

XINHUA
media.

XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 309



ANNUAL REPORT
2021/2022



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Wang Guan
Wang Chunping

Independent Non-executive Directors

Wang Qi
Yau Pak Yue
Leung Nga Tat

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGY AND DEVELOPMENT COMMITTEE

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

EXECUTIVE COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

COMPANY SECRETARY

Chan Yuen Ying Stella

AUTHORISED REPRESENTATIVES

Tsui Kwok Hing
Chan Yuen Ying Stella

AUDITORS

ZHONGHUI ANDA CPA Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

SOLICITOR

Louis K.Y. Pau & Company, Solicitors

STOCK CODE

309

COMPANY'S WEBSITE

www.XHNmedia.com

CHAIRMAN'S STATEMENT

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



Dear Shareholders,

The coronavirus epidemic has been with us for well over two years now and it has significantly affected local businesses with many businesses closing down laying off employees. However, it seems that the 5th wave of the epidemic is now behind us and we are slowly returning to normal.

During the past year under review, our business has experienced lower than expected profit margin mainly due to the extra costs incurred in respect of expenditures on anti-epidemic tools and equipment, and the aggressiveness in the tendering process among our competitors who all want to maintain market share.

Despite such difficult economic and business environment, we have made extra efforts to overcome such adverse situations. Our management team is fighting hard to win this battle and I am optimistic that with our experience and quality service, we can come out of this a winner.

I am indebted to my employees who had performed industriously, professionally and with devotion to help the Group sail through these difficult times. I am glad to say that many of our customers are appreciative of our efforts to make their offices a safe place to go to work in the morning and a safe home to return to when returning in the evening.

Last but not least, I like to express my gratitude to our shareholders for their support and to my fellow directors for their outstanding contribution to the Group.

Lo Kou Hong

Chairman

Hong Kong, 24 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Company and its subsidiaries' (the "Group") revenue for the year ended 31 March 2022 amounted to approximately HK\$276,426,000 (2021: HK\$248,183,000), a 11.4% increase as compared to the previous year. The loss attributable to the owners of the Group for the year was approximately HK\$16,651,000 (2021: profit for the year of approximately HK\$20,938,000). The cleaning and related services business made a profit of approximately HK\$1,729,000, the advertising media business made a loss of approximately HK\$4,794,000, and the waste treatment business made a loss of approximately HK\$1,688,000.

Revenue increased by 11.4% mainly because, during the year, the Group was successful in securing a new contract for the provision of cleaning services to a prestigious residential estate located at Lantau Island and another new contract for the provision of cleaning and related services to a customer located at Hong Kong International Airport but was unsuccessful in renewing the cleaning contract for a residential estate located at Tseung Kwan O.

Other income dropped significantly as the amount of last year mainly consisted of subsidies received by the Group from the Hong Kong Government under the Employment Support Scheme and the One-off Subsidy for Transport Trade under the Anti-epidemic Fund.

Other operating expenses, which amounted to approximately HK\$94,754,000 (2021: HK\$75,768,000), represented a year-to-year 25.1% increase. Such expenses mainly included the cost of services rendered under cleaning and related services business, accounted for 85.6% of other operating expenses in the current period. The increase in the cost of services rendered was in line with the increase in the revenue, with extra costs spent on anti-pandemic related tools and equipment.

FINANCIAL REVIEW

As at 31 March 2022, the Group's cash and cash equivalents and pledged time deposits totaled approximately HK\$76,101,000 (2021: HK\$96,026,000) and its current ratio was 2.2 (2021: 2.8). The Group's net assets were approximately HK\$113,911,000 (2021: HK\$135,330,000).

As at 31 March 2022, the Group did not have any bank borrowings and thus gearing ratio is not applicable to the Group. The Group had lease liabilities and loans from directors of approximately HK\$10,590,000 and HK\$14,258,000 respectively (2021: HK\$4,479,000 and HK\$6,369,000). The Group's shareholders' equity amounted to approximately HK\$114,099,000 (2021: HK\$135,049,000).

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

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

As at 31 March 2022, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,075,000 (2021: HK\$2,073,000) and a property owned by a related company which is controlled by a director of the Company.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in three business segments: (i) advertising media business; (ii) cleaning and related services business; and (iii) waste treatment business. During the year ended 31 March 2022, the impact brought by COVID-19 remains severe, the Group's businesses were inevitably being affected.

Advertising Media Business

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

Cleaning and Related Services Business

As the pandemic drags on, it is a daunting task for many businesses to stay afloat, let alone make a profit, and the cleaning business is no exception. In particular, the Group experienced severe labour shortage, especially in February and March 2022, due to the sweeping 5th wave of the epidemic as many of our front-line cleaners have been infected and were forced to take sick leave.

On top of the shortage of labour, extra costs were spent on anti-pandemic related tools and equipment, including face masks, face shields, protection overalls and rapid antigen tests kits. Disinfection equipment such as fogging machines and disinfectants were among the highest demand during the 5th wave.

However, on the plus side, there was a surge in demand for disinfection services during the height of the 5th wave from our existing customers from both the commercial sector and the residential sector, as well as from new customers who were either referred to us or who had come to know of our professional capability in simply doing a good job. Our new customers included police headquarters and police stations. Our disinfection team has worked round the clock to satisfy the demand from all our customers. We are grateful that we were given the opportunity to offer them a healthy and safe environment.

In the past year under review, we secured a two-year cleaning contract for a prestigious residential property in Pokfulam. We also secured a one-year cleaning contract for a prestigious office building in Central belonging to a well-respected and well-rooted family business in Hong Kong, in which we have offered services to their commercial and residential properties for over ten years. We were also successful in obtaining a two-year contract for the provision of disinfection service for a renowned property developer for all their properties in Hong Kong.

Waste Treatment Business

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

PROSPECTS

Advertising Media Business

The global pandemic remains uncertain and brought a negative impact on overall market sentiment. The resumption of the advertising media business segment is temporarily unforeseeable. While adapting to the pandemic and identifying new opportunities ahead, the Group will continue to implement its business plan in a prudent manner as and when appropriate.

Cleaning and Related Services Business

The global economy has been adversely affected by the outbreak of the pandemic. While the future remains uncertain, we will continue providing our customers the best services we can offer so that they get value for money.

The Group was unsuccessful in renewing a few cleaning contracts from an existing customer amidst strong competition shortly after the year end. As a result, the turnover for the coming year may be affected. However, with the aviation industry slowly reviving, our provision of services to an aviation related business client may be in strong demand in the coming year.

We are confident that with our strong connections with customers, our professionalism in the provision of cleaning and disinfection services and our motto of offering best value for money, our business will remain strong and come out of this adverse situation a winner.

Summary

There is still a high degree of uncertainty about the pandemic, and the outlook for the global economic recovery is still slow. Looking forward, the management will continue to closely monitor the development of COVID-19 and will take all necessary and appropriate measures to reduce the impact of COVID-19 to the Group. The management will continue to stay cautious to economic changes and fine tune the Group's development and operation strategies. At the same time, the management will continue seizing business opportunities in a prudent but proactive manner aiming to create value for the shareholders of the Group.

DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of a dividend to shareholders for the year ended 31 March 2022 (2021: Nil).

CONTINGENT LIABILITIES

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

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of HK\$4,630,000 (2021: HK\$15,440,000) in respect of certain services provided to various customers by the Group.
- (b) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2022 and 2021.

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

Management Discussion and Analysis

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

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

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

The gross proceeds from Placing amounted to HK\$7,950,600 and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$7,732,000. The Company intends to use such net proceeds for the general working capital and future business opportunities and investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries during the year ended 31 March 2022.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, the Group did not have any significant investment plans.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 31 March 2022 was 1,071 (2021: 1,086). Total staff costs, including directors' emoluments and net pension contributions, for the year under review amounted to HK\$189,693,000 (2021: HK\$194,108,000). The Group provides employees with training programmes to equip them with the latest skills and other benefits including share option scheme.

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

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

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

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lo Kou Hong ("Mr. Lo"), aged 79, is the founder of the Group. He has been redesignated to Chairman of the Board and an executive Director of the Company on 27 April 2020. He is also a director of certain subsidiaries of the Company. Prior to establishing Lo's Cleaning Services Limited in 1978, Mr. Lo served as a manager at a local property management company. He was appointed as a vice president of the Friends of Scouting in 2001. Mr. Lo is also a founder member and director of Environmental Innovation Council Limited, a non-profit-making organisation incorporated in Hong Kong with limited liability by guarantee.

