impact on the Group.

Air Emissions

Given the business nature of the Group, the air emissions of the Group mainly came from the diesel consumed for the daily operations of onsite machinery and vehicles for transportation in FY2022/2023. During the Reporting Year, the air emissions of sulphur oxides ("**SO_x**"), nitrogen oxides ("**NO_x**"), and particulate matter ("**PM**") amounted to 0.37 kg, 20.65 kg, and 1.52 kg respectively. Compared with those emission figures from FY2021/2022, the absolute emissions of SO_x, NO_x and PM in FY2022/2023 decreased by approximately 74% respectively. The significant decrease in emissions were mainly due to the significant decrease of the consumption of diesel for machinery operations and transportation in the Reporting Year.

Nonetheless, the Group is dedicated to continuing its efforts in monitoring and reducing the amount of air emissions generated from both onsite machinery and on-road vehicles. The Group has made an effort in its vehicle management and the upgrade of the construction equipment towards better performance in energy efficiency. In FY2022/2023, the Group took various measures to control its air emissions in a proactive manner, including:

- Electrify its assets including its construction equipment and its fleet gradually; and
- Reduce unnecessary travel by making use of the advanced online technologies for remote communication.

The Group is also committed to enhancing its employee's awareness of air emission control through education and the implementation of internal policies.

GHG Emissions

As a foundation contractor in bored pilling construction, the Group's daily operations mainly rely on the consumption of fossil fuels such as diesel and electricity for its office operations. During the Reporting Year, the Group generated a total of 2,159.87 tonnes of CO_2e throughout its daily operations, with the emissions from Scope 1, Scope 2 and Scope 3 amounted to 2,143.42 tonnes of CO_2e, 15.97 tonnes of CO_2e and 0.48 tonnes of CO_2e respectively. As compared to that in FY2021/2022, the Group GHG total emissions during the Reporting Year dropped by approximately 66.44%, which was mainly due to the decrease in diesel consumption for business operations. The Group is deeply aware of the impacts it poses to the environment during operations, as such the Group has stepped up its efforts to formulate effective internal policies that regulate the operational practice as well as to encourage its employees to act collectively on energy conservation during operations.

In FY2022/2023, the GHG emission pattern was similar to that in FY2021/2022, with Scope 1 (Direct Emissions) dominating 99.24% of the corporate GHG profile. Meanwhile, Scope 2 (Energy Indirect Emissions) and Scope 3 (Other Indirect Emissions) arose from the purchase and consumption of electricity, and the electricity used for processing fresh water and sewage by government departments. The Group deeply understands that its GHG emissions are inherently linked to its consumption practices of resources, such as electricity and fossil fuels, therefore, the Group has proactively adopted electricity conservation and energy-saving measures to slash its GHG emissions. The specific policies and actions taken by the Group are further described in the subsections headed "**Electricity**" and "**Other Energy Resources**" below.

Solid Waste

Given the business nature, the Group did not generate any hazardous wastes in FY2022/2023. During the Reporting Year, the non-hazardous waste generated by the Group amounted to 110.00 tonnes, which decreased significantly as compared to that in FY2021/2022. Nevertheless, the Group has strictly implemented its internal policies in supervising and managing the waste disposed of in accordance with the relevant laws and regulations in terms of waste management. In case any hazardous wastes are produced onsite, the Group will engage a qualified waste collector to handle the wastes.

The Group has incorporated the "3R principle" – Reduce, Reuse and Recycle in its waste management policies to minimise the waste disposed of and facilitate the efficient utilisation of natural resources. Aiming to eliminate the environmental impact of the generation of non-hazardous wastes from its daily operations, the Group has implemented measures to treat the onsite solid wastes and launched many reduction initiatives both in its bored pile construction site and office.

Bored Pile Construction Business

In FY2022/2023, the Group was in compliance with relevant laws and standards regarding onsite waste disposal, while the major solid waste of the Group came from the bored pile construction operations that generated excess mud onsite. To cope with waste disposed of during construction, the Group has appointed a qualified waste collector to transport the mud and other construction wastes (e.g. gravels) to specific landfills for disposal or other construction sites for reuse. Certain land excavation waste is directly transported to the place where backfilling is needed. The recyclable wastes are sorted and collected before being transported to the recycling station for treatment and reuse.

Office

In FY2022/2023, the solid waste generated from the Group's offices was mainly domestic and commercial waste. During the Reporting Year, the Group adopted a centralised rubbish bin for the collection of solid waste generated in the office to efficiently manage the waste. The collected waste was handled by the property management of the building on a regular basis and disposed of by relevant municipal departments. Endeavouring to protect the environment through reducing the generation of solid waste, the Group has implemented the following practices:

- Recycle as much solid waste as possible through the "collected and classified" approach;
- Raise employees' awareness of resource conservation and waste reduction through education; and
- Advocate the reuse of office stationeries.

To further reinforce the management of onsite solid waste, the Group has established a benchmarking system that tracks and compares its environmental performance at construction sites, such as the performance in mud treatment. In the future, the Group plans to expand its disclosure scope to all kinds of solid waste generated throughout the business operations. As such, the development of digital tools and systems that enable consistent collection, recording, and analysis of waste data across the Group's operations will be put on the agenda. The Group will keep putting forward feasible waste reduction measures and launch recycling campaigns. Meanwhile, the Group is also exploring the possibility of making use of waste management contracts and procurement strategies to strengthen waste reduction and sustainable waste management from its suppliers and subcontractors along its value chain.

Wastewater

Bored Pile Construction Business

In FY2022/2023, the wastewater that the bored piling construction business generated was bored piling and drilling sewage. During the Reporting Year, the Group generated a total of 769 m^3 of wastewater. In strict compliance with the requirement of the Water Pollution Control Ordinance (WPCO) license, the Group has deployed wastewater treatment facilities onsite to treat the sewage and conducted experimental tests on the quality of wastewater such as pH levels to ensure that the discharging wastewater meets the regulatory requirements prior to the discharging process. Specifically, to lower the wastewater impact on the environment, especially to the quality of the ocean and its biodiversity, the Group has set up a sedimentation tank for treating the muddy water from the operational process, during which the chemicals such as coagulants are added to enhance the sedimentation efficiency. In strict compliance with the terms and conditions of a valid Water Pollution Control Ordinance (WPCO) licence, the Group has obtained relevant licenses for the discharge of wastewater from construction sites to the natural water bodies and all discharges have been strictly monitored and controlled.

Office

In FY2022/2023, the domestic wastewater generated from the Group's offices was directly discharged into the building sewerage network, handled by the property management of the building and flushed through the municipal drainage systems. The Group is deeply aware that the amount of wastewater generated highly depends on the amount of water used, therefore the Group has put forward and adopted practicable measures to control its water consumption, which is further described in the next subsection under "**Water**", to reduce its water consumption.

Noise

In FY2022/2023, noise emissions of the Group mainly came from the operations of the machinery and equipment during the bored pile construction process. In strict compliance with the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong), the Group only used certain equipment within the permitted period. Various noise-reducing facilities were adopted by the Group to mitigate the impacts of noise on the surroundings. For instance, the Group has installed the construction noise barrier and made full use of the shock pads on crushing on the construction site to reduce the noise effectively. To further control the noise at the source, the Group has adopted the real-time sound monitoring equipment and prioritised the equipment with QPME Label in the procurement.

Dust

Despite the fact that dust is inevitable during construction works especially piling, the Group has spared no effort in controlling the dust at its construction sites at all times so as to maintain good air quality while protecting the health of its workers. In strict compliance with the Air Pollution Control (Construction Dust) Regulation (Cap. 311R of the Laws of Hong Kong), the Group has taken a series of measures to conduct dust suppression regularly:

- Set up a car wash box at the entrance of the construction site to prevent vehicles from taking dust and mud away;
- Install pressure spray dust removal device along the main road of the construction site;
- During the construction period, set up an enclosure and dust screen with a height of not less than 1.8 meters around the construction site;
- Enclose hoist by impervious sheeting;
- Use sealed equipment to transport mud and dust;
- Rinse the ground or sprinkle water every day to clean dust and avoid mud accumulation;
- Equip vacuum cleaner on equipment to control dust; and
- Provide hard paving on open area.

Targets and Actions

Areas	Targets	Actions and Practices
Air and GHG Emissions	Taking FY2022/2023 as the baseline year, the Group targets that the amount of air and GHG emissions in FY2023/2024 within the same scope will not be higher than those in FY2022/2023.	To slash its air and GHG emissions from diesel consumption, the Group actively encourages its employees to practice carpooling and take public transport. In the future, the Group will continue its effort to standardise its operating practices to minimise its environmental footprint throughout the construction process.
Solid Waste and Wastewater	Taking FY2022/2023 as the baseline year, the Group targets that the amount of solid waste and wastewater in FY2023/2024 within the same scope will not be higher than those in FY2022/2023.	The Group will reinforce its education to its employees towards lowering their environmental footprints and the implementation of its internal solid waste and wastewater management by sticking to the "3R principle" – Reduce, Reuse and Recycle, as well as keep putting forward practicable solid waste and discharge reduction measures. Given the unified collection of the office wastewater and solid waste, the Group plans to strengthen its data collection on solid waste and wastewater discharge in the office, to facilitate the Group to formulate the reduction targets for the office operations.

A.2. Use of resources

In FY2022/2023, the primary resources consumed by the Group were electricity, diesel, water, paper and construction raw materials. Given its business nature, the Group did not consume packaging materials during the Reporting Year.

Electricity

During the Reporting Year, the electricity consumed by the Group was mainly for the daily operations of its office and the electrical equipment and machinery operations. In FY2022/2023, the electricity consumption of the Group was 40.94 '000 kWh. The Group electricity consumption remained at a similar level as compared to that in FY2021/2022.

The Group requires all its construction sites to comply with relevant regulations and the Group's policies regarding electricity conservation. Committed to improving its energy efficiency, the Group has embedded the mindset of "Saving Electricity" into its business strategy and has adopted specific measures:

- Turn off all lights, electronics and other power consumption equipment at the end of the day;
- Switch off all idling lights, air conditioners and other electrical appliances, especially during lunchtime;
- Opt for electrical appliances and models with Grade 1 energy efficiency label;
- Replace energy-intensive equipment with energy-efficient ones;
- Install timers connecting all the electrical equipment in the public area;
- Maintain and repair the facilities and machinery at construction sites regularly;
- Enhance the monitoring and control of cooling system to maintain optimal indoor temperatures of 24 – 26°C;
- Encourage all employees to open curtains and utilise the natural sunlight for lighting in the office when possible; and
- Apply thermal insulated and light reflective film on windows to reduce heat.

Other Energy Resources

In FY2022/2023, the Group consumed a total of 798,565.00 litres of diesel for the operation of onsite machinery and vehicles for transportation. The Group diesel consumption was 67.14% lower than that in FY2021/2022, with diesel consumption used in construction site dominating the overall corporate diesel consumption. To minimise its reliance on fossil fuels, the Group is dedicated to exploring the opportunities to replace the equipment with electric-powered ones gradually in the future.

At present, the Group is committed to encouraging its employees to take public transport instead of driving to work and making use of the electronic device for e-meetings to avoid unnecessary travelling. In addition, the Group has given priority to energy-efficient onsite machinery and equipment with the Green Label issued by the Environmental Protection Department of Hong Kong according to the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation during procurement. The relevant measures taken by the Group to manage its energy consumption are as follows:

- Compare the performance of energy consumption and air and GHG emissions of piling machines and other machinery for the foundation works during the procurement;
- Stick to the requirements set out in relevant environmental regulations and standards released by the Environmental Protection Department of the Government of Hong Kong Special Administration Region, such as controls and requirements of the Non-Road Mobile Machinery (NRMM) Regulation;
- Encourage its employees to consider "low-carbon lifestyle" and choose public transport over driving private cars; and
- Strengthen the education of environmental protection among employees who are expected to build up knowledge of energy conservation in both daily lives and work.

Water

Given the business nature, water has been one of the primary consumables throughout its daily operations. In FY2022/2023, the Group did not face any problem in sourcing water fits for its purpose and the water consumption of the Group amounted to 769 m^3, which was 95.22% lower than the water consumption in FY2021/2022. Endeavouring to minimise water use as much as possible, educational seminars and activities that encourage its staff to reduce, reuse and recycle water resources have been arranged. To fully implement the principle of "Saving Water" in daily operations, the Group has strongly incentivised its construction sites to reuse wastewater on site and implemented various measures to improve water efficiency:

- Place "Saving Water Resource" posters in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid further leakage of the water supply system;
- Strengthen the inspection and maintenance on water taps, water pipelines and water storage tanks;
- Set quotas and targets for water consumption restrictions for staff to save water;
- Select water-efficient equipment with Water Efficiency Labels; and
- Install rainwater harvest systems and increase water reuse rate at construction sites.

Paper

In FY2022/2023, paper was mainly used for administrative purpose in the Group's office. The Group has put great effort into implementing the following policies:

- Promote the concept of "paperless office" and publish information through electronic means as much as possible;
- Set duplex printing as the default mode for all network printers when printing is necessary;
- Choose suppliers with more environmentally friendly paper sources such as the certification of Forest Stewardship Council (FSC);
- Place boxes and trays besides the printing machines to collect single-sided paper for reuse and recycling; and
- Encourage guests to use electronic invoices instead of paper ones.

Construction raw materials

Concrete is one of the construction materials that the Group consumed during its bored piling business. The Group has managed its materials use and improved the operational efficiency in a proactive manner during the construction process to lessen its environmental footprint. The Group has been leveraging its strength in research and development to introduce new construction materials that are more environmentally friendly as well as enhance the quality of the Group's end products.