Mr. Tsui Kwok Hing ("Mr. Tsui"), aged 66, was appointed as the co-chief executive officer and an executive Director on 12 February 2020, and was redesignated to the chief executive officer on 27 April 2020. He resigned the role of chief executive officer on 31 May 2020. He was then appointed as the co-chairman of the Board on 1 November 2021. Mr. Tsui was also the chairman of each of the executive committee of the Company (the "Executive Committee"), the strategy and development committee of the Company (the "Strategy and Development Committee"), the nomination committee of the Company (the "Nomination Committee") and the corporate governance committee of the Company (the "Corporate Governance Committee") and a member of the remuneration committee of the Company (the "Remuneration Committee"). He joined a prominent fashion company in Shenzhen as the chairman and general manager in 1998. In 2005, the company moved to Ganzhou city in Jiangxi Province where he continued his service until 2016. From 2016 to 2019, he served as the general manager of a Hong Kong fashion company. Mr. Tsui was in senior management position for over 20 years and has extensive experience in import and export trading.

Mr. Fu Jun ("Mr. Fu"), aged 54, was appointed as an executive Director on 7 April 2020. He is the chief executive officer of the Company and a member of each of the Executive Committee and Strategy and Development Committee. Mr. Fu holds a Master of Art degree in Japanese literature from the University of Tsukuba, Japan. He was mainly engaged in internet and media work before 2005. He was the Chief Representative in the PRC for Japan Key Station Co. Ltd. ("Key Station"), the CEO of Jiahe Netstar Network Technology Co. Ltd and the Secretary General of Bei Jing Network Science and Technology Promotion Committee. He was responsible for the establishment of the Chinese website for Key Station and helped to set up the China Network TV station and the Mainstream Media Network. After 2005, Mr. Fu engaged in financial service, he was the Vice President of Wealth Index Investment Management Co. Ltd. and the CEO of Oriental Fuying Investment Management Co., Ltd., and participated in overseas IPO and private equity investment of over 20 PRC's enterprises.

Mr. Leung Cheung Hang ("Mr. Leung"), aged 62, was appointed as an executive Director on 21 April 2020. He is also a member of the Nomination Committee. Mr. Leung graduated from high school in the PRC. He has been the general manager for more than 30 years of a company whose main business is import and export trading. He is responsible for the management in the area of sales and marketing. He has extensive experience in managing large enterprises especially in the overall management and strategic planning of the company. Mr. Leung has over 20 years of solid investment background specializing in property investment in both Hong Kong and the PRC.

Biographical Information of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Ms. Wang Guan (“Ms. Wang”), aged 32, was appointed as a non-executive Director on 20 October 2021. She obtained a Bachelor’s degree of Economics from Thammasat University in April 2013 and a Master’s degree of International Management from University of Exeter in June 2016. Ms. Wang is currently a managing director of Siam Crown Company Limited. She was a financial institute relationship manager of KASIKORNBANK Public Company Limited during September 2017 to August 2021 and an assistant to the president of Thai Chinese Friendship Association during August 2014 to July 2015.

Mr. Wang Chunping (“Mr. Wang”), aged 48, was appointed as a non-executive Director on 1 November 2021. He is currently an executive director and the general manager of Bai Chuan Nanhai (Tianjin) Supply Chain Management Co. Limited* (佰川納海(天津)供應鏈管理有限公司). He was an independent non-executive director of the Company during June 2019 to October 2019 and worked at the Fuqing Branch of China Construction Bank in Fujiang Province from March 2003 to June 2014. He was approved and awarded the Qualification Certificate for Finance Planner (理財規劃師) and the Intermediate Professional Qualification for Finance and Economics (金融經濟) by the Ministry of Human Resources and Social Security of the People’s Republic of China in 2007 and 2009, respectively. Mr. Wang was approved the Graduate Diploma in Finance by the Fujian Agriculture and Forestry University in January 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Qi (“Mr. Wang Qi”), aged 67, was appointed as an independent non-executive Director in August 2006. He is a member of each of the audit committee of the Company (the “Audit Committee”), the Remuneration Committee and the Nomination Committee. Mr. Wang was a director of Jingneng Property Company Limited (a company listed on the Shanghai Stock Exchange; stock code: 600791), engaging in property development in Beijing and the general manager of Tian Chuang Science and Technology Development Company Limited, engaging in investment of technologically related businesses. Mr. Wang is a qualified senior engineer and has over 30 years of experience in business management. He was a senior investment manager of China Commercial Construction Development Company from 1989 to 2000 and was responsible for the investment and listing projects of various companies in Mainland China. Mr. Wang also served as an executive officer to manage some of the investment projects of Regal Hotels International from 1997 to 2000 and New World Group from 1993 to 2000 in Mainland China. In addition, Mr. Wang has devoted himself in developing the business connection and communication between Hong Kong and Mainland China in the field of business management and investment.

Biographical Information of Directors and Senior Management

Mr. Yau Pak Yue (“Mr. Yau”), aged 53, was appointed as an independent non-executive Director on 15 July 2021. He is also the chairman of each of the Audit Committee and Remuneration Committee and a member of each of Executive Committee, Strategy and Development Committee, Nomination Committee and Corporate Governance Committee. Mr. Yau obtained his Bachelor of Commerce (majoring in Accountancy) from the University of Wollongong in Australia. He was the chief knowledge officer of Guangzhou Chengfa Capital Company Limited, a state-owned fund management company, from May 2015 to January 2017. Prior to that, he was a partner at one of the big four international accounting firms from 2005 to 2012. He has over 25 years of experience in mergers and acquisitions transaction supports and financial due diligence. Mr. Yau is currently the director of Ewin Advisory Company Limited. In addition, Mr. Yau is a certified public accountant in Hong Kong and a certified practising accountant in Australia. Mr. Yau has been a non-executive director of Daisho Microline Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (stock code: 567) since September 2020, an independent non-executive director of each of Fullsun International Holdings Group Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 627) since December 2020 and Hifood Group Holdings Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 442) since May 2021. He served as a non-executive director of Peking University Resources (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 618) from October 2021 to December 2021, an executive director of Freeman FinTech Corporation Limited (now known as Arta TechFin Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279) from July 2020 to October 2021, an independent non-executive director of KEE Holdings Company Limited (now known as China Apex Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2011) from July 2017 to November 2019 and Ascent International Holdings Limited (now known as China International Development Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from September 2017 to August 2018.

Mr. Leung Nga Tat, aged 40, was appointed as an independent non-executive Director on 1 November 2021. He is also a member of each of the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Executive Committee. Mr. Leung Nga Tat graduated from The Hong Kong Polytechnic University, majoring in Accountancy. He is also a member of Hong Kong Institute of Certified Public Accountants starting from January 2010. He had been employed under an international auditing firm, KPMG for more than 8 years. He worked in Landsea Green Properties Co., Ltd. (formerly known as Landsea Green Group Co., Ltd.) (a company whose shares are listed on the main board of the Stock Exchange; stock code: 106) as the deputy financial controller, mainly responsible for financing, financial reporting, legal and compliance during February 2014 and July 2018 and has been an independent non-executive director of Add New Energy Investment Holdings Group Limited, a company whose shares are listed on the main board of the Stock Exchange, Stock code: 2623) since June 2019. He started his own serviced apartment business in June 2018. With over 16 years of working experiences in the industry, Mr. Leung Nga Tat is equipped with comprehensive knowledge of accounting, financing, compliance and merger and acquisition.

SENIOR MANAGEMENT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRINCIPLES

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

This year, the Group is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “Report”) for the year ended 31 March 2022 (the “Year”), which aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders.

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

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

GOVERNANCE STRUCTURE

Board’s oversight of ESG issues

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

To demonstrate the Group’s commitment on transparency and accountability, the Group has established an ESG Working Team which has clear responsibilities delegated by the Board. The Group highly values the opinions of each stakeholder which are regarded as the cornerstone for the development of the Group.

The Board is primarily responsible for reviewing and supervising the ESG process and risk management of the Group. ESG governance matters and ESG-related issues are reviewed at the regular meeting during the Year.

Environmental, Social and Governance Report

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

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

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

Engaging these steps can enhance the understanding of the degree of importance of the Group's stakeholders to each material ESG issue, and can enable the Group to plan the sustainable development direction more comprehensively in the future.

Board reviews progress made against ESG-related goals and targets

The Group will closely review from time to time for the performance and implementation progress of the goals and targets. If the progress falls short of expectation or changes of business operations, it may be necessary to make changes and communicate about the goals and targets with key stakeholders such as employees, customers and suppliers.

The Board has set future strategic goals to enable the Group to develop a realistic path and focus on the development direction for achieving its visions. The management and the ESG Working Team will carefully examine the attainability of the targets which should be weighed against the Group's philosophy and goals.