Targets and Actions

Areas	Targets	Actions and Practices
Electricity	Taking FY2022/2023 as the baseline year, the Group targets that the intensity of its electricity consumption in FY2023/2024 within the same scope will not be higher than that in FY2022/2023.	In addition to the education of "Saving Electricity" among its employees and implementing corresponding measures, the Group also gives priority to energy-efficient equipment during the procurement of the office supplies and onsite equipment, to facilitate its energy efficiency.
Other Energy Resources	Taking FY2022/2023 as the baseline year, the Group targets that the amount of diesel consumption in FY2023/2024 within the same scope will not be higher than that in FY2022/2023.	Diesel consumption for machinery operations and transportation was the major contributor to the Group's air and GHG emissions. As such, the Group encourages its employees to make use of carpooling and massive transit to eliminate unnecessary business travel, so as to minimise the consumption of diesel for company's vehicles. Besides, the Group plans to replace the diesel-fuelled machinery with electric powered ones to lessen the Group reliance on diesel, which subsequently lower the Group's air and GHG emissions.
Water	Taking FY2022/2023 as the baseline year, the Group targets that the amount of water consumption in FY2023/2024 within the same scope will not be higher than that in FY2022/2023.	The Group has been incorporating the principle of "Water Conservation" into its daily operations, where it incentivises its employees to reduce, reuse and recycle water resources. To urge its people to use water smartly, the Group places posters on prominent places.

A.3. The environment and natural resources

Aiming at attaining long-term sustainability in its business development, the Group is committed to minimising its environmental footprint throughout its operations. Given the business nature as a bored piling company, the Group poses limited impacts on the environment and natural resources. Nevertheless, the Group has spared no effort in creating a resource-saving and environmental-friendly corporate image. Based on the analysis above, the Group consumes various types of energy such as diesel and electricity and generates air and GHG emissions, solid waste, wastewater, and noise during its operations, which the Group considers them as the most significant impacts that the Group's operations pose on the environment and natural resources. To further eliminate its possible impacts on the environment, the Group has formulated and implemented various innovative and practicable environmental measures in daily operations.

Endeavouring to contribute to the environmental sustainability, the Group has taken environmental-friendly practices in a proactive manner, through which, the Group targets to promote its energy efficiency and minimise its environmental impacts. For instance, the Group gives priority to energy-efficient onsite equipment and office supplies during the procurement process, as well as adopting more eco-friendly construction materials. The effective implementation of internal policies enables the Group to timely and adequately address the potential impacts. In response to the "zero waste to landfill", the Group pays special attention to the life cycle management of waste across its operations, including reducing, reusing and recycling its waste in the construction sites while formulating its long-term business strategies. In full support of the Climate Action Plan 2030+ proposed by the Hong Kong Government, the Group has continued to update its reduction targets in emissions and use of resources in FY2022/2023, which are specific, measurable, and time-bound. The specific targets are endorsed and approved by the Board to ensure effectiveness and efficiency, while reviews are proposed to be done annually.

With a proven record in environmental stewardship and delivery of environmental benefits across its operations, the management and all staff of the Group under the leadership of the Board will preserve in optimising its internal policies and planning further actions in minimising its environmental impacts. Looking ahead, the Group will set up more metrics in monitoring its environmental performance and effectiveness of measures and seek opportunities in its business operation towards sustainability.

A.4 Climate Change

In response to the ambitious goal of attaining carbon neutrality by 2050 announced by the Hong Kong Government, the Group has leveraged all its strength in formulating the mitigation plans which cope with climate-related issues to further enhance its adaptability to the increasing threat brought by the climate risks.

Given the core businesses and the corresponding projects of the Group are located in Hong Kong, climate change may not bring direct acute impacts to the Group's business operations and development. Nevertheless, the Group has taken into account the recommendation of the Task Force on Climate-Related Financial Disclosure ("**TCFD**") framework, and has assessed and identified the potential climate-related risks on the Group's daily operations. In FY2022/2023, the Group considered rising mean temperature and increasingly frequent and severer extreme weather events such as heatwaves, storms, and cyclones as the major physical risks impacting our site operations in the future. In the meantime, the higher GHG pricing and interruptions to the supply chain may also lead to an unstable supply of raw materials, which subsequently increases the Group's operation cost and postpones the Group's project completion.

At present, the Group is still at its preliminary stage of formulating the mitigation plans which cope with climate change-associated physical risks and transition risk. Yet, the Group has appointed its ESG Taskforce to be responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed and updating the Board with the latest news and developments on climate regulations and industry benchmarks on a regular basis. In the future, the Group will gradually integrate climate-related risks and opportunities into its environmental management system, and set up and disclose internal climate policies with reference to the guidance of the TCFD framework to manage any potential climate risks.

SOCIAL SUSTAINABILITY

Employment and Labour Practices

The Group values the contributions of every individual staff member. Appreciating the intangible value created by the Group's human resources, the Group has established an effective management system for overseeing and promoting the staff's prosperity, health and safety, and professional development.

B.1. Employment

Committing to constructing a fair and safe working environment for its employees, the Group was in compliance with relevant laws and regulations regarding recruitment and promotion, compensation and dismissal, working hours and rest periods, equal opportunities and diversity, welfare and other benefits that have a significant impact on the Group. As of 31 March 2023, the total number of employees of the Group was 76. The breakdown of the Group's workforce in terms of age, gender and position levels is detailed in Table S3 in the **Appendix**.

Law Compliance

To provide its employees with a safe and suitable platform for developing their career, professionalism and advancement, the Group has formulated and strictly implemented its internal policies, such as the "Staff Handbook" for regulating its employees' safety practices and code of conduct. The Human Resources Department of the Group and its subsidiaries are responsible for reviewing and updating the relevant internal policies in accordance with the latest laws and regulations. In FY2022/2023, the Group's employment practices were in compliance with the relevant laws and regulations, including but not limited to:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong); and
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong).

Recruitment and Promotion

Upholding the principle of "Openness, Fairness, Transparency, Standardisation" and committing to executing it in every detail, the Group has implemented a set of transparent and clear procedures to conduct its annual recruitment plan. The Group performs probationary in accordance with its new-hired employees' capability. Besides, the Group offers fair, competitive remuneration and benefits based on the individuals' past experiences, personal attributes, job experiences, and career aspirations. The Group also refers to market benchmarks in determining its remuneration and benefits policies to attract and retain the required talents for the Group's development.

Compensation and Dismissal

As talent retention is vital to the Group's sustainable business development, the Group evaluates its employees' performance on a regular basis, and reviews its compensation packages for the staff who has shown satisfying performance and potential in their position. Any appointment, promotion, or termination of the recruitment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kind of unfair or illegitimate dismissal, and stringent policies that regulating the procedures of dismissal are clearly specified in the Staff Handbook. Specifically, The Group would verbally warn those workers whose working performance is not up to par or who constantly make mistakes, before issuing a warning letter. For those who remain untamed despite warning or keep making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Hong Kong. The breakdown of the Group's employee turnover in terms of age, gender, and geographical locations is detailed in Table S4 in the **Appendix**.

Working Hours and Rest Periods

To determine proper working hours and rest periods for its employees, the Group has formulated its policy in accordance with the local employment laws and regulations. Specifically, the Group has strictly implemented an attendance management system that keeps monitoring its employee's working hours and provides extra pay or additional day off for the employees who have worked overtime. The Group respects the rights of employees for rest and in addition to basic paid annual leave and statutory holidays, employees are also entitled to additional leave benefits such as marriage leave, maternity leave, and compassionate leave.

Equal Opportunity and Anti-discrimination

Being an equal opportunity employer, the Group fully complies with the Equal Opportunities Commission's Code of Practice and relevant laws and regulations. The Group makes decisions in training and promotion opportunities, dismissals and retirement policies based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job-related elements.

In addition to regulatory compliance, the Group is committed to creating a fair, respectful and diverse working environment that makes collective decisions in an inclusive manner. The Group aims to facilitate the construction of a harmonious workplace and has zero tolerance for workplace violence, sexual harassment and discrimination, thereby strictly implementing its internal policies set out clearly in the Staff Handbook. Employees are encouraged to report any concerns regarding discrimination or other grievances confidentially to the Human Resources Department.

Other benefits and welfare

The Group's employees are entitled to benefits including employment injury insurance, fitness subsidy, examination subsidy, vacation for external training, festive bonuses and gift. Besides, the Group also offers travelling benefits for its employees and their families. To reinforce the sense of belonging among its employees, the Group has established the Recreation Committee to organise various events for employees on a regular basis. The Group firmly believes that the sense of belonging is what allows employees to feel like they can be their authentic selves, which subsequently realise the Group's long-term competitiveness and success. Yet, due to the social distancing rules amid the pandemic, the Group did not hold any annual entertaining group activities such as the annual dinner and Christmas party in FY2022/2023.

The Group has always attached great importance to its employees' welfare and is dedicated to adopting the human resource management practices which orient its employees, and in turn, has brought the Group numerous awards, praises and good recognition in the construction industry.

In FY2022/2023, the Group did not violate relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

As part of its corporate social responsibility, the Group upholds the "Safety First" principle and regards the health and safety of its staff and site workers as the top priority. As such the Group has formulated a series of occupational health and safety policies that provide guidance on the prevention of work-related hazards and associated risks in offices and construction sites.

Law compliance

To minimise its employees' exposure to the occupational health and safety risks, the Group purchases liability insurance and employees' compensation insurance, conducts safety training, and has established and stringently implemented safety and health policies in accordance with relevant local laws and regulations, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong); and
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong).

In FY2022/2023, the Group was in compliance with the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Safety Measures

Under the guidance of the Group's corporate Occupational Safety and Health Policy, which came into effect in 2016, the Group has strictly implemented a full set of monitoring and management policies regarding health and safety according to the Occupational Health and Safety Management (OHSAS 18001:2007). In particular, to safeguard the well-being of employees at work, the safety review officer conducts Safety and Health Review for the Group twice a year, in which the effectiveness and reliability of implementation of the Safety Management System are under review, whilst instruction, training and supervision are also provided to its employees in a timely manner. In addition, project supervisors, engineers, managers and safety officers are responsible for conducting relevant risk assessments before construction and implementing measures strictly during the construction process.

To avoid workplace accidents, relevant warning labels and public memorandum regarding onsite health and safety are posted at construction sites. The Group strictly prohibits smoking, drugging, and drinking liquor in the workplace, which has been clearly set out in the Supplementary Document of the Employment Contract. Meanwhile, the Group prepares sufficient cool drinking water and spares well-ventilated resting areas at construction sites to protect its workers from heat stroke. To further protect its employees' health and safety at the workplace, the Group equips its onsite employees with suitable personal protective equipment ("**PPE**"), such as helmets, safety ropes, gloves, ear plugs, masks, etc. Besides, the Group arranges weekly safety inspections and regular safety work meetings to protect its workers' welfare.

In strict compliance with the local laws and regulations, including the Occupational Deafness (Compensation) Ordinance (Cap. 469 of the Laws of Hong Kong) and Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360 of the Laws of Hong Kong), the Group compensates the workers who unfortunately suffer from deafness or pneumoconiosis caused by the Group's construction work.

Emergencies Reporting Mechanism

To safeguard the health and safety of employees at the construction site, the Group has implemented relevant strict corporate policies. In particular, the Group has established a sound reporting mechanism dealing with emergencies and equipment malfunction. The Group also requires its Safety officers to perform an inspection tour every three months for the sake of ensuring the operations in the construction site are in full compliance with relevant standards, policies and laws.

To further improve the emergency response capability of its workers, the Group conducts emergency response drills on a regular basis and provides safety training courses, including Emergency Management and Safe Operation, Site Safety and Fire Safety, from time to time.

Occupational Safety and Health Training

The Group believes that attending qualified safety training effectively reduces workers' occupational health and safety risks and prevents accidents at the workplace. On top of that, the Labour Department of the Group strictly regulates that only persons who have been trained in basic safety courses and hold valid certificates (commonly known as "**Green Card**") can conduct construction operations. Therefore, the Group assigns project managers to check the attendance of its workers and contractors to compulsory safety training courses and they are also responsible for ensuring that all workers and skilled operators hold legal licenses and are lawfully employable.

Safety Targets

The Group is committed to realising SDG 3: Good Health and Well-being throughout its operation. Benefiting from the Group's unremitting effort in constructing a safe working environment, there were zero work-related fatalities recorded in the past three years (including the Reporting Year). During the Reporting Year, 2 workers were injured, leading to 381 lost days of work, with an injury rate of 26 workers per 1,000 workers.

Response to the pandemic

Even though the number of COIVD-19 infected cases decreased in 2022 with the implementation of government preventive and control measures, the pandemic still affected our lives to a certain extent. The Group closely monitored the pandemic situation, striving to react promptly to protect its employees.

Care for employees: To effectively control the widespread of the virus, office staff members are allowed to work from home when possible. The Group also provides its employees with anti-pandemic supplies such as face masks and reinforces the disinfection and other anti-pandemic measures, such as purchasing COVID-19 antigen test kits for its workers and only the employees who tested negative are allowed to work. Specific precautionary measures have also been implemented at the Group's construction sites to ensure a cleaner, safer and more hygienic working environment for all.

- Distribute eye protection goggles and install individual partitions at lunch areas to reduce risks of aerosol transmission;
- Set up infra-red temperature sensors and alcoholic hand sanitiser at site entrances;
- Install more fans to maximise the ventilation at workplace;
- Increase the number of hand wash and cleaning facilities on sites;
- Sterilise the construction sites regularly;
- Follow the government's Compulsory Testing Direction and conducted COVID-19 test regularly; and
- Set up comprehensive emergency protocols for implementation.

B.3. Development and training

Training and Development Management

The Group has always attached great importance to staff training and paid attention to the development of staff. To equip its workers with advanced working skillsets and knowledge, the Group has formulated a set of internal regulations and policies such as staff training guidelines, induction training materials, and toolbox training records, which aim at enhancing the working performance of its employees. For new hires, a complete induction training package is prepared by the Group, which covers the topics ranging from Group's corporate culture, business processes, occupational health and safety, and emergency management to site safety policies. Notably, the syllabus provided to new hires is comprehensive, covering general duties of employees, personal safety, personal protective equipment, incident and accident report, the handling procedure of electricity and portable electric tools and hand tools. As for the experienced employees, in accordance with corporate and individual needs, non-scheduled profession-oriented courses are arranged. The Group strives to ensure that all its employees possess the necessary professional knowledge to complete their daily tasks in a safe manner and meet the continuous training hour requirement for annual professional qualifications via the provision of different types of training programmes.