REPORTING PRINCIPLES

The report is centred on four principles:

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

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

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

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

REPORTING BOUNDARIES

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

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

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

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

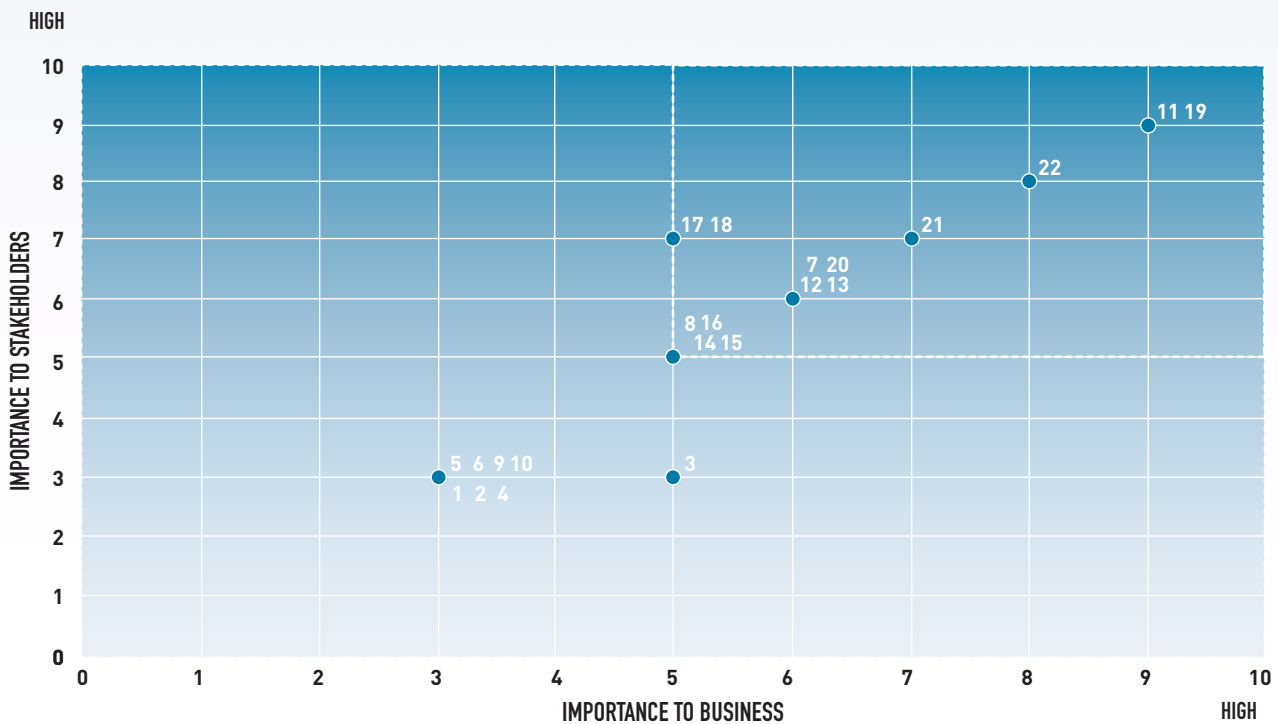
Stakeholders	Expectations	Communication and feedback
Shareholders	<ul style="list-style-type: none"> Financial results ESG performance Corporate transparency Sound risk control 	<ul style="list-style-type: none"> Growth in profitability Monitoring use of resources Regular information disclosure Optimising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

MATERIALITY ASSESSMENT

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

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Company has identified and confirmed 22 issues, which cover environmental, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption and community investments.

ESG ISSUES MATERIALITY MATRIX



Environmental issues		Social issues		Operating issues	
1.	Greenhouse gas emissions	9.	Local community engagement	17.	Economic value generated
2.	Energy consumption	10.	Community investment	18.	Corporate governance
3.	Water consumption	11.	Occupational health and safety	19.	Anti-corruption
4.	Waste	12.	Labour standards in supply chain	20.	Supply chain management
5.	Saving energy measures	13.	Training and development	21.	Customer satisfaction
6.	Use of raw materials and packaging materials	14.	Employee welfare	22.	Customer privacy
7.	Utilisation of energy resources	15.	Inclusion and equal opportunities		
8.	Use of chemicals	16.	Talent attraction and retention		

Environmental, Social and Governance Report

A. ENVIRONMENTAL

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

A1: Emissions

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

Air pollutant emissions

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

The Group has 6 motor vehicles, which are used for providing cleaning and related services in service site areas. 5,072 litres of diesels and 1,999 litres of unleaded petroleum have been consumed for the Year.

Greenhouse Gas ("GHG") Emissions

Gaseous emissions from the use of motor vehicles:

Environmental performance	Unit	2022	2021
NOx	Kilogram ("Kg")	37.4	37.2
SOx	Kg	0.1	0.1
PM	Kg	3.6	3.5

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

Reduction target of air emissions

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

The Group consumes electricity, diesel and unleaded petroleum for the operation of its cleaning business. Upon consumption of electricity and combustion of diesel and unleaded petroleum, GHG which is expressed in carbon dioxide equivalent ("CO_{2e}") is produced.

Environmental, Social and Governance Report

GHG emissions from operations:

Environmental performance	Unit	2022	2021
GHG emission (Scope 1)	Tonnes of CO _{2e}	19	20
GHG emission (Scope 2)	Tonnes of CO _{2e}	*27	29
GHG emission (Scope 3)	Tonnes of CO _{2e}	*5	5
Total	Tonnes of CO _{2e}	51	54
Number of employee	Employees	1,060	1,009
GHG intensity	Tonnes of CO _{2e} /no. of employees	0.05	0.05

* The emission factor of electricity consumed is sourced from the HK Electric Investments in 2021.

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

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

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

Reduction target of GHG emissions

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

Environmental performance from operations

Environmental performance	Unit	2022	2021
Hazardous waste produced	Tonnes	N/A (Note 1)	N/A (Note 1)
Intensity	Tonnes of wastes/no. of employees	N/A	N/A
Non-hazardous waste produced	Tonnes	N/A (Note 1)	N/A (Note 1)
Intensity	Tonnes of wastes/no. of employees	N/A	N/A

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

Reduction target of hazardous and non-hazardous waste produced

Environmental KPI	Reduction Target	Baseline Year	Status
Hazardous waste produced intensity	N/A	N/A	N/A
Non-hazardous waste produced intensity	N/A	N/A	N/A

Compliance with relevant laws and regulations

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

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

Environmental, Social and Governance Report

A2: Use of Resources

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

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

Water consumption

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

Paper usage

According to the Group's records, 1,053kg (2021: 1,038kg) of papers were used for office operations during the Year. Therefore, the Group has established a host of paper-saving initiatives to reuse and recycle papers through promoting double-sided printing and the use of telecommunication and electronic media. This is an opportunity to enhance environmental benefits by undertaking such conservative actions.

The Group's total resources consumptions are listed as below:

Environmental performance	Unit	2022	2021
Energy Consumption			
Purchased electricity consumed	kWh	38,430	43,293
Diesel fuel consumed (Note 1)	kWh	54,286	55,528
Petrol fuel consumed (Note 1)	kWh	19,368	21,509
Total energy consumption	kWh	112,084	120,330
Energy consumption intensity	kWh/no. of employees	106	119
Water consumption	M ³	-	49
Water consumption intensity	M ³ /no. of employees	-	0.05
Packaging materials	Boxes	N/A (Note 2)	N/A (Note 2)
Packaging materials consumption intensity	Boxes/no. of employees	N/A	N/A

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

Note 2: Packaging materials consumption by the cleaning business is minimal. Therefore, no relevant figure is quantified.

Reduction target of resources consumption

Environmental KPI	Reduction Target	Baseline Year	Status
Energy consumption intensity	Reduce 3% by 2024	2019	In progress
Water consumption intensity	Reduce 3% by 2024	2019	In progress

A3: The Environment and Natural Resources

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

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

A4: Climate Change

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

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

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

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

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

Environmental, Social and Governance Report

B. SOCIAL

B1: Employment

Labour practices

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

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

Distribution of work force classified by different categories as follows:

Social Performance	Unit	2022
By Gender		
Male	People	274 (26%)
Female	People	786 (74%)
Total	People	1,060 (100%)
By Employment Type		
Full time	People	397 (37%)
Part time	People	663 (63%)
Total	People	1,060 (100%)
By Age Group		
17 - 50 years old	People	283 (27%)
51 - 60 years old	People	372 (35%)
Over 60 years old	People	405 (38%)
Total	People	1,060 (100%)
By Geographical Region		
China	People	866 (82%)
Nepal	People	108 (10%)
Thailand	People	41 (4%)
India	People	13 (1%)
Philippines	People	16 (1%)
Pakistan	People	1 (1%)
Others	People	15 (1%)
Total	People	1,060 (100%)

Environmental, Social and Governance Report

For the Year, the turnover rate of the Group is about 3.87%, including both part-time and full-time staff. To further promote good relationship with employees and lower the turnover rate, recreational and social activities are held for employees to increase the sense of work-life balance and sense of belongings.

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

Employee turnover rate	2022
By Gender ^[Note 1]	
Male	46%
Female	46%
By Employment Type ^[Note 1]	
Full time	86%
Part time	22%
By Age Group ^[Note 1]	
17 - 50 years old	52%
51 - 60 years old	38%
Over 60 years old	49%
By Geographical Region ^[Note 1]	
China	44%
Nepal	70%
Thailand	29%
India	46%
Philippines	31%
Pakistan	100%
Others	53%

Note 1: The employee turnover rate is calculated based on the number of employees who left employment in such category during the Year divided by total number of employees in such category.