To further enhance the professional skills and capabilities of its employees to meet the Group's long-term development goal, the Group highly encourages its employees to sign up for professional qualification examinations and enrol in external training to improve their competitiveness and ability. Employees who take the professional qualification examinations and obtain vocational qualification certificates relevant to their roles are entitled to receive reimbursement from the Group. Meanwhile, the Group also partners with external organisations and experts to organise relevant training courses to its employees, covering a variety of topics, including accounting, regulatory affairs, finance, and construction engineering. In FY2022/2023, due to the social distancing rules amid the pandemic, the Group could not arrange any training courses for its employees for the sake of its employees' health and safety. Yet, in view of the recovery from the pandemic, the Group plans to restart its training, so as to strengthen its employees' competitiveness.

B.4. Labour standards

Being a socially responsible enterprise, the Group is committed to eliminating forced labour, child labour and other potential exploitation of workers during its operations.

In FY2022/2023, the Group adhered to the "Equality, Voluntariness and Consensus" principle in its recruitment and abided by the relevant laws and regulations, including the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) to prohibit any child and forced labour. To combat illegal employment of child labour, underage workers and forced labour, all job applicants are required to provide valid identity documents to demonstrate that they are lawfully employable prior to the confirmation of any employment. The Human Resources Department is responsible for checking the alignment of the appearance of job applicants with their ID cards and confirming the age of the applicants, so as to eliminates the risk of illegal recruitment. Besides, the Human Resources Department strictly monitors the recruitment process and ensures the compliance of corporate policies and practice with the latest laws that prohibit child labour and forced labour. Once the Group finds any case against the labour standard, the Group will take immediate action by terminating the employment contract and the relevant staff responsible for the recruitment will be disciplined.

In FY2022/2023, the Group was in compliance with the relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply chain management

Along with the growing importance of sound supply chain management to the Group's sustainability development, the Group has been unceasingly incorporating responsible practices into its collaboration with its key suppliers and constructing a reliable supply chain that takes environmental and societal impacts into consideration.

Supplier Engagement

The Group has formulated and implemented stringent internal policies for the selection of suppliers and sub-contractors to ensure the quality of the goods and services provided meet the requirements of the Group and expectations of customers, as well as the environmental and safety standards. Project Managers of the Group are responsible for handling the selection procedures, who generate, approve, and maintain a list of suppliers and sub-contractors. The Group takes the suppliers' and sub-contractors' reputations, industry qualification, reliability and collaboration records into consideration during the selection process. To maintain an open and fair procurement, at least two suppliers are selected for comparison in terms of product quality and cost. For the selection of sub-contractors, a tender process is launched and at least two sub-contractors are selected for evaluation and comparison, thereby finalising the suitable sub-contractor.

During the operational phase, to maintain smooth and ongoing communication with its suppliers and subcontractors, the Group frequently interacts with its suppliers through telephone calls and emails to collect their opinions and share knowledge.

Supply Chain Risk Management

Suppliers' and sub-contractors' environmental and social performances are considered important criteria for supplier selection and the foundation of building long-term partnerships. To effectively manage and control the underlying environmental and social risks in the supply chain, the Group has implemented the following practices:

- Conduct interviews with suppliers, through which the Group assesses its suppliers' environmental performance and compliance, especially focusing on their significant environmental hazards in operations;

- Maintain close contact with its suppliers and sub-contractors to ensure that they are in full compliance with the local laws and regulations; and

- Require its suppliers and sub-contractors to meet the standards of regulatory compliance, employee rights, health and safety, and environmental protection.

To safeguard the quality of the Group supply chain, assessments on suppliers and sub-contractors are carried out on a regular basis by the Project Managers of the Group and the Group keeps seeking new suppliers and sub-contractors for comparison and collaboration. The materials purchased from suppliers and the works performed by subcontractors are verified and monitored regularly by the relevant departments of the Group. Suppliers and sub-contractors will be suspended or removed from the approved list should they be found not to comply with Group's standards or applicable environmental laws and regulations. The partnership will also be terminated once any serious violation of environmental and labour laws and regulations is discovered by the Group.

Green Procurement

Adhering to the principle of green procurement, the Group is dedicated to giving priority to local suppliers and subcontractors during the procurement process, in an effort to contribute to the local economy while lessening its environmental impacts during transportation. In addition, the Group considers machinery's energy efficiency during the procurement and purchases the environmentally friendly ones. During the Reporting Year, the Group's green procurement policies covered approximately 80% of its key suppliers.

In FY2022/2023, the Group was in stable partnerships with 94 suppliers located in Hong Kong, which provided the Group with supplies on steel bars, cement and transportation services. The aforementioned supplier engagement and management policies apply to all the Group's key suppliers, while the implementation of all measures is monitored by Project Managers of the Group.

B.6. Product responsibility

In FY2022/2023, the Group abided by the relevant laws and regulations that have a significant impact on the Group with regard to product health and safety, advertising, labelling and privacy matters relating to products provided and method of redress, including but not limited to:

- Buildings Ordinance (Cap. 123 of the laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the laws of Hong Kong)
- Construction Workers Registration Ordinance (Cap. 583 of the laws of Hong Kong)

Quality Management System

In strict compliance with the instructions of the Quality Management Systems Standard (ISO 9001:2008), Occupational Health and Safety Management (OHSAS 18001:2007) while following the Site Safety Handbook published by Hong Kong Housing Authority during its construction operations, the Group endeavours to create a working environment with zero accidents for all persons involved in the foundation works. Emphasising the health and safety of its people throughout the construction projects, the Group only allows the workers with relevant qualified site worker certificates and permits to enter the site. Besides, the Group applies for required environmental certificates for the equipment according to the Environmental Protection Department to ensure the quality and compliance of the projects.

To safeguard the project quality and ensure compliance with relevant laws and regulations, the Group has established an internal quality management system, in which, relevant departments of the Group are responsible for the monitoring, inspecting and reviewing the quality of the projects and conducting a series of tests before the completion and delivery of projects. An immediate and decisive action plan will be implemented to coordinate and rectify the operation plan of the project, once the project is found to fail the compliance with the Group's standards or relevant laws and regulations. Given the nature of its project, the Group considers the establishment of recall procedures not applicable to its business. Therefore, recall procedures are not disclosed nor discussed in this ESG Report. In FY2022/2023, the Group did not encounter any products subject to recalls due to health and safety reasons.

Complaints Handling

The Group welcomes and values customers' feedback. The Group has set up a specific department for the collection of the customers' feedback and complaints. In particular, the Group investigates its clients' satisfaction before and after the project completion through surveying. Once any complaints filed by its clients are received, the Quality Control department is responsible for confirming, analysing and giving priority to the issues in terms of their materiality and severity and formulates corresponding corrective and preventive measures. The clients will be noticed with the results in writing within a certain period.

For handling the complaints regarding deferred payment and slight damage to the leased machinery, the Group will negotiate with relevant companies immediately, handle the complaints according to the contract efficiently and solve the problem in a way that satisfies each party. Through a series of standardised procedures, the Group aspires to strengthen its ability to deal with various types of complaints in the future and striving to prevent similar problems from occurring again, thereby remaining constantly competitive in the market. During the Reporting Year, the Group did not receive any substantial complaints in relation to the product quality of the Group.

Customer Privacy Protection

In compliance with relevant laws and regulations, including the Personal Data (Privacy) Ordinance (Cap. 486 of The Laws of Hong Kong), Corporate Finance Consultant Code of Conduct and other local regulations in terms of consumer data policy. The Group pays great attention to the privacy protection of its customers and prevents any leakages or breaches of customers' personal information.

To maintain the confidentiality of information, the Group has established assess authority, in which, only authorised personnel can access the information and shoulder the responsibility for protecting the information from misuse and unauthorised disclosure. In addition, the Group has established a series of internal guidelines and policies in the Compliance Manual, which are implemented and monitored by the Finance Department. All staff member of the Group, including directors, the management, and general staff, should not disclose any confidential information without prior authorisation nor use the information for purpose other than the ordinary conduct of the Group's business including the unauthorised sale of personal information. Furthermore, to prevent unauthorised data use, exportation and copy, the Information Technology Department has set up obstructions between office and commercial networks. Through the internal training and confidential agreements signed with its employees, the Group stresses the conformance with confidentiality obligations and the legal consequences of the breaches of obligations among its employees.

In FY2022/2023, the Group did not receive any substantial complaints regarding data leakage or personal privacy breaches.

Intellectual Property Rights

As a construction contractor, the Group respects intellectual property rights and endeavours to protect its intellectual property rights. As such, the Group has implemented the following policies in particular:

- The documentation rooms with commercial secrets are set as confidential areas where non-related personnel cannot enter and isolated from the ordinary area of operation;
- The Group makes timely applications to register its new trademarks and product designs;
- External legal advisor and internal legal personnel are arranged to provide legal advice and prevent intellectual property infringement;
- In the employment contract, it has been agreed upon that when the staff with significant influence on the company's technical and economic rights and interests leaves the Group, he or she shall not operate or uphold any business that competes against the Group for a certain period; and
- When entering into a commercial contract for any external business activities, the Group needs to request a confidential agreement with other parties if necessary.

Advertising and Labelling

In strict compliance with the relevant legislation and code of conduct, the Group rigorously prohibits the publication of misleading or exaggerated advertising with false description, claims or illustrations about the Group and its products and services. The Group has formulated the sales and promotion guidelines to ensure that its advertisements and marketing materials are unbiased, accurate and insist on disclosing accurate information to the customers, as well as in compliance with local laws and regulations. The Legal Department of the Group is responsible for monitoring and reviewing the advertising and marketing materials before publication. Immediate corrective measures will be taken if the marketing practices fail to meet its internal requirements. Given the business nature, labelling is not applicable to the Group's business operations and therefore not discussed in the ESG report.

B.7. Anti-corruption

The Group is dedicated to maintaining a fair and ethical working environment for all its employees and has zero tolerance for any form of corruption or other misconduct. Employees at all levels are expected to uphold the Group's core values, behave in an ethical manner and deliver service with integrity. In FY2022/2023, the Group did not violate any relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the laws of Hong Kong).

Anti-corruption

To prohibit all forms of bribery and corruption, the Group requires all its employees to strictly abide by professional ethics while eliminating any corruption and bribery. The Group also requires its staff member, including Directors, to understand and follow its internal policies, such as the Code of Conduct of Bribery (the "**Code**") in the Group's Compliance Manual. Besides, the Group has collaborated with Independent Commission Against Corruption ("**ICAC**") to formulate anti-corruption plans in the past years. To further raise the awareness of anti-corruption, the management of the Group is encouraged to attend seminars and training programmes provided by ICAC and resolve to root out all corruption in the Group.

Whistle-blowing Policy

The Group has set up an effective Whistle-blower policy. Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details of the incident and supporting evidence. The Compliance Officer of the Group is responsible for coping with cases regarding possible breaches of the Code. Any suspected cases of corruption or violation of the Ordinance should be escalated to the Board for consideration and where the Board deems appropriate, a report should be made to the ICAC and the relevant authority.

To promote the Group's determination of prohibiting all forms of bribery and corruption within the organisation, the Group held a two-hour training workshop, covering the introduction of the Internal Monitoring Handbook and Code of Conduct of Bribery, in which six employees from the management level have participated to strengthen their awareness of anti-corruption. During the Reporting Year, there were zero concluding legal cases filed against the Group or its staff members regarding bribery, extortion, fraud and money laundering.

COMMUNITY

B.8. Community investment

The Group pays great attention to its corporate social responsibility and is dedicated to practicing its corporate citizenship. The Group has been sparing no effort in making a positive contribution to the society where it operates and supports the societal prosperity and well-being via participation in charitable events and collaboration with non-governmental organisations ("**NGOs**"). For instance, in the previous years, the Group has worked on "Food Angel by Bo Charity Foundation" and participating in programmes that focus on poverty relief and youth development. Over the years, the Group has been committed to building a sound relationship with community members through social participation and contribution. As part of its strategic development, the Group aligns its business development with the well-being of the local community via developing a corporate culture internally.

In FY2022/2023, most of the community activities and investment were cancelled due to the pandemic. However, the Group maintains its commitments to community investment and supports its partnering organisations. Looking forward, the Group will unswervingly practice its corporate citizenship by bringing more benefits to the society, and endeavour to get involved in more meaningful philanthropic events and charitable activities that support those who need us. To further facilitate the stability of the society and leverage all its strength to help the underprivileged and people in need, the Group is in the progress of formulating a set of quantitative targets and indicators regarding its social contribution as well as inspiring its internal employees to be involved in public welfare activities.

APPENDIX

Table E1. The Group's Total Emissions by Category in FY2022/2023 and FY2021/2022[9, 10]

			FY2022/2023		FY2021/2022	
Emission Category	**Key Performance Indicator (KPI)**	**Unit**	**Amount**	**Intensity[1] (Unit/ employee)**	Amount[2]	Intensity[2] (Unit/ employee)
Air Emissions[3]	SO_x	Kg	**0.37**	**4.86 x 10^{-3}**	1.44	0.02
	NO_x	Kg	**20.65**	**0.27**	80.35	0.92
	PM	Kg	**1.52**	**0.02**	5.92	0.07
GHG Emissions	Scope 1 (Direct Emissions)[4]	Tonnes of CO_2e	**2,143.42**	**28.20**	6,410.62	73.69
	Scope 2 (Energy Indirect Emissions)[5]	Tonnes of CO_2e	**15.97**	**0.21**	15.98	0.18
	Scope 3 (Other Indirect Emissions)[6]	Tonnes of CO_2e	**0.48**	**0.01**	9.93	0.11
	Total (Scope 1, 2 & 3)	Tonnes of CO_2e	**2,159.87**	**28.42**	6,436.53	73.98
Non-hazardous Waste	Solid wastes[7]	Tonnes	**110.00**	**1.45**	130,159.88	1,496.09
	Wastewater[8]	m^3	**769.00**	**10.12**	16,087.12	184.91

1 Intensity for FY2022/2023 was calculated by dividing the amount of air, GHG and other emissions respectively by the number of employees of 76 in FY2022/2023;

2 The amount and intensity In in FY2021/2022 were extracted from the data in the ESG report for FY2021/2022;

3 The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;

4 The Group's Scope 1 (Direct Emissions) included the consumption of diesel in motor vehicles and diesel for industrial usage;

5 The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;

6 The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from electricity used for processing fresh water and sewage by government departments;

7 The solid wastes included excess mud from the construction work which was regarded as the major solid waste of operations;

8 The total amount of wastewater generated by the Group was primarily based on the direct measurement together with appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain;

9 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories; and

10 The environmental data in the above table only includes the operations of the Group's subsidiaries, namely Triangular Force and TMP Machinery. The significant differences between the FY2021/2022 and FY2022/2023 data was mainly due to the enhancement of data collection method.

Table E2. Total Resource Consumption in FY2022/2023[4] and FY2021/2022[4]

Use of Resources	Key Performance Indicator (KPI)	Unit	FY2022/2023 Amount	FY2022/2023 Intensity[1] (Unit/employee)	FY2021/2022 Amount[2]	FY2021/2022 Intensity[2] (Unit/employee)
Energy	Electricity	000' kWh	**40.94**	**0.54**	43.20	0.50
	Diesel	L	**798,565.00**	**10,507.43**	2,430,180.79	27,933.11
	TOTAL[3]	000' kWh	**8,588.17**	**113.00**	26,054.02	299.47
Water	Water	m^3	**769.00**	**10.12**	16,087.12	184.91
Raw materials	Concrete	Tonnes	**18,009.00**	**236.96**	2,162.16	24.85

1 Intensity for FY2022/2023 was calculated by dividing the amount of resources that the Group consumed in FY2022/2023 by the number of employees of 76 in FY2022/2023;

2 The amount and intensity in FY2021/2022 were extracted from the data in the ESG report for FY2021/2022;

3 The methodology adopted for energy conversion and calculation conversion factors set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; and

4 The environmental data in the above table only includes the operations of the Group's subsidiaries, namely Triangular Force and TMP Machinery. The significant differences between the FY2021/2022 and FY2022/2023 data was mainly due to the enhancement of data collection method.

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Locations of The Group in FY2022/2023[1]

Unit: Number of employees	Age group				
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	4	5	24	38	71
Female	1	0	1	3	5
Total	5	5	25	41	76

	Position Level			
Gender	General staff	Middle-level managers	Senior management and directors	Total
Male	52	16	3	71
Female	4	1	0	5
Total	56	17	3	76

Employment type			
Full time	Part time	Contract	Total
20	0	56	76

Geographical location	
Locations	Number of employees
Hong Kong	76
Total:	76

1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees, within the reporting boundary. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2022/2023[1]

Unit: Number of employees	Age group				
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	9	8	19	31	67
Employee turnover rate	225.0%	160.0%	79.2%	81.6%	94.4%
Female	1	1	2	1	5
Employee turnover rate	100.0%	–[2]	200.0%	33.3%	100.0%
Total	10	9	21	32	72
Total employee turnover rate	200.0%	180.0%	84.0%	78.0%	94.7%

Geographical locations		
Locations	Employee turnover	Employee turnover rate
Hong Kong	72	94.7%

1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees within the reporting boundary. Turnover rate was calculated by dividing the number of employees who resigned in FY2022/2023 by the number of employees in FY2022/2023. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and

2 Since the number of female employees who aged between 31 and 40 at the end of FY2022/2023 was zero, the employee turnover rate for female aged between 31 and 40 is undetermined.

Table S5. Number and Rate of Work-related Fatalities of the Group in Past Three Years[1]

Year	FY2020/2021	FY2021/2022	FY2022/2023
Number of work-related fatalities	0	0	0
Rate of fatalities (per hundred workers)	0	0	0
Lost days due to work injuries	36	194	381

1 The injury and fatality information was obtained from the Group's Human Resources Department, within the reporting boundary. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

THE REPORTING CONTENT INDEX FROM THE HKEX

Aspects	ESG Indicators	Description	Section/Explanation	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental sustainability	41
	KPI A1.1	The types of emissions and respective emissions data.	Appendix	62
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix	62
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental sustainability	42
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix	62
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental sustainability	45
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental sustainability	42,45

Aspects	ESG Indicators	Description	Section/Explanation	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental sustainability	46
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix	63
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix	63
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental sustainability	49
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental sustainability	47
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental sustainability – Explained	46
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental sustainability	50
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental sustainability	50
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental sustainability	50
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental sustainability	50

Aspects	ESG Indicators	Description	Section/Explanation	Page
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social sustainability	51
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix	64
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix	65
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Social sustainability	53
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Social sustainability	55
	KPI B2.2	Lost days due to work injury.	Social sustainability	55
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social sustainability	54

Aspects	ESG Indicators	Description	Section/Explanation	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer	Social sustainability	56
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social sustainability – explained	56
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social sustainability – explained	56
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social sustainability	56
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social sustainability	56
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social sustainability	56
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social sustainability	57
	KPI B5.1	Number of suppliers by geographical region.	Social sustainability	58
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social sustainability	57

Aspects	ESG Indicators	Description	Section/Explanation	Page
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social sustainability	57
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social sustainability	58
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Social sustainability	58
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social sustainability	58
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social sustainability	58
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social sustainability	60
	KPI B6.4	Description of quality assurance process and recall procedures.	Social sustainability	58
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social sustainability	59

Aspects	ESG Indicators	Description	Section/Explanation	Page
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Social sustainability	60
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social sustainability	61
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social sustainability	60
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Social sustainability	61
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social sustainability	61
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social sustainability	61
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	No substantial resources contribution has been made in the Reporting Year.	61

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. The Group also engaged in leasing of machinery. Details of the principal activities of the subsidiaries of the Company are set out in note 19 to the consolidated financial statements of this annual report.

There were no significant changes in the nature of the Group's principal activities during the Reporting Year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 154 of this annual report. This summary does not form part of the audited consolidated financial statements of this annual report.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject to;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;

- general business conditions and strategies;
- 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
- other factors that the Board deems appropriate.

Pursuant to the Dividend Policy, the declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

RESULTS AND DIVIDENDS

The result of the Group for the Reporting Year and the financial position of the Company and of the Group as at 31 March 2023 are set out in the consolidated financial statements on pages 88 to 89 of this annual report.

The Board does not recommend the payment of a final dividend for the Reporting Year.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 25 August 2023 (the "**2023 AGM**"). For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 22 August 2023 to Friday, 25 August 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 August 2023.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 6 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the Reporting Year are set out in note 17 to the consolidated financial statements of this annual report.

DONATION

No charitable donations was made by the Group during the Reporting Year (2022: HK$Nil).

SHARE CAPITAL

Details of the Company's share capital is set out in note 33 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

Details of the Share Option Scheme is set out in note 36 to the consolidated financial statements.

For the Reporting Year, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 35 to the consolidated financial statements of this annual report and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of the Cayman Islands which could oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the Reporting Year are set out in note 40 to the consolidated financial statements of this annual report. To the best knowledge of the Directors, none of these related party transactions fall under the definition of "connected transactions" in Chapter 20 of the GEM Listing Rules and disclosure requirements thereunder are not applicable.

DISTRIBUTABLE RESERVE

As at 31 March 2023, none of the Company's reserves were available for distribution to owners.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 34.6%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 79.3%.

During the Reporting Year, the percentage of the Group's largest supplier was approximately 7.3% of the total direct costs for the year, while the percentage of the Group's five largest suppliers accounted for approximately 25.7% of the total direct costs.

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

DIRECTORS

The Directors during the Reporting Year and up to the date of this annual report were as follows:

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau *(resigned on 12 January 2023)*

Independent Non-executive Directors

Mr. He Dingding
Ms. Chan Tsz Hei Sammi
Ms. Liu Ching Man

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Director for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first annual general meeting of shareholders after their appointment and be eligible for re-election at such meeting.

Pursuant to Article 108 of the Company's articles of association, Mr. He and Ms. Chan will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election at the said meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 16 to 19 of this annual report.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 14 to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the Reporting Year falls within the following band:

Remuneration band	Number of senior management
Nil to HK$1,000,000	3

REMUNERATION POLICY

The Company's remuneration policy (the "**Remuneration Policy**") comprises primarily a fixed component (in the form of a base salary) and variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the Remuneration Policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2023 are set out in note 14 to the consolidated financial statements of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in note 40 to the consolidated financial statements of this annual report, no Directors or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Year.

MANAGEMENT CONTRACTS

As at 31 March 2023, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group, and reviewed by the Remuneration Committee. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares and debentures of the Company" below, at no time during the Reporting 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 children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 March 2023, none of the Directors and chief executives of the Company has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as known to the Directors or chief executives of the Company, as at 31 March 2023, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Number of shares of the Company held/ interested	Percentage of shareholding
Goldstone 1 LPF	Beneficial owner	33,098,750 (Note 1)	20.69%
Goldstone Wealth Management Limited ("**Goldstone**")	Beneficial owner	33,098,750 (Note 1)	20.69%
Mr. Lam Yu Chor Paul ("**Mr. Lam**")	Interest in controlled corporations	33,098,750 (Note 1)	20.69%
Success Run International Limited ("**Success Run**")	Beneficial owner	18,350,000 (Note 2)	11.47%
Ms. Wong Fei Heung Terbe ("**Ms. Wong**")	Interest in controlled corporations	21,790,000 (Note 2)	13.62%
Mr. Tai Pik Yeung Tyler	Beneficial owner	8,834,000	5.52%

Notes:

1. Mr. Lam Yu Chor Paul ("**Mr. Lam**") legally and beneficially owns the entire issued share capital of Goldstone Wealth Management Limited ("**Goldstone**"). Goldstone is the general partner of Goldstone 1 LPF. Therefore, Mr. Lam is deemed, or taken to be, interested in all the Shares held by Goldstone for the purpose of the SFO. Mr. Lam is the director of Goldstone.

2. Ms. Wong Fei Heung Terbe ("**Ms. Wong**") legally and beneficially owns the entire issued share capital of Success Run International Limited ("**Success Run**") and Lion Spring Enterprises Limited ("**Lion Spring**"), the latter of which hold 3,440,000 Shares, representing approximately 2.15% of the entire issued share capital of the Company. Therefore, Ms. Wong is deemed, or taken to be, interested in all the Shares held by Success Run and Lion Spring for the purpose of the SFO. Ms. Wong is the sole director of Success Run and the director of Lion Spring.

Save as disclosed above, as at 31 March 2023, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares, underlying shares and debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OR LISTED SECURITIES OF THE COMPANY

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

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rule, or has any other conflict of interests with the Group during the Reporting Year.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" on pages 20 to 33 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Option Scheme" on page 74 of this annual report, there was no equity-linked agreement entered into by the Company during the Reporting Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, throughout the Reporting Year and prior to the issue of this annual report, the Company maintained a sufficient public float of at least 25% in the issued share capital of the Company pursuant to the GEM Listing Rules.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in compliance with Rule 5.28 of the GEM Listing Rules, for the purposes for reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the independent non-executive Directors of the Company.

The summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non–executive Directors to be independent.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the section headed "Capital Structure, Liquidity and Financial Resources", on 17 February 2023, the Company announced the 2023 Rights Issue.

The 2023 Rights Issue is yet to be completed as at the date of this annual report and the Company will allot and issue up to 81,000,000 rights shares with par value of HK$0.01 each (upon the completion of the capital reduction of the issued shares and sub-division of the unissued shares of the Company) at a subscription price of HK$0.55 per rights share to qualifying shareholders who had subscribed and independent placees under the relevant compensatory arrangements. Upon completion of the 2022 Rights Issue and as at the date of this annual report, the Company's issued share capital was HK$67.5 million divided into 135,000,000 ordinary shares of HK$0.5 each. Details of the 2022 Rights Issue are set out in the Company's announcements dated 14 January 2022, 27 January 2022, 19 April 2022, 29 April 2022 and 3 May 2022, circular dated 24 February 2022 and prospectus dated 29 March 2022.

On 6 April 2023, the Company announced the proposed change of its English name to "China New Consumption Group Limited" and its dual foreign name in Chinese to "中國新消費集團有限公司". The relevant special resolution was duly passed by the Shareholders by way of poll at the extraordinary general meeting of the Company held on 10 May 2023.

The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 22 May 2023 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 6 June 2023.

For further details, please refer to the Company's announcements dated 6 April 2023, 10 May 2023 and 8 June 2023 and circular dated 18 April 2023.

On 25 April 2023, the Company announced the proposed capital reduction of issued shares, share premium reduction and sub-division of unissued shares. The relevant special resolution was duly passed by the Shareholders by way of poll at the extraordinary general meeting of the Company held on 18 May 2023.

For further details, please refer to the Company's announcements dated 25 April 2023, 18 May 2023 and circular dated 3 May 2023.

Save as disclosed above, details of the significant events after the Reporting Year of the Group are set out in note 41 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the Reporting Year has been audited by RSM Hong Kong ("**RSM**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for the re- appointment of RSM as auditor of the Company.