Environmental, Social and Governance Report

Equal opportunity

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

Compliance with relevant laws and regulations

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

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

B2: Health and Safety

Workplace health and safety

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

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

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

Handling with chemicals

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

During the Year, the numbers of lost days due to work injury for the Group are as follows:

	2022
Number of work-related fatalities	–
Number of work injury (number of employees)	13
Lost days due to work injury	959

Environmental, Social and Governance Report

During the Year and each of the two financial years preceding the Year, no work-related fatalities occurred for the employees of the Group.

In response to the outbreak of COVID-19 pandemic and the Omicron variant at various times during the Year, the Group has set out various guidelines, instructions, safety procedures which were put in place as below:

- The Group issued notice emails and announcements to all staff and carry out the procedures as stated therein, i.e. all staff are required to have their body temperature checked in the morning and in the afternoon;
- The Group issued notice to require measuring the body temperature of all staff and visitors before entering the office;
- The Group issued notice to require all staff for health declaration after travelling abroad;
- The Group issued notice to require all staff and visitors to use 1:99 bleach to sterilise soles of shoes before entering the office;
- The Group issued warning guidance to protect against infection by COVID-19, including guidance for COVID-19 compulsory test instructed by the government;
- Air defenders and hand disinfectors are installed at various locations in the office;
- Rapid Antigen Tests kits are distributed to front line staff as required and for sale to the staff at costs;
- Fogging disinfection is performed in head office regularly; and
- "Work From Home" arrangements are adopted for certain staff during the period of high risks of infection.



Fogging disinfection is performed by the Group regularly

Compliance with relevant laws and regulations

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

Environmental, Social and Governance Report

B3: Development and Training

Employee Development and Training

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

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

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

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

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

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

	2022
Percentage of employees trained ^(Note 1)	74%
Percentage of employees trained by gender ^(Note 2)	
Male	73%
Female	74%
Percentage of employees trained by employment category ^(Note 2)	
Senior level	18%
Middle level	84%
Entry level	73%

Note 1: It is calculated by dividing the number of employees who took part in training including employees who left during the Year by the number of employee as at 31 March 2022.

Note 2: It is calculated by dividing the number of employees trained in such category including employees who left during the Year by the total number of employees trained.

Environmental, Social and Governance Report

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

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

Note 1: It is calculated by dividing the total number of training hours including training hours of employees who left during the Year by the total number of employees as at 31 March 2022.

Note 2: It is calculated by dividing the total number of training hours including training hours of employees who left during the Year for such category by the number of employees as at 31 March 2022 in such category.

To improve employee's knowledge and skillset, safety training in different aspects and evaluations are carried out throughout the year. During the Year, on average every staff attended 3.1 training courses (2021: 1.1 training courses) held by the Group.

B4: Labour Standards

Child labour and forced labour

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

Compliance with relevant laws and regulations

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

Environmental, Social and Governance Report

B5: Supply Chain Management

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

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

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

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

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

Social KPI	2022
China	-
Hong Kong	27

B6: Product Responsibility

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

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

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

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

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

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

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

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

Environmental, Social and Governance Report

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

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

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

Compliance with relevant laws and regulations

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

No significant fines were incurred during the Year.

B7: Anti-corruption

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

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

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

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

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

Environmental, Social and Governance Report

Compliance with relevant laws and regulations

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

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

B8: Community Investment

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

The Group has always supported environmental protection, and has participated in a used clothes recycling program organised by a local charity group. The Group has set up a recycling station in the office to collect old clothing. The staff learned how to “upcycle” these useless clothing into floor mats and other valuable items through a workshop. The Group has helped reduce waste at its source through this program and have done the part in Hong Kong waste reduction.

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

The Group also promotes the message of enhancing an inclusive society by employing disabled people.

The Group is committed to promoting social welfare, building a more just and caring society in collaboration with other sectors.



Upcycling workshop in May 2021

CORPORATE GOVERNANCE REPORT

The board (the "Board") of Directors of the Group hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2022.

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

Corporate Governance Practices

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

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

The Company has adopted the code provisions in the CG Code as its own code of corporate governance. During the year ended 31 March 2022, the Directors consider that the Company has complied with the code provisions set out in the CG Code throughout the year, save for the deviation as set out below:

CG Code provision A.5.1 stipulated that the company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Mr. Tsui, an executive Director, is the chairman of the Nomination Committee. Following the resignation of Mr. Tsang Chi Hon, a former independent non-executive Director who resigned on 15 July 2021, as a member of the Nomination Committee and Mr. Wong Hon Kit ("Mr. Wong"), a former independent non-executive Director who resigned on 31 August 2021, as a member of the Nomination Committee, the composition of the Nomination Committee was not in compliance with the code provision A.5.1 of the CG Code. The aforesaid deviation from CG Code provision A.5.1 is rectified on 1 November 2021 upon the appointment of Mr. Tsui as the co-chairman of the Board and Mr. Leung Nga Tat as an independent non-executive Director and a member of the Nomination Committee respectively.

Non-compliance with Rules 3.10(1) and 3.21 of the Listing Rules

Following the resignation of Mr. Wong as an independent non-executive Director on 31 August 2021, the Company only had two independent non-executive Directors, thus the number of the independent non-executive Directors fell below the minimum number required under Rule 3.10(1) of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the audit committee. Following the appointment of Mr. Leung Nga Tat as an independent non-executive Director on 1 November 2021, the number of independent non-executive Directors had satisfied the minimum number required under Rule 3.10(1) of the Listing Rules. The Company also met the requirements set out in Rule 3.21 of the Listing Rules with regard to the composition of the audit committee.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code throughout the year ended 31 March 2022.

Corporate Governance Report

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted its own code of conduct governing Directors' dealings in the Company's securities (the "Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Code and the Model Code throughout the year ended 31 March 2022.

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

BOARD OF DIRECTORS

Composition

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

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

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

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

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

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

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

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

Responsibilities and Function

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

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

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

Changes of Information in respect of Directors

Below are the changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the year and up to the date of this report:

- Mr. Yau was appointed as an independent non-executive director of Hifood Group Holdings Co., Limited (a company listed on the Main Board of the Stock Exchange; stock code: 442) since May 2021.
- Mr. Yau served as a non-executive director of Peking University Resources (Holdings) Company Limited (a company listed on the Main Board of the Stock Exchange; stock code: 618) from October 2021 to December 2021.
- Mr. Yau resigned as an executive director of Freeman FinTech Corporation Limited (now known as Arta TechFin Corporation Limited) (a company listed on the Main Board of the Stock Exchange; stock code: 279) in October 2021.

Corporate Governance Report

Directors' Training and Continuous Professional Development

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

Pursuant to A.6.5 of the CG Code, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

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

All Directors have participated in continuous professional development and provided to the Company a record of training they received for the year ended 31 March 2022.

Name of Directors	Attending or participating in seminars/in-house briefing relevant to the business, regulatory updates and director's duties
Mr. Lo Kou Hong (<i>Chairman</i>)	✓
Mr. Tsui Kwok Hing (<i>Co-chairman</i>)	✓
Mr. Fu Jun (<i>Chief Executive Officer</i>)	✓
Mr. Leung Cheung Hang	✓
Ms. Wang Guan	✓
Mr. Wang Chunping	✓
Mr. Yau Pak Yue	✓
Mr. Wang Qi	✓
Mr. Leung Nga Tat	✓
Mr. Tsang Chi Hon (resigned on 15 July 2021)	N/A
Mr. Wong Hon Kit (resigned on 31 August 2021)	N/A

Directors' and Officers' Insurance

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

Chairman and Chief Executive

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

Appointment, Re-election and Removal of Directors

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

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

BOARD MEETINGS

Board Practices and Conduct of Meetings

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

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

Access to Information

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

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

Independent Non-executive Directors

As required under Rules 3.10(1) and 3.10(2) of the Listing Rules, as at 31 March 2022 and the date of this report, the Company has appointed sufficient number of independent non-executive Directors and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

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

Corporate Governance Report

Attendance Records at Board Meetings and General Meetings

The attendance record at the Board and its committee meetings during the year ended 31 March 2022 demonstrates Directors' strong commitment to the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and management.

During the financial year ended 31 March 2022, (i) the Directors have made active contribution to the affairs of the Group and a total of 8 Board meetings were held to, among other things, review and approve the interim results and the final results of the Group and (ii) 1 general meeting of the Company was held, being the 2021 annual general meeting of the Company held on 24 September 2021 (the "2021 AGM").

	Number of attendance for Board meetings	Number of attendance for General meetings
Executive Directors		
Mr. Lo Kou Hong (<i>Chairman</i>)	4/8	1/1
Mr. Tsui Kwok Hing (<i>Co-chairman</i>)	8/8	1/1
Mr. Fu Jun (<i>Chief Executive Officer</i>)	7/8	1/1
Mr. Leung Cheung Hang	6/8	0/1
Non-executive Directors		
Ms. Wang Guan ^(Note 1)	1/2	N/A
Mr. Wang Chunping ^(Note 2)	0/1	N/A
Independent Non-executive Directors		
Mr. Tsang Chi Hon ^(Note 3)	1/1	N/A
Mr. Wong Hon Kit ^(Note 4)	3/3	N/A
Mr. Wang Qi	7/8	1/1
Mr. Yau Pak Yue ^(Note 5)	6/7	1/1
Mr. Leung Nga Tat ^(Note 2)	1/1	N/A

Notes:

1. Ms. Wang Guan was appointed on 20 October 2021 and 2 Board meetings and no general meetings were held after her appointment.
2. Mr. Wang Chunping and Mr. Leung Nga Tat were appointed on 1 November 2021 and 1 Board meeting and no general meetings were held after their appointment.
3. Mr. Tsang Chi Hon resigned on 15 July 2021 and 1 Board meeting and no general meetings were held before his resignation.
4. Mr. Wong Hon Kit resigned on 31 August 2021 and 3 Board meetings and no general meetings were held before his resignation.
5. Mr. Yau Pak Yue was appointed on 15 July 2021 and 7 Board meetings and 1 general meeting were held after his appointment.

BOARD COMMITTEES

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

1. Remuneration Committee

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

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

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

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

Corporate Governance Report

During the year, 4 Remuneration Committee meetings were held, its members and their attendance records are as follows:

	Number of attendance
Mr. Tsang Chi Hon ^(Note 1)	1/1
Mr. Wong Hon Kit ^(Note 2)	2/2
Mr. Wang Qi	4/4
Mr. Yau Pak Yue (<i>Chairman</i>) ^(Note 3)	3/3
Mr. Leung Nga Tat ^(Note 4)	N/A

Notes:

1. Mr. Tsang Chi Hon resigned on 15 July 2021 and 1 Remuneration Committee meeting was held before his resignation.
2. Mr. Wong Hon Kit resigned on 31 August 2021 and 2 Remuneration Committee meetings were held before his resignation.
3. Mr. Yau Pak Yue was appointed on 15 July 2021 and 3 Remuneration Committee meetings were held after his appointment.
4. Mr. Leung Nga Tat was appointed on 1 November 2021 and no Remuneration Committee meetings were held after his appointment.

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

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

2. Audit Committee

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

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

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

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

During the year, 2 Audit Committee meetings were held, its members and their attendance records are as follows:

	Number of attendance
Mr. Tsang Chi Hon ^(Note 1)	1/1
Mr. Wong Hon Kit ^(Note 2)	1/1
Mr. Yau Pak Yue (<i>Chairman</i>) ^(Note 3)	1/1
Mr. Wang Qi	2/2
Mr. Leung Nga Tat ^(Note 4)	1/1

Notes:

1. Mr. Tsang Chi Hon resigned on 15 July 2021 and 1 Audit Committee meeting was held before his resignation.
2. Mr. Wong Hon Kit resigned on 31 August 2021 and 1 Audit Committee meeting was held before his resignation.
3. Mr. Yau Pak Yue was appointed on 15 July 2021 and 1 Audit Committee meeting was held after his appointment.
4. Mr. Leung Nga Tat was appointed on 1 November 2021 and 1 Audit Committee meeting was held after his appointment.

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

- reviewing the final results for the year ended 31 March 2021;
- reviewing the financial controls, risk management and internal control systems for the year ended 31 March 2021;
- reviewing the interim results for the six months ended 30 September 2021; and
- proposing the re-appointment of ZHONGHUI ANDA CPA Limited as the auditors of the Company.

During the year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditors.

Corporate Governance Report

3. Nomination Committee

The Nomination Committee was established on 8 March 2012 with written terms of reference in compliance with paragraph A.5.1 of Appendix 14 to the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange.

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

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

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

Nomination Policy

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

The selection criteria specified in the Nomination Policy include:

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

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

Board Diversity Policy

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

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

During the year, 4 Nomination Committee meetings were held, its members and their attendance records are as follows:

	Number of attendance
Mr. Tsui Kwok Hing (<i>Chairman</i>)	4/4
Mr. Leung Cheung Hang	3/4
Mr. Tsang Chi Hon ^(Note 1)	1/1
Mr. Wong Hon Kit ^(Note 2)	2/2
Mr. Wang Qi	4/4
Mr. Yau Pak Yue ^(Note 3)	3/3
Mr. Leung Nga Tat ^(Note 4)	N/A

Notes:

1. Mr. Tsang Chi Hon resigned on 15 July 2021 and 1 Nomination Committee meeting was held before his resignation.
2. Mr. Wong Hon Kit resigned on 31 August 2021 and 2 Nomination Committee meetings were held before his resignation.
3. Mr. Yau Pak Yue was appointed on 15 July 2021 and 3 Nomination Committee meetings were held after his appointment.
4. Mr. Leung Nga Tat was appointed on 1 November 2021 and no Nomination Committee meetings were held after his appointment.

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

- reviewing the structure, size and composition of the Board;
- accessing the independence of the independent non-executive Directors;
- considering and making recommendations to the Board on the re-election of Directors at the 2021 AGM; and
- considering and making recommendations to the Board on the nomination of new Director(s).

Corporate Governance Report

4. Corporate Governance Committee

The Corporate Governance Committee was established on 24 June 2014 with written terms of reference in compliance with paragraph D.3.1 of Appendix 14 to the Listing Rules and a copy of which is posted on the website of the Company and of the Stock Exchange.

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

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

During the year, the Corporate Governance Committee did not hold any meeting, its members are as follows:

Mr. Tsui Kwok Hing (*Chairman*)

Mr. Tsang Chi Hon (resigned on 15 July 2021)

Mr. Wong Hon Kit (resigned on 31 August 2021)

Mr. Yau Pak Yue (appointed on 15 July 2021)

Mr. Leung Nga Tat (appointed on 1 November 2021)

5. Strategy and Development Committee

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

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

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

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

Mr. Tsui Kwok Hing (*Chairman*)

Mr. Tsang Chi Hon (resigned on 15 July 2021)

Mr. Fu Jun

Mr. Yau Pak Yue (appointed on 15 July 2021)

6. Executive Committee

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

During the year ended 31 March 2022, the Executive Committee did not hold any meeting and its members are as follows:

Mr. Tsui Kwok Hing (*Chairman*)

Mr. Tsang Chi Hon (resigned on 15 July 2021)

Mr. Fu Jun

Mr. Yau Pak Yue

Mr. Leung Nga Tat

RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended 31 March 2022 which were prepared in accordance with statutory requirements and applicable accounting standards and were prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2022, the Directors made judgments and estimated that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of the auditors on the financial statements are set out in the section headed "Independent Auditors' Report" of this annual report.

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

AUDITORS' REMUNERATION

During the year ended 31 March 2022, services provided to the Company by its external auditors and the respective fees paid were:

Services rendered	Fee paid/ payable HK\$'000
Audit services	710
Non-audit services	52
Total	762

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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

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

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

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

Main Features of Risk Management and Internal Control Systems

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

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

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

Process used to identify, evaluate and manage significant risks

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

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

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

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

Inside Information Policy

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

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

Conflict of Interest

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

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

To promote effective communication, the Company maintains a website at "www.XHNmedia.com" as a communication platform with Shareholders and investors, where extensive information and updates on the Group's financial information, corporate governance practices and other information are available for public access such as annual reports, interim reports to Shareholders, announcements and corporate governance practices are available for review. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries. Inquiries are dealt within an informative and timely manner.

Where announcements are made through the Stock Exchange, the same information will be made available on the Company's website.

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

Corporate Governance Report

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

DIVIDEND POLICY

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

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

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

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

GENERAL MEETINGS WITH SHAREHOLDERS

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

SHAREHOLDERS' RIGHTS

Convene a General Meeting

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

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

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

Put Forward Proposals at Shareholders' Meetings

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

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

Shareholders' enquiries

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

Corporate Governance Report

COMPANY SECRETARY

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

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

The Company engages an external professional company secretarial services provider, Uni-1 Corporate Services Limited (“Uni-1”), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit difference commercial needs.

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

According to the requirements of Rule 3.29 of the Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the financial year ended 31 March 2022.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company’s constitutional documents during the year ended 31 March 2022.

REPORT OF THE DIRECTORS

The Board is pleased to present this Report of the Directors and the audited financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

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

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

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

For more details regarding the Group's performance by reference to environmental and social-related policies, as well as compliance with relevant laws and regulations that have a significant impact on the Group's business and operation can be found in the section headed "Environmental, Social and Governance Report" set out on pages 12 to 28 of this annual report.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2022 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 62 to 123 of this report.