ON BEHALF OF THE BOARD

China New Consumption Group Limited
Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 26 June 2023

RSM Hong Kong

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TO THE SHAREHOLDERS OF
CHINA NEW CONSUMPTION GROUP LIMITED
(Formerly known as "STATE INNOVATION HOLDINGS LIMITED" and
"BEAVER GROUP (HOLDING) COMPANY LIMITED")
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China New Consumption Group Limited (formerly known as "State Innovation Holdings Limited" and "Beaver Group (Holding) Company Limited") (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 81 to 153, which comprise the consolidated statement of financial position as at 31 March 2023, 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 Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

1. Recognition of revenue and cost from construction contracts and contract assets

2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("**ECL**")

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recognition of revenue and costs from construction contracts and contract assets Refer to notes 8 and 22 to the consolidated financial statements. As disclosed in note 8 to the consolidated financial statements, during the year ended 31 March 2023, the Group generated revenue of approximately HK$129,514,000 (2022: HK$146,737,000) from construction contracts. As disclosed in note 22 to the consolidated financial statements, the carrying amounts of contract assets for contract work of approximately HK$21,074,000 (net of allowance for impairment loss of approximately HK$13,979,000 (2022: HK$23,561,000 (net of allowance for impairment loss of approximately HK$14,206,000)) were recorded in the consolidated statement of financial position as at 31 March 2023. The Group's main revenue is construction revenue from the provision of foundation works. The Group recognises contract revenue progressively over time using output method, based on direct measurements of the value of services delivered or surveys of work performed and the estimated total revenue for the contracts entered into by the Group. Contract costs are recognised when work is performed, together with any provisions for expected contract losses. Management reviews and revises the estimates of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses.	Our audit procedures to revenue recognition and costs from construction contracts and contract assets included the following: 1. Understanding and evaluating the design and implementation of key controls over the assessment process of revenue and cost recognition from construction contracts, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; 2. Evaluating the outcome of prior period assessment of recognition of revenue and costs from construction contracts and contract assets to assess the effectiveness of management's estimation process; 3. Agreeing the total contract value to the contracts and variation orders, if any, to customers' instructions or other form of agreements or other correspondences, on a sample basis; 4. Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis;

Key Audit Matter	How our audit addressed the Key Audit Matter
The recognition of revenue and profit relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated and ascertained damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable. We identified the recognition of revenue and cost from construction contracts and contract assets as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.	5. Assessing the reasonableness of contract revenue recognised by inspecting the certificate of completion stage issued by customers, and comparing with payment application prepared by the in-house surveyor; and 6. Discussing with management the performance of contracts in progress during the year, on a sample basis, and challenging the key estimates and assumptions adopted in the forecasts for contract revenue and contract costs, including estimated costs to completion, the recognition of variation orders, the adequacy of contingency provisions and the assessment of potential liquidated and ascertained damages for contracts which were behind schedule, by obtaining and evaluating relevant information in connection the assumptions adopted, including contract agreements and subcontracts, correspondence with customers regarding contract variations and claims and by considering historical outcomes of similar contracts.
2. Impairment of trade and retention receivables and contract assets in respect of expected credit losses ("**ECL**") Refer to notes 6(c), 21 and 22 to the consolidated financial statements. As disclosed in notes 6(c) and 21 to the consolidated financial statements, as at 31 March 2023, the Group's trade and retention receivables amounted to approximately HK$26,534,000 (net of allowance for impairment loss of approximately HK$15,233,000) (2022: HK$25,878,000 (net of allowance for impairment loss of approximately HK$19,884,000)). The trade and retention receivables which are past due but not impaired amounted to approximately HK$10,713,000 (2022: HK$19,576,000). As disclosed in note 22 to the consolidated financial statements, the Group's contract assets amounted to approximately HK$21,074,000 (net of allowance for impairment loss of approximately HK$13,979,000) (2022: HK$23,561,000 (net of allowance for impairment loss of approximately HK$14,206,000)).	Our audit procedures to assess the impairment of trade and retention receivables and contract assets in respect of ECL included the following: 1. Understanding and evaluating the design and implementation of key controls over the collection and the impairment assessment of the trade and retention receivables and contract assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; 2. Evaluating the outcome of prior period assessment of ECLs on trade and retention receivables and contract assets to assess the effectiveness of management's estimation process; 3. Assessing the external valuer's qualifications, experience and expertise and considering their objectivity and independence;

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the impairment of trade and retention receivables and contract assets as a key audit matter because the assessment of the impairment of trade and retention receivables and contract assets under ECL model is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias. As disclosed in note 6(c) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade and retention receivables and contract assets based on provision matrix, after considering internal credit ratings, ageing and past due status of respective trade and retention receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade and retention receivables that are credit impaired are assessed for ECL individually.	4. Assessing whether trade and retention receivables and contract assets was appropriately grouped by management into categories with shared credit risk characteristics; 5. Testing on a sample basis the accuracy and completeness of the data used by management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data; 6. Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis; 7. Inspecting cash receipts from customers after the financial year end relating to trade and retention receivables and contract assets balances as at 31 March 2023, and subsequent progress billing after the financial year end relating to contract assets on a sample basis; and 8. With the assistance of our internal valuation experts: (i) assessing the appropriateness of the impairment model used by the Group; (ii) considering the appropriateness of forward-looking adjustments to historical loss rates; (iii) testing inputs to the model to market data; (iv) testing the calculation of historical loss rates; and (v) testing the calculation of the expected credit loss provisions.

OTHER INFORMATION

The directors are responsible for the Other Information. the other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yu Kwok Keung.

RSM Hong Kong
Certified Public Accountants
Hong Kong
26 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	8	**135,099**	146,737
Cost of sales		**(142,068)**	(170,134)
Gross loss		**(6,969)**	(23,397)
Other income, gains/(losses)	9	**2,549**	917
Administrative expenses		**(20,058)**	(14,212)
Allowance for impairment loss of financial assets, net		**(1,383)**	(5,088)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		**(1,456)**	143
Loss from operations		**(27,317)**	(41,637)
Finance costs	11	**(569)**	(694)
Loss before tax		**(27,886)**	(42,331)
Income tax credit	12	**797**	4,535
Loss for the year	13	**(27,089)**	(37,796)
Loss for the year attributable to:			
Owners of the Company		**(26,757)**	(37,796)
Non-controlling interests		**(332)**	–
		(27,089)	(37,796)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value change of financial assets at fair value through other comprehensive income ("**FVTOCI**")		**44**	–
		44	–
Items that may be reclassified to profit or loss:			
Release of translation reserve upon deregistration of a subsidiary		**–**	(249)
		–	(249)
Other comprehensive income for the year, net of tax		**44**	(249)
Total comprehensive income for the year		**(27,045)**	(38,045)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(26,713)**	(38,045)
Non-controlling interests		**(332)**	–
		(27,045)	(38,045)
Loss per share			
Basic and diluted (cents)	16	**(19.57)**	(68.59)

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	17	**50,569**	40,410
Right-of-use assets	18	**4,984**	6,884
Financial assets at FVTPL	20	**–**	8,761
Financial assets at FVTOCI	20	**8,144**	–
Deferred tax assets	32	**441**	–
Prepayments	23	**1,025**	–
Total non-current assets		**65,163**	56,055
Current assets			
Trade and retention receivables	21	**26,534**	25,878
Contract assets	22	**21,074**	23,561
Deposits, prepayments and other receivables	23	**3,529**	2,726
Held for trading securities	24	**5,076**	–
Debt investments	25	**1,564**	–
Income tax recoverable		**–**	33
Bank and cash balances	26	**5,525**	4,340
Total current assets		**63,302**	56,538
Current liabilities			
Trade and retention payables	27	**32,244**	36,026
Accruals and other payables	28	**16,420**	9,699
Bank and other borrowings	29	**1,862**	5,225
Promissory note payable	30	**–**	3,000
Lease liabilities	31	**2,411**	2,436
Current tax liabilities		**41**	41
Total current liabilities		**52,978**	56,427
Net current assets		**10,324**	111
Total assets less current liabilities		**75,487**	56,166
Non-current liabilities			
Lease liabilities	31	**3,197**	5,284
Deferred tax liabilities	32	**–**	356
Total non-current liabilities		**3,197**	5,640
NET ASSETS		**72,290**	50,526
Capital and reserves			
Share capital	33	**80,001**	27,000
Reserves	35	**(7,379)**	23,526
		72,622	50,526
Non-controlling interests		**(332)**	–
TOTAL EQUITY		**72,290**	50,526

Approved by the Board of Directors on 26 June 2023 and are signed on its behalf by:

Mr. Tang Kwai Leung Stanley
Director

Ms. Liu Ching Man
Independent non-executive Director

Consolidated Statement of Changes In Equity

For the year ended 31 March 2023

	Attributable to owners of the Company								
	Share capital HK$'000 (note 33)	Share premium HK$'000 (note 35(b)(i))	Merger reserve HK$'000 (note 35(b)(ii))	Financial assets at FVOCI reserve HK$'000 (note 35(b)(iii))	Foreign currency translation reserve HK$'000 (note 35(b)(iv))	Retained profit/ (Accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2021	9,000	40,447	22	–	249	5,048	54,766	–	54,766
Issuance of shares upon rights issue (note 33(i))	13,500	14,850	–	–	–	–	28,350	–	28,350
Transaction costs on issuance of shares upon rights issue (note 33(i))	–	(1,922)	–	–	–	–	(1,922)	–	(1,922)
Issuance of shares upon placing (note 33(ii))	4,500	3,375	–	–	–	–	7,875	–	7,875
Transaction costs on issuance of shares upon placing (note 33(ii))	–	(498)	–	–	–	–	(498)	–	(498)
Total comprehensive income for the year	–	–	–	–	(249)	(37,796)	(38,045)	–	(38,045)
Changes in equity for the year	18,000	15,805	–	–	(249)	(37,796)	(4,240)	–	(4,240)
At 31 March 2022	27,000	56,252	22	–	–	(32,748)	50,526	–	50,526
At 1 April 2022	**27,000**	**56,252**	**22**	**–**	**–**	**(32,748)**	**50,526**	**–**	**50,526**
Issuance of shares upon rights issue (note 33(iv))	**40,500**	**4,050**	**–**	**–**	**–**	**–**	**44,550**	**–**	**44,550**
Transaction costs on issuance of shares upon rights issue (note 33(iv))	**–**	**(2,254)**	**–**	**–**	**–**	**–**	**(2,254)**	**–**	**(2,254)**
Issuance of shares upon placing (note 33(vi))	**12,501**	**(5,750)**	**–**	**–**	**–**	**–**	**6,751**	**–**	**6,751**
Transaction costs on issuance of shares upon placing (note 33(vi))	**–**	**(238)**	**–**	**–**	**–**	**–**	**(238)**	**–**	**(238)**
Total comprehensive income for the year	**–**	**–**	**–**	**44**	**–**	**(26,757)**	**(26,713)**	**(332)**	**(27,045)**
Changes in equity for the year	**53,001**	**(4,192)**	**–**	**44**	**–**	**(26,757)**	**22,096**	**(332)**	**21,764**
At 31 March 2023	**80,001**	**52,060**	**22**	**44**	**–**	**(59,505)**	**72,622**	**(332)**	**72,290**

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(27,886)**	(42,331)
Adjustments for:			
Depreciation on property, plant and equipment	17	**7,272**	8,848
Depreciation on right-of-use assets	18	**2,591**	2,785
Finance costs		**569**	694
Interest income		**(91)**	–
Addition of provision for annual leave		–	35
(Gain)/loss on disposals/write-off of property, plant and equipment	9	**(115)**	93
Gain on disposals of right-of-use assets	9	**(30)**	(480)
Allowance for impairment loss of financial assets, net		**1,383**	5,088
Change in fair value of financial assets at FVTPL		**1,456**	(143)
Gain on deregistration of a subsidiary		**–**	(249)
Other gains		**(4)**	(31)
Operating cash flows before working capital changes		**(14,855)**	(25,691)
(Increase)/decrease in trade and retention receivables		**(2,912)**	8,664
Decrease/(increase) in contract assets		**2,714**	(1,555)
(Increase)/decrease in deposits, prepayments and other receivables		**(803)**	1,047
(Decrease)/increase in trade and retention payables		**(3,632)**	10,201
Increase/(decrease) in accruals and other payables		**6,793**	(1,698)
Proceed from trading held for trading securities		**8,621**	–
Purchase of held for trading securities		**(15,255)**	–
Cash used in operations		**(19,329)**	(9,032)
Income taxes refunded, net		**33**	–
Interest paid		**(547)**	(622)
Net cash used in operating activities		**(19,843)**	(9,654)

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(16,907)**	(7,650)
Prepayment of purchase of intangible assets and property, plant and equipment		**(1,025)**	–
Proceeds from disposal of property, plant and equipment		**91**	–
Proceeds from disposals of right-of-use assets		**30**	480
Proceeds from disposal of insurance policies		**8,863**	–
Purchase of financial assets at FVTOCI		**(8,100)**	–
Purchase of financial assets at amortized cost		**(1,500)**	–
Interest received		**27**	–
Net cash used in investing activities		**(18,521)**	(7,170)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(94)**	–
Repayments of bank and other borrowings		**(3,363)**	(20,453)
Promissory note raised		**–**	3,000
Repayments of promissory note		**(3,000)**	–
Repayments of lease liabilities		**(2,803)**	(2,439)
Issuance of share from rights issue		**42,296**	26,428
Issuance of share from placing		**6,513**	7,377
Decrease in amount due to a director		**–**	(281)
Net cash generated from financing activities		**39,549**	13,632
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,185**	(3,192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,340**	7,532
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,525**	4,340

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 3 January 2017. The address of its registered office is at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In July 2022, the company changed its English name from Beaver Group (Holding) Company Limited changed to "State Innovation Holdings Limited". The Board further proposed to change the Company name to "China New Consumption Group Limited" and the relevant special resolution has been approved by shareholders of the Company on 10 May 2023. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 22 May 2023 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 6 June 2023.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss unless the investment is classified as held for sale.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are, as follows:

Land and buildings	4%
Plant and machinery	12.5% to 20%
Casing and equipment	20%
Motor vehicles	30%
Furniture, fixture and office equipment	33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as lessee

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

(i) The Group as lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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

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.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

(ii) The Group as lessor

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

(e) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("**ECL**") in accordance with the policy set out in note 4(v) and are reclassified to receivables when the right to the consideration has become unconditional.

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

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(f) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method based on direct measurements of value of services delivered or surveys of work performed.

The likelihood of the Group in suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("**SPPI**"). Interest income from the investment is calculated using the effective interest method.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("**FVTOCI**") (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial assets (Continued)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(i) Trade, retention and other receivables

Trade, retention and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade, retention and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the ECL model under HKFRS 9 and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(n) Trade and other payables

Trade and other payables are recognised 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.

(o) Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Construction contract income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in note 4(f) above.

(ii) Rental income

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

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Employee benefits

(i) 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.

(ii) 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.

(iii) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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. Effective 1 April 2020, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

(s) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

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

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

Deferred tax 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary 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 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(v) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on trade and retention receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and retention receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

– 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 for a particular financial instrument;

– 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;

– significant increases in credit risk on other financial instruments of the same debtor;

– 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 on a financial asset 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

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:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and retention 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. Any recoveries made are recognised in profit or loss.

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 adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Impairment of financial assets and contracts assets (Continued)

Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(w) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow 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 is remote. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(x) 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 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.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 18 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Critical judgement in applying accounting policies (Continued)

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(c) Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

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) Revenue and profit recognition of construction contracts

As explained in policy notes 4(f) and 4(p), revenue from construction contracts are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Revenue and profit recognition of construction contracts (Continued)

Based on the Group's recent experience and the nature of construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 22 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year ended 31 March 2023, approximately HK$129,514,000 (2022: HK$146,737,000) of revenue from construction contracts was recognised.