The Board does not recommend any payment of final dividend for the year ended 31 March 2022 (2021: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 124. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

Report of the Directors

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital and share options during the year ended 31 March 2022 are set out in Notes 31 and 32 to the financial statements.

PRE-EMPTIVE RIGHTS

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

RELIEF OF TAXATION

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2022.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 March 2022 are set out in Note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company had no reserves available for distribution. Under the Companies Law, the share premium account of the Company of approximately HK\$557,157,000 as of 31 March 2022 is distributable to the Shareholders provided that immediately following the date on which the dividend, if any, is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 69% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 31%.

Purchases from the Group's five largest suppliers accounted for approximately 64% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 25%.

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

DIRECTORS

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

Executive Directors:

Lo Kou Hong (*Chairman*)

Tsui Kwok Hing (*Co-chairman*)

Fu Jun (*Chief Executive Officer*)

Leung Cheung Hang

Non-executive Directors:

Wang Guan (appointed on 20 October 2021)

Wang Chunping (appointed on 1 November 2021)

Independent Non-executive Directors:

Wang Qi

Tsang Chi Hon (resigned on 15 July 2021)

Wong Hon Kit (resigned on 31 August 2021)

Yau Pak Yue (appointed on 15 July 2021)

Leung Nga Tat (appointed on 1 November 2021)

In accordance with the Article 95 of the Articles, Ms. Wang Guan, Mr. Wang Chunping and Mr. Leung Nga Tat shall retire at the forthcoming annual general meeting (the "2022 AGM") and, being eligible, offer themselves for re-election.

In accordance with the Article 112 of the Articles, Mr. Lo Kou Hong, Mr. Tsui Kwok Hing and Mr. Leung Cheung Hang will retire by rotation at the 2022 AGM and, being eligible, offer themselves for re-election.

All other Directors will continue in office.

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

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REMUNERATION

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

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and those of the five highest paid individuals of the Group for the year ended 31 March 2022 are set out in Notes 12 and 13 to the consolidated financial statement.

INDEMNITY OF DIRECTORS

A permitted indemnity provision that provides for indemnity against liability incurred by Directors is currently in force and was in force throughout the year ended 31 March 2022.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest subsisted during the year ended 31 March 2022.

CONTRACT OF SIGNIFICANCE

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

MANAGEMENT CONTRACT

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

COMPETING INTERESTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Report of the Directors

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

As at 31 March 2022, the interests of the Directors in the shares of the Company (the "Shares") and underlying Shares and its associated corporations as recorded in the register required to be kept under Section 352 of Part XV of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

A. INTERESTS IN SHARES OF THE COMPANY

Name of Director	Long/short positions	Capacity	Total interest in shares	Total interest in underlying shares	Aggregate interests	Approximate percentage of the Company's issued share capital
Mr. Tsui Kwok Hing (Note 1)	Long position	Beneficial owner	69,190,090	16,000,000	164,871,130	9.13%
	Long position	Interest of spouse	79,681,040			
Mr. Lo Kou Hong (Note 2)	Long position	Beneficial owner	53,674,000	16,000,000	71,779,000	3.98%
	Long position	Interest of spouse	2,105,000			
Mr. Fu Jun (Note 3)	Long position	Beneficial owner	-	8,000,000	8,000,000	0.44%
Mr. Leung Cheung Hang (Note 3)	Long position	Beneficial owner	-	8,000,000	8,000,000	0.44%
Mr. Wang Qi (Note 4)	Long position	Beneficial owner	1,367,000	1,600,000	2,967,000	0.16%

Notes:

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

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

(continued)

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

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

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

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

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

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

In addition to the above, as at 31 March 2022, Mr. Lo held 1 share in a subsidiary of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 March 2022, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, nor had there been any grant or exercise of rights of such interests during the year ended 31 March 2022.

Report of the Directors

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

As at 31 March 2022, the following person (other than the Directors and chief executive of the Company) had interests of 5% or more in the issued Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Interests in Shares

Name of substantial shareholder	Long/short position	Capacity	Number of Shares	Percentage of the Company's issued share capital
WKI Partners (Holdings) Limited	Long position	Interest held by controlled corporation	179,315,000 (Note)	9.94%

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

SHARE OPTION SCHEME

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

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

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

SHARE OPTION SCHEME (continued)

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

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

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

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

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

Report of the Directors

SHARE OPTION SCHEME (continued)

Details of movements in the share options for the year ended 31 March 2022 are as follows:

Name or Category of participants	Exercise price per share HK\$	During the period					As at 31 March 2022	Notes
		As at 1 April 2021	Granted	Lapsed	Reallocation	Exercised/ Cancelled		
Directors								
Mr. Lo Kou Hong	0.094	16,000,000	-	-	-	-	16,000,000	(1)
Mr. Tsui Kwok Hing	0.094	16,000,000	-	-	-	-	16,000,000	(1)
Mr. Fu Jun	0.094	8,000,000	-	-	-	-	8,000,000	(1)
Mr. Leung Cheung Hang	0.094	8,000,000	-	-	-	-	8,000,000	(1)
Mr. Wang Qi	0.094	1,600,000	-	-	-	-	1,600,000	(1)
Sub-total	-	49,600,000	-	-	-	-	49,600,000	
Continuous Contracts								
Employees								
	0.278	11,930,302	-	(2,244,000)	(1,000,000)	-	8,686,302	(2)
	0.094	77,900,000	-	(16,350,000)	(21,750,000)	-	39,800,000	(1)
Sub-total		89,830,302	-	(18,594,000)	(22,750,000)	-	48,486,302	
All other eligible participants								
	0.278	2,446,000	-	-	1,000,000	-	3,446,000	(2)
	0.094	32,200,000	-	(24,950,000)	21,750,000	-	29,000,000	(3)
Sub-total		34,646,000	-	(24,950,000)	22,750,000	-	32,446,000	
Total		174,076,302	-	(43,544,000)	-	-	130,532,302	

Notes:

- (1) The share options were granted and deemed to be accepted on 23 July 2020. There were no vesting period and the share options are exercisable at any time during the period from 23 July 2020 to 22 July 2030 (both days inclusive) and the exercise price is HK\$0.094.
- (2) The share options were granted and deemed to be accepted on 6 July 2018. The vesting period of the share options was from the date of grant and up to 5 July 2019 and the share options are exercisable at any time during the period from 6 July 2019 to 5 July 2028 (both days inclusive) and the exercise price is HK\$0.278.
- (3) These include 3,200,000 share options granted by the Company to Mr. Tsang Chi Hon and Mr. Wong Hon Kit, the former independent non-executive Directors of the Company who resigned on 15 July 2021 and 31 August 2021 respectively, which have been reallocated from the category of Directors to all other eligible participants. Pursuant to the terms of the Share Option Scheme, their share options lapsed at the expiration of one month from the date of cessation to be the employees of the Company.

As at the date of this report, 130,532,302 share options were outstanding under the Share Option Scheme, which were fully vested and exercisable.

RELATED PARTY TRANSACTIONS

A summary of related party transactions made during the year was disclosed on Note 34 to the financial statements. These related party transactions were connected transactions. The Company has complied with the disclosure requirements with Chapter 14A of the Listing Rules during the year ended 31 March 2022.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed together with the management of the Company the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, risk management, auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the year ended 31 March 2022.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2022, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" on pages 29 to 46.

CONTINGENT LIABILITIES

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

- (a) The Group has executed performance guarantees to the extent of an aggregate amount of HK\$4,630,000 (2021: HK\$15,440,000) in respect of certain services provided to various customers.
- (b) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2022 and 2021.

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

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitle to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 9 September 2022, the register of members of the Company will be closed from Monday, 5 September 2022 to Friday, 9 September 2022, both dates inclusive, during which period no transfer of Shares will be effected. All transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (and such address will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022), for registration not later than 4:30 p.m. on Friday, 2 September 2022.

AUDITORS

On 11 January 2019, Elite Partners CPA Limited ("Elite Partners") resigned as the auditors of the Company and ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") was appointed as auditors of the Company to fill the casual vacancy caused by resignation of Elite Partners. Save as disclosed above, there was no other changes in the Company's auditors in the past three years.

The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by ZHONGHUI ANDA whose term of office will expire upon conclusion of the 2022 AGM. The Audit Committee has recommended to the Board that ZHONGHUI ANDA be nominated for re-appointment as the auditors of the Company at the 2022 AGM.

ON BEHALF OF THE BOARD

Lo Kou Hong

Chairman

Hong Kong, 24 June 2022

INDEPENDENT AUDITORS' REPORT



23/F, Tower 2,
Enterprise Square Five,
38 Wang Chiu Road,
Kowloon Bay, Hong Kong

TO THE SHAREHOLDERS OF XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 123, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditors' Report

TRADE RECEIVABLES

Refer to Note 21 to the consolidated financial statements.