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 March 2023 was approximately HK$50,569,000 (2022: HK$40,410,000) and approximately HK$4,984,000 (2022: HK$6,884,000) respectively.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of trade and retention receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and retention receivables and contract assets based on the credit risk of trade and retention receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2023, the carrying amount of trade and retention receivables and contract assets is approximately HK$26,534,000 and HK$21,074,000 (net of allowance for impairment loss of approximately HK$15,233,000 and HK$13,979,000) respectively.

As at 31 March 2022, the carrying amount of trade and retention receivables and contract assets is approximately HK$25,878,000 and HK$23,561,000 (net of allowance for impairment loss of approximately HK$19,884,000 and HK$14,206,000) respectively.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the 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 from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. For the year ended 31 March 2023, approximately HK$797,000 of income tax (2022: HK$4,535,000) was credited to profit or loss based on the estimated profit.

(e) Fair value measurement of financial investments

In the absence of quoted market prices in an active market, the Group has engaged independent professional qualified valuers to estimate the fair value of the Group's financial assets at FVTOCI as at 31 March 2023.

The financial assets at FVTOCI as at 31 March 2023 was approximately HK$8,144,000 (2022: HK$Nil).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities HK$ and US dollar ("**US$**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower (2022:NA), loss after tax for the year ended 31 March 2023 would decrease/increase by HK$508,000 (2022:NA). This is mainly due to the changes in fair value of held-for-trading investments.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and retention receivables). The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and retention receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 7–60 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Retention receivables are usually due within 365 days from the date of completion of the projects. The Group's credit terms with its customers are mainly based on the contract terms. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and retention receivables and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECL for trade and retention receivables and contract assets as at 31 March 2023:

	2023		
Trade receivables	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**14.75**	**18,116**	**2,672**
1 – 30 days past due	**20.18**	**446**	**90**
31 – 60 days past due	**23.36**	**976**	**228**
61 – 90 days past due	**23.61**	**4,549**	**1,074**
More than 90 days past due	**61.95**	**13,356**	**8,274**
		37,443	**12,338**

	2023		
Retention receivables	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**50.07**	**755**	**378**
Up to 3 months	**N/A**	**–**	**–**
Over 6 months	**70.52**	**3,569**	**2,517**
		4,324	**2,895**

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

Contract assets	**Expected loss rate %**	**2023 Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**39.88**	**35,053**	**13,979**

Trade receivables	Expected loss rate %	2022 Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	13.73	6,736	925
1 – 30 days past due	17.46	6,883	1,202
61 – 90 days past due	21.35	89	19
More than 90 days past due	51.39	26,238	13,485
		39,946	15,631

Retention receivables	Expected loss rate %	2022 Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	47.49	935	444
Up to 3 months	54.23	1,005	545
Over 6 months	84.21	3,876	3,264
		5,816	4,253

Contract assets	Expected loss rate %	2022 Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	37.61	37,767	14,206

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and retention receivables and contract assets (Continued)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables and contract assets.

Movement in the loss allowance account in respect of trade and retention receivables and contract assets during the year is as follows:

	2023 **HK$'000**	2022 HK$'000
At beginning of reporting period	**34,090**	29,002
Allowance for impairment losses recognised for the year	**1,383**	5,088
Amounts written off during the year	**(6,261)**	–
At 31 March	**29,212**	34,090

Other receivables

All of the Group's other receivables are considered to have low credit risk, and the allowance for impairment recognised during the year was therefore limited to 12-month expected losses. Management considers other receivables to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

As at 31 March 2023, there were 4 customers (2022: 2 customers) which individually contributed over 10% of the Group's trade and retention receivables respectively. The aggregate amounts of trade and retention receivables from these customers amounted to 61% of the Group's total trade and retention receivables as at 31 March 2023 (2022: 39%).

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

At 31 March 2023	**On demand or within 1 year HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**Total contractual undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
Trade and retention payables	**32,244**	**–**	**–**	**32,244**	**32,244**
Accruals and other payables	**15,882**	**–**	**–**	**15,882**	**15,882**
Bank and other borrowings	**1,862**	**–**	**–**	**1,862**	**1,862**
Lease liabilities	**2,877**	**3,192**	**608**	**6,677**	**5,608**
	52,865	**3,192**	**608**	**56,665**	**55,596**

At 31 March 2022	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and retention payables	36,026	–	–	36,026	36,026
Accruals and other payables	9,042	–	–	9,042	9,042
Bank and other borrowings	5,225	–	–	5,225	5,225
Lease liabilities	2,832	4,981	1,317	9,130	7,720
Due to a director	3,000	–	–	3,000	3,000
	56,125	4,981	1,317	62,423	61,013

Bank and other borrowings with a repayment on demand clause are included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2023 and 2022, the aggregate undiscounted principal amounts of these bank and other borrowings with a repayment on demand clause amounted to approximately HK$1,862,000 and HK$3,725,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks and the lenders will exercise their discretionary rights to demand immediate repayment.

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The directors believe that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the repayment cash outflows are as below:

	Repayable within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000
At 31 March 2023				
Contractual undiscounted cash flows	**901**	**826**	**193**	**1,920**
At 31 March 2022				
Contractual undiscounted cash flows	2,000	887	1,024	3,911

(e) Interest rate risk

The Group's lease liabilities, promissory note payable and bank and other borrowings of approximately HK$7,396,000 (2022: HK$14,843,000) bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's exposure to cash flow interest rate risk arises from its bank deposits and bank and other borrowings. These bank deposits and bank and other borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2023, if interest rates at that date had been 50 basis points lower with all other variables held constant, loss after tax for the year would have been HK$4,000 lower (2022: HK$1,000 lower), arising mainly as a result of net of lower interest expenses on bank deposits and bank and other borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, loss after tax for the year would have been HK$4,000 higher (2022: HK$1,000 higher), arising mainly as a result of net of higher interest expenses on bank deposits and bank and other borrowings.

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 March

	2023 HK$'000	2022 HK$'000
Financial assets:		
Financial assets at FVTPL:		
Insurance policies	–	8,761
Mandatorily measured at FVTPL		
– Held for trading	5,076	–
Financial assets at FVTOCI:		
Equity instruments	8,144	–
Financial assets at amortised costs		
(including cash and cash equivalents)	57,578	54,268
Financial liabilities:		
Financial liabilities at amortised cost	55,596	61,013

(g) Fair values

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

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises 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.

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 March 2023 and 2022:

Description	Fair value measurements using: Level 1		Fair value measurements using: Level 3	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL:				
Life insurance policies	**–**	–	**–**	8,761
Listed securities in Hong Kong	**5,076**	–	**–**	–
Financial assets at FVTOCI:				
Unlisted equity securities	**–**	–	**8,144**	–
Total	**5,076**	–	**8,144**	8,761

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

	Financial assets at FVOCI	
	2023 HK$'000	2022 HK$'000
At 1 April	**8,761**	8,618
Purchase	**8,100**	–
Disposal	**(8,863)**	–
Total gains or losses recognised		
in profit or loss	**102**	143
in other comprehensive income	**44**	–
At 31 March	**8,144**	8,761

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2023:

The Group's Chief Financial Officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Chief Financial Officer and the Board of Directors at least twice a year.

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.

Key unobservable inputs used in level 3 fair value measurements are mainly:

– weighted average cost of capital

– long-term revenue growth rate

– discount for lack of marketability

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range 2023 %	Range 2022 %	Effect on fair value for increase of inputs	Fair value 2023 HK$'000	Fair value 2022 HK$'000
						Assets	
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	**13.2%**	N/A	Decrease	**8,144**	–
		Long-term revenue growth rate	**2.5%**	N/A	Increase		
		Discount for lack of marketability	**15.7%**	N/A	Decrease		
Life insurance policies	Quote from insurance company	Cash surrender value	**N/A**	N/A	N/A	**–**	8,761

8. REVENUE

(a) Disaggregation of revenue from contracts with customers by major service line for the year is as follows:

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Construction contract income	**129,514**	146,737
Rental income from machinery	**5,585**	–
	135,099	146,737

The Group derives revenue from the construction contract and machinery rental over time in the following major service lines and geographical regions:

For the year ended 31 March	Construction contract income		Rental income from machinery		Total	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Primary geographical markets						
– Hong Kong	**129,514**	146,737	**5,585**	–	**135,099**	146,737
Segment Revenue	**129,514**	146,737	**5,585**	–	**135,099**	146,737
Timing of revenue recognition						
– Over time	**129,514**	146,737	**5,585**	–	**135,099**	146,737

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2023 and the expected timing of recognising revenue as follows:

	Construction contracts	
	2023 HK$'000	2022 HK$'000
Within one year	**88,700**	112,926

9. OTHER INCOME, GAINS/(LOSSES)

	2023 HK$'000	2022 HK$'000
Gain on disposals of right-of-use assets	**30**	480
Gain/(loss) on disposals/write-off of property, plant and equipment	**115**	(93)
Gain on deregistration of a subsidiary	**–**	249
Government grants (note)	**2,054**	–
Insurance claims	**231**	79
Others	**119**	202
	2,549	917

Note: During the year ended 31 March 2023, the Group recognised government grants of HK$2,054,000 (2022: HK$Nil) in respect of COVID-19 related subsidies, of which HK$2,054,000 relates to Employment Support Scheme provided by the Hong Kong government.

10. SEGMENT INFORMATION

Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

As the Group is principally engaged in the provision of foundation work and machinery rental in Hong Kong, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the loss before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the year.

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of the total revenue of the Group is as below:

	2023 HK$'000	2022 HK$'000
Customer 1	**46,677**	24,449
Customer 2	**20,913**	N/A[1]
Customer 3	**19,261**	N/A[1]
Customer 4	**N/A[1]**	43,879
Customer 5	**N/A[1]**	40,019

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

11. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on:		
– bank and other borrowings	**140**	363
– bank overdraft	**–**	1
– promissory note payable	**22**	–
– lease liabilities	**407**	330
	569	694

12. INCOME TAX CREDIT

	2023 HK$'000	2022 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	41
Under-provision in prior years	**–**	62
	–	103
Deferred tax (note 32)	**(797)**	(4,638)
	(797)	(4,535)

No provision for Hong Kong Profits Tax is required since the Company has no assessable profits during the year ended 31 March 2023 (2022: Hong Kong Profits Tax has been provided at a rate of 16.5% based on the assessable profit for the year less allowable losses brought forward).

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax credit and the product of loss before tax multiplied by respective applicable tax rates is as follows:

	2023 HK$'000	2022 HK$'000
Loss before tax	**(27,886)**	(42,331)
Tax at the respective applicable tax rates	**(3,472)**	(6,563)
Tax effect of expenses that are not deductible	**1,957**	1,122
Tax effect of income that is not taxable	**(1,157)**	(336)
Tax effect of tax losses not recognised	**1,874**	299
Tax effect of utilisation of tax losses previously not recognised	**–**	(15)
Tax effect of temporary differences previously not recognised	**1**	906
Under-provision in prior years	**–**	62
Tax reduction	**–**	(10)
Income tax credit	**(797)**	(4,535)

13. LOSS FOR THE YEAR

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

	Note	2023 HK$'000	2022 HK$'000
Allowance for/(reversal of) impairment loss of trade and retention receivables, net		**1,610**	(1,624)
(Reversal of)/allowance for impairment loss of contract assets		**(227)**	6,712
Auditor's remuneration			
– Audit services		**600**	620
– Non-audit services		**315**	315
		915	935
Costs of construction materials	(a)	**55,620**	60,803
Depreciation on property, plant and equipment		**7,272**	8,848
Depreciation on right-of-use assets		**2,591**	2,785
	(b)	**9,863**	11,633
Gain on disposals of right-of-use assets		**(30)**	(480)
(Gain)/Loss on disposals/write-off of property, plant and equipment		**(115)**	93
Operating lease charges			
– Land and buildings	(c)	**181**	260
Addition of provision for annual leave		**–**	35
Staff costs including directors' emoluments			
– Salaries, bonuses, allowances and other benefits		**43,405**	47,809
– Retirement benefits scheme contributions		**1,070**	1,299
	(d)	**44,475**	49,108

Notes:

(a) The amounts were included in cost of sales for the year.

(b) The amounts included in cost of sales for the year ended 31 March 2023 and 2022 amounted to HK$8,291,000 and HK$11,445,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2023 and 2022 amounted to HK$Nil and HK$90,000 respectively.

The amounts included in contract assets as at 31 March 2023 and 2022 amounted to HK$208,000 and HK$85,000 respectively.

(d) The amounts included in cost of sales for the year ended 31 March 2023 and 2022 amounted to HK$37,363,000 and HK$41,084,000 respectively.

The amounts included in contract assets as at 31 March 2023 and 2022 amounted to HK$2,747,000 and HK$4,852,000 respectively.

14. EMPLOYEE BENEFITS EXPENSE

	Note	**2023 HK$'000**	2022 HK$'000
Employee benefits expense:			
Basic salaries, bonuses, allowances and other benefits		**43,405**	47,809
Retirement benefits scheme contributions	(a)	**1,070**	1,299
		44,475	49,108

Notes:

(a) Retirement benefits scheme contributions:

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme. No forfeited contribution is available for use by the Group to reduce the existing level of contributions for the year ended 31 March 2023.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

(b) Directors' emoluments:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
For the year ended 31 March 2023	**Fees HK$'000**	**Salaries and allowances HK$'000**	**Discretionary bonuses HK$'000**	**Employer's contribution to a retirement benefit scheme HK$'000**	**Total HK$'000**
Executive Directors					
Mr. Chui Koon Yau (note (i))	–	657	–	14	671
Mr. Tang Kwai Leung, Stanley	–	876	–	18	894
Independent Non-executive Directors					
Mr. He Dingding (note (ii))	120	–	–	–	120
Ms. Chan Wan Ling Sammi (note (iii))	120	–	–	–	120
Ms. Liu Ching Man (note (iii))	120	–	–	–	120
Total	360	1,533	–	32	1,925

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

(b) Directors' emoluments: (Continued)

For the year ended 31 March 2022	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
Executive Directors					
Mr. Chui Koon Yau (note (i))	–	876	–	18	894
Mr. Tang Kwai Leung, Stanley	–	876	–	18	894
Independent Non-executive Directors					
Mr. He Dingding (note (ii))	106	–	–	–	106
Ms. Chan Wan Ling Sammi (note (iii))	100	–	–	–	100
Ms. Liu Ching Man (note (iii))	100	–	–	–	100
Mr. Cheung Chun Chuen George (note (iv))	20	–	–	–	20
Mr. Law Ching Ning Paschal (note (iv))	20	–	–	–	20
Total	346	1,752	–	36	2,134

Notes:

(i) Mr. Chui Koon Yau resigned as an executive director on 12 January 2023.

(ii) Mr. He Dingding was appointed as an independent non-executive director on 14 May 2021.

(iii) Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man were appointed as independent non-executive directors on 1 June 2021.

(iv) Mr. Cheung Chun Chuen George and Mr. Law Ching Ning Paschal resigned as independent non-executive directors on 1 June 2021.

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Notes: (Continued)

(c) Five highest paid individuals:

The five highest paid individuals in the Group during the year included two directors (2022: two) whose emoluments are reflected in the analysis presented above. The aggregate emoluments of the remaining three (2022: three) individuals are set out below:

	2023	2022
	HK$'000	HK$'000
Basic salaries, bonuses, allowances and other benefits	**2,631**	2,448
Retirement benefits scheme contributions	**36**	36
	2,667	2,484

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Nil to HK$1,000,000	**3**	3

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors waived or agreed to waive any emoluments during the years ended 31 March 2023 and 2022.

(d) Directors' material interests in transactions, arrangements or contracts

Save for transactions mentioned in note 40 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the directors of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(e) Director's termination benefits

None of the directors of the Company received any termination benefits during the year ended 31 March 2023 (2022: Nil).

(f) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2023, the Company did not pay considerations to any third parties for making available directors' services (2022: Nil).

(g) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 March 2023, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and the directors' connected entities.

As at 31 March 2022, loans, quasi-loans or other dealings amounting to HK$1,500,000 are in favour of the directors, their controlled bodies corporate and the directors' connected entities.

15. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2023 (2022: HK$Nil).

16. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2023 **HK$'000**	2022 HK$'000
Loss attributable to owners of the Company	**(26,757)**	(37,796)

Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**136,732**	55,101

The calculation of the basic and diluted loss per share is based on the loss for the year ended 31 March 2022 attributable to owners of the Company and the weighted average number of ordinary shares after adjusting the effect of the share consolidation in March 2022 and rights issue in May 2022.

The effect of all potential ordinary shares is anti-dilutive for the year ended 31 March 2023 and 31 March 2022 due to loss making for the year ended 31 March 2023 and 31 March 2022.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Casing and equipment	Motor vehicles	Furniture, fixture and office equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
As at 1 April 2021	–	43,133	65,027	1,081	159	109,400
Additions	–	4,100	6,829	–	21	10,950
Write-off	–	(930)	–	–	–	(930)
As at 31 March 2022 and 1 April 2022	**–**	**46,303**	**71,856**	**1,081**	**180**	**119,420**
Additions	**16,251**	**650**	**637**	**–**	**19**	**17,557**
Disposal	**–**	**–**	**(150)**	**(431)**	**–**	**(581)**
As at 31 March 2023	**16,251**	**46,953**	**72,343**	**650**	**199**	**136,396**
Accumulated depreciation						
As at 1 April 2021	–	25,635	44,193	1,027	144	70,999
Charge for the year	–	2,365	6,473	–	10	8,848
Write-off	–	(837)	–	–	–	(837)
As at 31 March 2022 and 1 April 2022	**–**	**27,163**	**50,666**	**1,027**	**154**	**79,010**
Charge for the year	**460**	**1,957**	**4,839**	**–**	**16**	**7,272**
Disposal	**–**	**–**	**(24)**	**(431)**	**–**	**(455)**
As at 31 March 2023	**460**	**29,120**	**55,481**	**596**	**170**	**85,827**
Carrying amount						
As at 31 March 2023	**15,791**	**17,833**	**16,862**	**54**	**29**	**50,569**
As at 31 March 2022	–	19,140	21,190	54	26	40,410

At 31 March 2023, the carrying amount of property, plant and equipment pledged as security for the Group's bank and other borrowings amounted to HK$2,673,000 (2022: HK$5,438,000).

During the year, as a result of not reaching the expected financial performance projection of the Group, the management of the Group carried out a review of the recoverable amounts of the assets of the Group as at 31 March 2023. The recoverable amount determined using market approach of the assets of the Group is higher than their carrying amounts and no provision for impairment loss has been made on property, plant and equipment.

18. RIGHT-OF-USE ASSETS

	Motor Vehicles HK$'000	Leased properties HK$'000	Total HK$'000
At 1 April 2021	2,928	6,065	8,993
Additions	676	–	676
Depreciation	(1,358)	(1,427)	(2,785)
At 31 March 2022 and 1 April 2022	**2,246**	**4,638**	**6,884**
Additions	**–**	**691**	**691**
Depreciation	**(1,050)**	**(1,541)**	**(2,591)**
At 31 March 2023	**1,196**	**3,788**	**4,984**

Lease liabilities of HK$5,608,000 (2022: HK$7,720,000) are recognised with related right-of-use assets of HK$4,984,000 (2022: HK$6,884,000) as at 31 March 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2023 HK$'000	2022 HK$'000
Depreciation expenses on right-of-use assets	**2,591**	2,785
Interest expense on lease liabilities (included in finance cost)	**407**	330
Expenses relating to short-term lease (included in contract assets, cost of goods sold and administrative)	**181**	260

Details of total cash outflow for leases is set out in note 37(c).

For both years, the Group leases various offices, warehouses and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 4 years (2022: 1 year to 4 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

19. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2023 are as follows:

Name	Place of incorporation/ registration and operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing		Principal Activities
			Direct	Indirect	
Everest Enterprise Company Limited ("**Everest Enterprise**")	BVI	US$100	100%	–	Investing holding
Triangular Force Construction Engineering Limited ("**Triangular Force**")	Hong Kong	HK$10,000	–	100%	Provision of foundation works and machinery rental services
TMP Machinery Engineering Limited ("**TMP Machinery**")	Hong Kong	HK$10,000	–	100%	Provision of management service for construction work
Longson Enterprise Development Company Limited ("**Longson**")	Hong Kong	HK$2,000	–	100%	Provision of machinery rental service
Goldstone Communications Limited ("**GCL**")	Hong Kong	HK$100	51%	–	Public relation services, brand building and marketing services
Goldstone Finance Limited ("**GFL**")	Hong Kong	HK$1,000,000	100%	–	Investment holding

20. FINANCIAL ASSETS AT FVTPL AND AT FVTOCI

	2023 HK$'000	2022 HK$'000
Financial assets at FVTPL:		
Investments in life insurance policies (note (i))	**–**	8,761
Financial assets at FVTOCI:		
Unlisted equity securities (note (ii))	**8,144**	–
	8,144	8,761
Analysed as:		
Current assets	**–**	–
Non-current assets	**8,144**	8,761
	8,144	8,761

Financial assets at FVTPL and FVTOCI are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
Hong Kong dollars	**8,144**	–
US dollars	**–**	8,761
	8,144	8,761

Notes:

(i) The investments included above represent life insurance policies entered by Triangular Force to insure Mr. Tang Kwai Leung Stanley ("**Mr. Tang**") and Mr. Chui Koon Yau. Under the policies, the beneficiary and the policy holder is Triangular Force and the total insured sum are approximately US$3,456,000 (equivalent to approximately HK$27,128,000). The Group was required to pay a one-off premium payment of approximately US$1,274,000 (equivalent to approximately HK$10,000,000) and can terminate the policy at any time and receive cash back based on the cash value. The carrying amounts of the Group's financial assets at FVTPL are denominated in US$.

The life insurance policies were pledged to secure a bank borrowing of the Group as at 31 March 2021. The bank borrowing was repaid during the year ended 31 March 2022. Subsequently, the life insurance policies were disposed on 23 June 2022 at a net cash surrender value of approximately US$1,130,000 (equivalent to approximately HK$8,863,000) and a gain in fair value changes of approximately HK$102,000 was recognised.

(ii) The Group invested HK$8,100,000 in Central Champion Holding Limited incorporated in BVI and owned 14.23% (2022: Nil) equity interests in that company. The Group is unable to exercise significant influence over that company and the investment is classified as financial assets at FVTOCI.

21. TRADE AND RETENTION RECEIVABLES

	Note	**2023 HK$'000**	2022 HK$'000
Trade receivables	(a)	**37,443**	39,946
Allowance for impairment loss		**(12,338)**	(15,631)
		25,105	24,315
Retention receivables (note)	(b)	**4,324**	5,816
Allowance for impairment loss		**(2,895)**	(4,253)
		1,429	1,563
		26,534	25,878

Note: Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycles.

(a) The Group receives progress billings from contract customers. The credit terms generally range from 7 to 60 days from the date of billing. Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The ageing analysis of trade receivables, based on the progress payment, and net of allowance for impairment loss is as follows:

	2023 HK$'000	2022 HK$'000
0 to 30 days	**15,444**	5,811
31 to 60 days	**356**	5,681
61 to 90 days	**748**	–
Over 90 days	**8,557**	12,823
	25,105	24,315

21. TRADE AND RETENTION RECEIVABLES (Continued)

(a) (Continued)

Movement in allowance for impairment loss of trade receivables is as follows:

	HK$'000
At 1 April 2021	18,108
Reversal of allowance for the year	(2,477)
At 31 March 2022 and 1 April 2022	**15,631**
Allowance for the year	**2,968**
Written off	**(6,261)**
At 31 March 2023	**12,338**

The carrying amounts of the Group's trade receivables are denominated in HK$.

(b) The ageing analysis of retention receivables based on invoice date, and net of allowance for impairment loss is as follows:

	2023 **HK$'000**	2022 HK$'000
Within 1 year	**377**	975
Between 1 to 2 years	**18**	12
Between 2 to 5 years	**1,034**	576
	1,429	1,563

Movement in allowance for impairment loss of retention receivables is as follows:

	HK$'000
At 1 April 2021	3,400
Allowance for the year	853
At 31 March 2022 and 1 April 2022	**4,253**
Reversal of allowance for the year	**(1,358)**
At 31 March 2023	**2,895**

The carrying amounts of the Group's retention receivables are denominated in HK$.

22. CONTRACT ASSETS

	2023 HK$'000	2022 HK$'000
Contract assets arising from:		
Performance under construction contracts	**10,096**	11,020
Less: Allowance for impairment loss	**(1,489)**	(1,514)
	8,607	9,506
Retention receivables from contracts with customers within the scope of HKFRS 15 which were included in "Trade and retention receivables" (note 21(b))	**24,957**	26,747
Less: Allowance for impairment loss	**(12,490)**	(12,692)
	12,467	14,055
	21,074	23,561

As at 31 March 2023, all contract assets were expected to be billed within one year (2022: one year).

Movement in allowance for impairment loss of contract assets is as follows:

	HK$'000
At 1 April 2021	7,494
Allowance for the year	6,712
At 31 March 2022 and 1 April 2022	**14,206**
Reversal for the year	**(227)**
At 31 March 2023	**(13,979)**

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. Additionally, the Group typically agrees 6 months – 1 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the year end date.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Deposits	444	1,944
Deposits to a related party (note 40(b))	12	12
Prepayments	1,673	710
Other receivables	2,425	60
Total deposits, prepayments and other receivables	4,554	2,726
Analyzed as:		
Current assets	3,529	2,726
Non-current assets	1,025	–
	4,554	2,726

24. HELD FOR TRADING SECURITIES

	2023 HK$'000	2022 HK$'000
Equity securities, at fair value		
Listed in Hong Kong	5,076	–

The carrying amount of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of listed securities are based on current bid prices.

25. DEBT INVESTMENTS

	2023 HK$'000	2022 HK$'000
Debt securities	1,564	–

The Group's financial assets at amortised cost represent debt instrument investments that are issued by an indirect wholly-owned subsidiary of a listed company in Hong Kong, and carry fixed interest at 2% per month for the first to third month, 2.5% per month for the fourth to sixth month and 3% for the seventh to ninth month, and will mature in October 2023. None of these assets has been past due or impaired at the end of the reporting period. The principal and interests were settled on 16 June 2023 by the issuer.

26. BANK AND CASH BALANCES

Bank and cash balances are denominated in HK$.

27. TRADE AND RETENTION PAYABLES

	Note	2023 HK$'000	2022 HK$'000
Trade payables	(a)	**30,096**	35,235
Retention payables (note)	(b)	**2,148**	791
		32,244	36,026

Note: Retention payables are included in current liabilities as the Group expects to realise these within its normal operating cycles.

(a) The ageing analysis of trade payables, based on the invoice date, is as follows:

	2023 HK$'000	2022 HK$'000
0 to 30 days	**3,989**	5,328
31 to 60 days	**5,207**	5,073
61 to 90 days	**970**	3,195
Over 90 days	**19,930**	21,639
	30,096	35,235

The carrying amounts of the Group's trade payables are denominated in HK$.

(b) Retention payables from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

The carrying amounts of the Group's retention payables are denominated in HK$.

28. ACCRUALS AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Accruals	**14,217**	7,394
Other payables	**2,203**	2,305
	16,420	9,699

29. BANK AND OTHER BORROWINGS

	2023 HK$'000	2022 HK$'000
Bank borrowings – unsecured	**1,788**	2,545
Other borrowings – secured (note a)	**74**	1,180
Loans from a former director (note b)	**–**	1,500
	1,862	5,225

In the consolidated statement of financial position, bank and other borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities. Based on the scheduled repayment set out in the banking facility agreements, the maturity of obligations under bank and other borrowings are as follows:

	2023 HK$'000	2022 HK$'000
On demand or within one year	**862**	3,371
More than one year, but not exceeding two years	**808**	848
More than two years, but not exceeding five years	**192**	1,006
	1,862	5,225
Less: Amount due for settlement within 12 months	**(862)**	(3,371)
	1,000	1,854
Represented by:		
Amount due for settlement after 12 months	**–**	–
Portion of bank and other borrowings that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	**1,000**	1,854

Except for the loans from a former director, all of the bank and other borrowings are guaranteed by the Company.

Note (a): As at 31 March 2023, the other borrowings of approximately HK$74,000 (2022: HK$1,180,000) is secured by a charge over the property, plant and equipment of the Group with a carrying amount of HK$2,673,000 (2022: HK$5,438,000).

Note (b): On 3 December 2020 and 9 December 2020, Mr. Chui Koon Yau granted two loans of HK$1,500,000 and HK$1,000,000 to a subsidiary of the Group with interest rate 1% per annum. The repayment schedule is set on first date in March to July 2020, HK$500,000 each installment. The interest accrued shall be repaid together with the last installment. During the year ended 31 March 2022, the repayment date of the balance of HK$1,500,000 has been postponed to 30 September 2022. The loans from Mr. Chui Koon Yau and corresponding interests were repaid on 7 July 2022.

The average interest rates per annum at 31 March were as follows:

	2023	2022
Bank and other borrowings	**1.82%**	2.12%

As at 31 March 2023, bank and other borrowings of approximately HK$1,788,000 (2022: HK$4,123,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk, other bank and other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

30. PROMISSORY NOTE PAYABLE

The promissory note payable is interest-bearing at 8% per annum, unsecured and repayable on 13 June 2022. The promissory note payable and related interest were fully settled during the year ended 31 March 2023.

31. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,877**	2,832	**2,411**	2,436
In the second year	**3,192**	4,981	**2,606**	4,028
In the third to fifth years, inclusive	**608**	1,317	**591**	1,256
	6,677	9,130	**5,608**	7,720
Less: Future finance charges	**(1,069)**	(1,410)	**–**	–
Present value of lease obligations	**5,608**	7,720	**5,608**	7,720
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(2,411)**	(2,436)
Amount due for settlement after 12 months			**3,197**	5,284

All lease liabilities are denominated in HK$.

The incremental borrowing rates applied to lease liabilities range from 2.00% to 13.60% (2022: from 2.00% to 4.90%).

At 31 March 2023, the Group's lease liabilities of approximately HK$200,000 (2022: HK$1,421,000) were guaranteed by the Company.

It is the Group's policy to lease certain of its property, plant and equipment. The average lease term is 5 years for the year ended 31 March 2023 and 2022 respectively. At the end of each lease term, the Group has the option to purchase the property, plant and equipment at nominal prices.

As at 31 March 2023 and 2022, all lease liabilities bear fixed interest rate at the contract date and thus expose the Group to fair value interest rate risk.

None of the portion of lease liabilities due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

32. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	HK$'000	HK$'000
As at 1 April 2021	(5,690)	696	(4,994)
(Charge)/credit for the year (note 12)	(488)	5,126	4,638
As at 31 March 2022 and 1 April 2022	**(6,178)**	**5,822**	**(356)**
Credit for the year (note 12)	**797**	**–**	**797**
As at 31 March 2023	**(5,381)**	**5,822**	**441**

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

	2023	2022
	HK$'000	HK$'000
Deferred tax assets	**5,822**	5,822
Deferred tax liabilities	**(5,381)**	(6,178)
	441	(356)

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$48,884,000 (2022: HK$38,628,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$5,822,000 (2022: HK$5,822,000) of such losses. Unused tax losses may be carried forward indefinitely.

33. SHARE CAPITAL

	Note	2023 Number of shares	2023 Amount HK$'000	2022 Number of shares	2022 Amount HK$'000
Authorised:					
At the beginning of the reporting period, ordinary shares of HK$0.1 each and HK$0.5 each for 2021 and 2022 respectively		**200,000,000**	**100,000**	1,000,000,000	100,000
Share consolidation	(iii)	**–**	**–**	(800,000,000)	–
Increase of authorised share capital	(v)	**200,000,000**	**100,000**	–	–
At the end of the reporting period, ordinary shares of HK$0.5 each for 2022 and 2023 respectively		**400,000,000**	**200,000**	200,000,000	100,000
Issued and fully paid:					
At the beginning of the reporting period, ordinary shares of HK$0.1 each and HK$0.5 each for 2021 and 2022 respectively		**54,000,000**	**27,000**	90,000,000	9,000
Issuance of shares upon rights issue	(i)	**–**	**–**	135,000,000	13,500
Issue of shares upon placement	(ii)	**–**	**–**	45,000,000	4,500
Share consolidation	(iii)	**–**	**–**	(216,000,000)	–
Issuance of shares upon rights issue	(iv)	**81,000,000**	**40,500**	–	–
Issue of shares upon placement	(vi)	**25,001,378**	**12,501**	–	–
At the end of the reporting period, ordinary shares of HK$0.5 each for 2022 and 2023 respectively		**160,001,378**	**80,001**	54,000,000	27,000

33. SHARE CAPITAL (Continued)

Notes:

(i) On 3 May 2021 the Company issued 135,000,000 ordinary shares upon completion of the rights issue on the basis of 3 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK$0.21 per rights share. The gross proceeds from the rights issue were approximately HK$28,350,000. The net proceeds after deducting related expenses of approximately HK$1,922,000 were approximately HK$26,428,000.

(ii) On 21 September 2021 the Company issued 45,000,000 ordinary shares upon completion of the placing. The placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.175 per placing share. The gross proceeds from the placing were approximately HK$7,875,000. The net proceeds after deducting related expenses of approximately HK$498,000 were approximately HK$7,377,000.

(iii) On 17 March 2022 the Company implemented a share consolidation on the basis that every 5 existing shares be consolidated into 1 consolidated share. Subject to the share consolidation having become effective, the Company proposed to decrease in its authorised share capital from HK$27,000,000 divided into 270,000,000 consolidated shares of HK$0.10 each to HK$27,000,000 divided into 54,000,000 consolidated shares of HK$0.50 each by reducing 216,000,000 consolidated shares.

(iv) On 3 May 2022 the Company issued 81,000,000 ordinary shares upon completion of the rights issue on the basis of 3 rights share for 2 existing ordinary shares held by shareholders of the Company at a subscription price of HK$0.55 per rights share. The gross proceeds from the rights issue were approximately HK$44,550,000. The net proceeds after deducting related expenses of approximately HK$2,254,000 were approximately HK$42,296,000.

(v) On 23 September 2022, the Company increased its authorised share capital from 200,000,000 shares into 400,000,000 shares.

(vi) On 2 December 2022, the Company issued 25,001,378 ordinary shares upon completion of the placing. The placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.27 per placing share. The net proceeds after deducting related expenses of approximately HK$238,000 were approximately HK$6,513,000.

33. SHARE CAPITAL (Continued)

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

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

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by total equity. Total debt comprises lease liabilities, bank and other borrowings and promissory note payable. Adjusted capital comprises all components of equity, retained earnings and other reserves except for non-controlling interests.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings. As at 31 March 2023, 57.65% (2022: 58.05%) of the shares were in public hands.

The debt-to-adjusted capital ratios at 31 March 2023 and at 31 March 2022 were as follows:

	2023 **HK$'000**	2022 HK$'000
Lease liabilities	**5,608**	7,720
Bank and other borrowings	**1,862**	5,225
Promissory note payable	**–**	3,000
Less: bank and cash equivalents	**(5,525)**	(4,340)
Net debts	**1,945**	11,605
Adjusted capital	**72,622**	50,526
Debt-to-adjusted capital ratio	**2.7%**	22.9%

The decrease in the debt-to-adjusted capital ratio during 2023 resulted primarily from repayment of lease liabilities, bank and other borrowings and promissory note payable from the proceed of the rights issue.

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

(a) Statement of financial position of the Company

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment in subsidiaries		**1,001**	1
Current assets			
Prepayment		**406**	613
Debt investments		**1,564**	–
Due from subsidiaries		**7,462**	17
Bank and cash balances		**874**	1,930
		10,306	2,560
Current liabilities			
Due to a subsidiary		**1**	1
Promissory note payable		**–**	3,000
Accruals		**1,107**	1,583
		1,108	4,584
Net current assets/liabilities		**9,198**	(2,024)
NET ASSETS/LIABILITIES		**10,199**	(2,023)
Capital and reserves			
Share capital	33	**80,001**	27,000
Reserves	34(b)	**(69,802)**	(29,023)
TOTAL EQUITY		**10,199**	(2,023)

Approved by the Board of Directors on 26 June 2023 and are signed on its behalf by:

Mr. Tang Kwai Leung Stanley
Director

Ms. Liu Ching Man
Independent non-executive Director

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

(Continued)

(b) Reserve movement of the Company

	Share premium HK$'000 (note 35(b)(i))	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2021	40,447	(49,509)	(9,062)
Issuance of shares upon rights issue (note 33(i))	14,850	–	14,850
Transaction costs on issuance of shares upon rights issue (note 33(i))	(1,922)	–	(1,922)
Issuance of shares upon placing (note 33(ii))	3,375	–	3,375
Transaction costs on issuance of shares upon placing (note 33(ii))	(498)	–	(498)
Total comprehensive income for the year	–	(35,766)	(35,766)
Change in the equity for the year	15,805	(35,766)	(19,961)
As at 31 March 2022 and 1 April 2022	**56,252**	**(85,275)**	**(29,023)**
Issuance of shares upon rights issue (note 33(iv))	**4,050**	**–**	**4,050**
Transaction costs on issuance of shares upon rights issue (note 33(iv))	**(2,254)**	**–**	**(2,254)**
Issuance of shares upon placing (note 33(vi))	**(5,750)**	**–**	**(5,750)**
Transaction costs on issuance of shares upon placing (note 33(vi))	**(238)**	**–**	**(238)**
Total comprehensive income for the year	**–**	**(36,587)**	**(36,587)**
Change in the equity for the year	**(4,192)**	**(36,587)**	**(40,779)**
As at 31 March 2023	**52,060**	**(121,862)**	**(69,802)**

35. RESERVES

(a) Reserves of the Group

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

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend 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.

(ii) Merger reserve

The merger reserve represented the aggregate of paid-in capital of Triangular Force, TMP Machinery and Longson, subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK$1 each respectively.

(iii) Financial assets at FVTOCI reserve

The financial assets at reserve comprises the cumulative net change in the fair value of financial assets as held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(h) to the consolidated financial statements.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b) to the consolidated financial statements.

36. SHARE-BASE PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 22 September 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

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

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

No share option was granted during the years ended 31 March 2023 and 2022. As at 31 March 2023 and 2022, there were no outstanding share options issued under the Scheme.

37. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Additions to right-of-use assets during the year of HK$691,000 (2022: HK$676,000) were financed by lease liabilities.

Additions to property, plant and equipment for the year ended 31 March 2023 amounted to approximately HK$650,000 were settled by trade receivables.

Additions to property, plant and equipment for the year ended 31 March 2022 amounted to approximately HK$3,300,000 were settled by trade receivables and offset of trade payables.

Disposal of property, plant and equipment for the year ended 31 March 2023 at a carrying amount amounted to approximately HK$126,000 were settled by accruals and other payables of approximately HK$150,000, with a gain on disposal of property, plant and equipment of approximately HK$24,000 recorded in other income.

37. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

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

	1 April 2022 HK$'000	**Entering new leases HK$'000**	**Cash flows HK$'000**	**Interest expenses HK$'000**	**31 March 2023 HK$'000**
Bank and other borrowings (note 29)	**5,225**	**–**	**(3,223)**	**(140)**	**1,862**
Lease liabilities (note 31)	**7,720**	**691**	**(2,396)**	**(407)**	**5,608**
Promissory note payable (note 30)	**3,000**	**–**	**(2,978)**	**(22)**	**–**
	15,945	**691**	**(8,597)**	**(569)**	**7,470**

	1 April 2021 HK$'000	Entering new leases HK$'000	Cash flows HK$'000	Interest expenses HK$'000	31 March 2022 HK$'000
Bank and other borrowings (note 29)	25,678	–	(20,161)	(292)	5,225
Lease liabilities (note 31)	9,483	676	(2,109)	(330)	7,720
Promissory note payable (note 30)	–	–	3,072	(72)	3,000
	35,161	676	(19,198)	(694)	15,945

(c) Total cash outflow for leases

	2023 HK$'000	2022 HK$'000
Within operating cash flows	**181**	260
Within financing cash flows	**2,803**	2,439
	2,984	2,699

These amounts relate to the following:

	2023 HK$'000	2022 HK$'000
Lease rental paid	**2,984**	2,699

38 CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2023 HK$'000	2022 HK$'000
Capital contribution to:		
Office improvement	33	–

39. LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices and car parks. As at 31 March 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 18, and the outstanding lease commitments relating to short-term leases for offices is HK$Nil (2022: HK$3,000).

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2023 HK$'000	2022 HK$'000
Interests paid to a former director	24	–
Rent paid to Mr. Tang's spouse	72	72

(b) Outstanding balances with a related party during the year:

	2023 HK$'000	2022 HK$'000
Rental deposit held by Mr. Tang's spouse	12	12

(c) The remuneration of directors and other members of key management during the year were as follow:

	2023 HK$'000	2022 HK$'000
Short term benefits	2,853	2,443
Retirements benefit scheme contribution	54	54
	2,907	2,497

41. EVENTS AFTER THE REPORTING PERIOD

The Board proposed to change the Company name to "China New Consumption Group Limited" and the relevant special resolution has been approved by shareholders of the Company on 10 May 2023. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 22 May 2023 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 6 June 2023.

42. CONTINGENT LIABILITIES

As at 31 March 2023 and 2022, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap.282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees' compensation insurance and contractors' all risk insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

Financial Summary

The consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements are summarised below.

	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
RESULTS					
REVENUE	**135,099**	146,737	141,791	86,999	152,484
LOSS BEFORE TAX	**(27,886)**	(42,331)	(14,466)	(13,908)	(1,737)
INCOME TAX CREDIT/(EXPENSE)	**797**	4,535	(248)	1,304	(669)
LOSS FOR THE YEAR	**(27,089)**	(37,796)	(14,714)	(12,604)	(2,406)
ASSETS AND LIABILITIES					
NON-CURRENT ASSETS	**65,163**	56,055	56,012	69,008	60,489
NET CURRENT ASSETS	**10,324**	111	10,885	5,361	22,523
NON-CURRENT LIABILITIES	**(3,197)**	(5,640)	(12,131)	(11,753)	(7,789)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**72,290**	50,526	54,766	62,616	75,223