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of HK\$56,524,000 as at 31 March 2022 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgment and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION

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

Our opinion on the consolidated financial statements does not cover the other information and we will 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Fong Tak Ching

Audit Engagement Director

Practising Certificate Number P06353

Hong Kong, 24 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	7	276,426	248,183
Other income and gains	8	1,365	49,632
Other losses	9	(533)	(1,173)
Staff costs	10	(189,693)	(194,108)
Depreciation and amortisation		(6,012)	(5,403)
Loss on fair value changes at financial assets at fair value through profit or loss		(1,830)	(196)
Other operating expenses		(94,754)	(75,768)
Fair value loss on investment properties	17	(1,065)	(331)
Finance costs	11	(633)	(387)
(LOSS)/PROFIT BEFORE TAX	10	(16,729)	20,449
Income tax (expenses)/credits	14	(425)	83
(LOSS)/PROFIT FOR THE YEAR		(17,154)	20,532
Other comprehensive income, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the year		402	502
Exchange differences reclassified to profit or loss upon disposal of a subsidiary		-	973
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(16,752)	22,007
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(16,651)	20,938
Non-controlling interests		(503)	(406)
		(17,154)	20,532
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(16,283)	22,554
Non-controlling interests		(469)	(547)
		(16,752)	22,007
(LOSS)/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	15	HK\$(0.0093)	HK\$0.0120

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment	16	13,181	12,817
Investment properties	17	2,220	6,390
Financial assets at fair value through profit or loss	18	13,976	7,804
Right-of-use assets	19	9,114	4,160
Deferred tax assets	30	212	610
Total non-current assets		38,703	31,781
Current assets			
Inventories	20	895	149
Trade receivables	21	56,524	40,169
Prepayments, deposits and other receivables	22	18,742	15,015
Amount due from a director	34(b)	-	60
Current tax assets		-	184
Structured deposits	23	-	7,000
Pledged time deposits	24	2,075	2,073
Cash and cash equivalents	24	74,026	93,953
		152,262	158,603
Non-current assets classified as held for sale	25	-	5,200
Total current assets		152,262	163,803
Current liabilities			
Trade payables	26	11,634	9,358
Other payables and accrued liabilities	27	36,234	35,993
Promissory notes payable	28	3,000	3,000
Amount due to a related company	34(b)	1,055	1,055
Lease liabilities	29	3,606	2,521
Loans from directors	34(b)	14,258	6,369
Tax payables		283	-
Total current liabilities		70,070	58,296
Net current assets		82,192	105,507
Total assets less current liabilities		120,895	137,288

Consolidated Statement of Financial Position

As At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current liabilities			
Lease liabilities	29	6,984	1,958
Total non-current liabilities		6,984	1,958
NET ASSETS		113,911	135,330
Equity			
Equity attributable to owners of the Company			
Share capital	31	18,049	18,049
Reserves	33	96,050	117,000
		114,099	135,049
Non-controlling interests		(188)	281
TOTAL EQUITY		113,911	135,330

Approved by the Board on 24 June 2022 and signed on its behalf by:

Lo Kou Hong
Chairman

Tsui Kwok Hing
Co-Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	* Share premium HK\$'000	* Capital redemption reserve HK\$'000	* Merger reserve HK\$'000	* Share option reserve HK\$'000	* Contributed surplus HK\$'000	* Other reserve HK\$'000	* Accumulated losses HK\$'000	* Exchange fluctuation reserve HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2020	16,759	547,397	254	47,063	5,481	26,591	-	(557,103)	7,766	94,208	828	95,036
Profit/(loss) for the year	-	-	-	-	-	-	-	20,938	-	20,938	(406)	20,532
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	1,616	1,616	(141)	1,475
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	20,938	1,616	22,554	(547)	22,007
Issued of ordinary shares	1,290	9,760	-	-	-	-	-	-	-	11,050	-	11,050
Equity-settled share option expense	-	-	-	-	7,237	-	-	-	-	7,237	-	7,237
Lapsed share options	-	-	-	-	(3,248)	-	-	3,248	-	-	-	-
At 31 March 2021 and 1 April 2021	18,049	557,157	254	47,063	9,470	26,591	-	(532,917)	9,382	135,049	281	135,330
Loss for the year	-	-	-	-	-	-	-	(16,651)	-	(16,651)	(503)	(17,154)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	368	368	34	402
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	(16,651)	368	(16,283)	(469)	(16,752)
Returned shares (note 25)	-	-	-	-	-	-	(4,667)	-	-	(4,667)	-	(4,667)
Lapsed share options	-	-	-	-	(2,159)	-	-	2,159	-	-	-	-
At 31 March 2022	18,049	557,157	254	47,063	7,311	26,591	(4,667)	(547,409)	9,750	114,099	(188)	113,911

* The reserve accounts comprise the consolidated reserves of approximately HK\$96,050,000 (2021: HK\$117,000,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(16,729)	20,449
Adjustments for:			
Finance costs	11	633	387
Interest income	8	(233)	(252)
Dividend income	8	(431)	(31)
Depreciation on property, plant and equipment	10	2,782	2,673
Depreciation on right-of-use assets	10	3,230	2,730
Gain on lease termination		(120)	(6)
Equity-settled share option expense		–	7,237
Fair value loss on financial assets at fair value through profit or loss		1,830	196
Fair value loss on investment properties	17	1,065	331
Net gain on disposals of property, plant and equipment	10	(117)	(2)
Written off of property, plant and equipment	10	13	39
Impairment on intangible assets	9	533	200
Loss on disposal of a subsidiary	9	–	973
Operating (loss)/gain before working capital changes		(7,544)	34,924
(Increase)/decrease in inventories		(746)	128
(Increase)/decrease in trade receivables		(16,355)	12,844
Increase in prepayments, deposits and other receivables		(3,647)	(2,080)
Increase/(decrease) in trade payables		2,254	(341)
Increase/(decrease) in other payables and accruals		796	(3,741)
Cash (used in)/generated from operations		(25,242)	41,734
Net income tax refunded		455	321
Net cash flows (used in)/generated from operating activities		(24,787)	42,055
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(16,500)	(8,000)
Redemption of financial assets at fair value through profit or loss		8,498	–
Repayment from/(advance to) a director		60	(60)
Purchase of property, plant and equipment		(2,943)	(2,071)
Proceeds from disposals of property, plant and equipment		292	2
Proceeds from disposal of investment properties		3,267	–
Redemption/(placement) of structured deposits		7,000	(7,000)
Net cash inflow on disposal of a subsidiary		–	5,450
Increase in pledged time deposits		(2)	(7)
Interest received		233	252
Dividend received		431	31
Net cash flows generated from/(used in) investing activities		336	(11,403)

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(2,346)	(2,646)
Advance from directors		7,035	-
Proceeds from issuing promissory notes		-	3,000
Proceeds from placing of new shares		-	11,050
Net cash flows generated from financing activities		4,689	11,404
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of year		93,953	52,294
Effect of exchange rate changes on the balance of cash held in foreign currencies		(165)	(397)
Cash and cash equivalents at end of year	24	74,026	93,953
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		32,858	31,856
Non-pledged time deposits with original maturity of less than three months when acquired		41,168	62,097
Cash and cash equivalents as stated in the consolidated statement of cash flows	24	74,026	93,953

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which also include Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Company Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the consolidated financial statements.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise HKFRSs and HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, as modified by the investment properties and financial assets at fair value through profit or loss, which are carried at their fair values.

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

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, to determine whether it has control. 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.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

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 other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Related parties

- (a) A person or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the entities comprising the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) The entity and the Group are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

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

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

Investment properties

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Buildings 50% - 80%

Machinery 20%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment properties, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under financial assets at amortised cost and fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

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.

Borrowings

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

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

Trade and other payables

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

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

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

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

Income tax

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

Current tax

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

Deferred tax

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax (continued)

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

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

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.

Inventories

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

Government grants

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

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal group classified as held for sale are measured at the lower of the assets' or disposal group's previous carrying amount and fair value less costs to sell.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

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

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' right to receive payment has been established.

Share-based payments transactions

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

Employee benefits

Employee leave entitlements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension obligations

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

Termination benefits

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

Borrowing costs

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

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

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

Foreign currencies

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

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

Dividends

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

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

Events after the reporting period

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Critical judgements 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).

Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have rebutted the presumption that investment properties measured using the fair value model are recovered through sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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) Impairment of trade and other receivables

The Group makes impairment for trade and other receivables based on assessments of the recoverability of the receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(b) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(c) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

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

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

(e) Income taxes

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. OPERATING SEGMENT INFORMATION

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

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

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

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

There are no inter-segment sales and transfers between the segments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. OPERATING SEGMENT INFORMATION (continued)

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

	For the year ended 31 March 2022			
	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Waste treatment HK\$'000	Total HK\$'000
Segment revenue:				
Service income from external customers	276,426	–	–	276,426
Other income and gains	196	349	119	664
Total	276,622	349	119	277,090
Segment results	1,729	(4,794)	(1,688)	(4,753)
Reconciliation:				
Unallocated other incomes				468
Interest income				233
Unallocated expenses				(12,044)
Finance costs				(633)
Loss before tax				(16,729)
Income tax expenses				(425)
Loss for the year				(17,154)
The following is an analysis of the Group's assets and liabilities by reportable segments:				
Segment assets:	164,401	18,375	8,189	190,965
Total assets				190,965
Segment liabilities:	43,131	12,263	7,402	62,796
Reconciliation:				
Loans from directors				14,258
Total liabilities				77,054
Other segment information:				
Capital expenditure (Note)	2,935	8	–	2,943
Depreciation and amortisation	3,905	944	1,163	6,012

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 March 2021			Total HK\$'000
	Cleaning and related services HK\$'000	Advertising media business HK\$'000	Waste treatment HK\$'000	
Segment revenue:				
Service income from external customers	248,166	–	17	248,183
Other income and gains	148	212	228	588
Total	248,314	212	245	248,771
Segment results	2,466	(6,796)	(1,380)	(5,710)
Reconciliation:				
Unallocated other incomes				48,792
Interest income				252
Equity-settled share option expenses				(7,237)
Unallocated expenses				(15,261)
Finance costs				(387)
Profit before tax				20,449
Income tax credits				83
Profit for the year				20,532
The following is an analysis of the Group's assets and liabilities by reportable segments:				
Segment assets:	160,154	26,690	8,740	195,584
Total assets				195,584
Segment liabilities:	35,257	11,827	6,801	53,885
Reconciliation:				
Loans from a director				6,369
Total liabilities				60,254
Other segment information:				
Capital expenditure (Note)	1,264	582	225	2,071
Depreciation and amortisation	3,213	1,098	1,092	5,403

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

6. OPERATING SEGMENT INFORMATION (continued)

Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	276,426	248,166	27,196	14,531
The People's Republic of China (the "PRC")	-	17	11,480	17,223
Macau	-	-	27	27
	276,426	248,183	38,703	31,781

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

Information about major customers

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

	2022	2021
	HK\$'000	HK\$'000
Customer A	85,258	70,882
Customer B	31,153	29,824
Customer C	28,679	N/A
Customer D	N/A	25,055

7. REVENUE

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

	2022	2021
	HK\$'000	HK\$'000
Cleaning and related service fee income	276,426	248,166
Waste treatment income	-	17
	276,426	248,183

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

7. REVENUE (continued)

Disaggregation of revenue from contracts with customers:

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

Segments	Cleaning and related services HK\$'000	Waste treatment HK\$'000	2021 Total HK\$'000
Geographical markets			
Hong Kong	248,166	-	248,166
The PRC	-	17	17
Total	248,166	17	248,183
Timing of revenue recognition			
Over time	248,166	17	248,183
Total	248,166	17	248,183

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

8. OTHER INCOME AND GAINS

	2022 HK\$'000	2021 HK\$'000
Interest income	233	252
Management fee received	60	60
Government subsidies (Note 1)	37	48,761
Dividend income on financial assets at FVTPL	431	31
Sundry income	604	528
	1,365	49,632

Note:

1. This represented subsidies received by the Group from the Macau Government under the cash support plan for workers, self-employed professionals and operators of commercial establishments for the year 2021 (2021: Hong Kong Government under the Employment Support Scheme and the One-off Subsidy for Transport Trade under the Anti-epidemic Fund.)

9. OTHER LOSSES

	Note	2022 HK\$'000	2021 HK\$'000
Impairment on intangible assets	25	533	200
Loss on disposal of a subsidiary		-	973
		533	1,173

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

10. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is stated after charging/(crediting):

	Note	2022 HK\$'000	2021 HK\$'000
Employee benefit expenses (including directors' remuneration):			
Wages, salaries and other benefits		180,880	176,968
Retirement benefit scheme contributions		6,887	7,284
Equity-settled share option expenses		–	7,237
(Reversal of)/provision for long service payments		(251)	601
Provision for untaken paid leave		2,177	2,018
Total employee benefit expenses		189,693	194,108
Cost of services rendered*		252,968	224,535
Auditors' remuneration			
– Audit service		710	710
– Non-audit service		52	37
Depreciation on property, plant and equipment		2,782	2,673
Depreciation on right-of-use assets		3,230	2,730
Net gain on disposals of property, plant and equipment		(117)	(2)
Write-off of property, plant and equipment		13	39
Loss on fair value changes at financial assets at fair value through profit or loss		1,830	196
Fair value loss on investment properties	17	1,065	331

* The cost of services rendered includes employee benefit expenses of approximately HK\$170,030,000 (2021: HK\$165,991,000) incurred in the provision of services which has been included in the employee benefit expenses above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

11. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Leases interest	393	203
Interest on promissory notes	240	184
	633	387

12. DIRECTORS' REMUNERATION

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

Name of Directors	For the year ended 31 March 2022				
	Fees HK\$'000	Salaries, allowances and benefits in-kind HK\$'000	Equity-settled share option expenses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors					
Mr. Lo Kou Hong (<i>Chairman</i>)	-	1,745	-	161	1,906
Mr. Tsui Kwok Hing (<i>Co-Chairman</i>) (appointed on 12 February 2020, resigned on 31 May 2020 as the CEO, and appointed as the co-chairman on 1 November 2021)	240	250	-	-	490
Ms. Fu Jun (appointed on 7 April 2020)	-	323	-	-	323
Mr. Leung Cheung Hang (appointed on 21 April 2020)	240	-	-	-	240
	480	2,318	-	161	2,959
Non-executive directors					
Ms. Wang Guan (appointed on 20 October 2021)	-	-	-	-	-
Mr. Wang Chungping (appointed on 1 November 2021)	-	-	-	-	-
	-	-	-	-	-
Independent non-executive directors					
Mr. Wang Qi	240	-	-	-	240
Mr. Tsang Chi Hon (resigned on 15 July 2021)	140	-	-	-	140
Mr. Wong Hon Kit (resigned on 31 August 2021)	100	-	-	-	100
Mr. Leung Nga Tat (appointed on 1 November 2021)	75	-	-	-	75
Mr. Yau Pak Yue (appointed on 15 July 2021)	128	-	-	-	128
	683	-	-	-	683
Total	1,163	2,318	-	161	3,642

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

12. DIRECTORS' REMUNERATION (continued)

Name of Directors	For the year ended 31 March 2021				
	Fees HK\$'000	Salaries, allowances and benefits in-kind HK\$'000	Equity-settled share option expenses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total remuneration HK\$'000
Executive directors					
Mr. Lo Kou Hong (<i>Chairman</i>)	-	1,731	774	160	2,665
Mr. Tsui Kwok Hing (<i>Co-Chairman</i>) (appointed on 12 February 2020, resigned on 31 May 2020 as the CEO, and appointed as the co-chairman on 1 November 2021)	240	-	774	-	1,014
Mr. Chan Chun Wo (appointed on 12 February 2018 and removed on 27 April 2020)	20	135	-	-	155
Ms. Fu Jun (appointed on 7 April 2020)	235	304	387	-	926
Mr. Leung Cheung Hang (appointed on 21 April 2020)	226	-	387	-	613
	721	2,170	2,322	160	5,373
Independent non-executive directors					
Mr. Wang Qi	240	-	-	-	240
Mr. Tsang Chi Hon (resigned on 15 July 2021)	480	-	-	-	480
Mr. Wong Hon Kit (resigned on 31 August 2021)	240	-	-	-	240
	960	-	-	-	960
Total	1,681	2,170	2,322	160	6,333

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office during the year (2021: Nil). No directors waived or agreed to waive any remuneration during the year (2021: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 1 director (2021: 1 director) respectively, details of whose remuneration are set out in Note 12 above. Details of the remuneration of the remaining 4 (2021: 4) non-Directors highest paid employee for the year are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and allowances	6,759	6,703
Retirement benefit scheme contributions	398	395
Equity-settled share option expenses	-	546
	7,157	7,644

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

	Number of individuals	
	2022	2021
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	-	1
HK\$2,000,001 to HK\$2,500,000	2	2
	4	4

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office during the year (2021: Nil). No five highest paid individuals waived or agreed to waive any remuneration during the year (2021: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

14. INCOME TAX EXPENSES/(CREDITS)

	2022 HK\$'000	2021 HK\$'000
Current tax charge for the year		
Hong Kong	9	-
The PRC	3	-
	12	-
Deferred tax (note 30)	413	(83)
Income tax expenses/(credits)	425	(83)

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

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

Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profit for the year. No provision for Macau Complementary Tax is required as the Company's subsidiary in Macau incurred tax losses for the year.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has to be provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), one subsidiary is subject to the tax rate of 15% for being encourage industries at specified area. Other subsidiaries located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (2021: 25%) on their assessable profits.

	Macau		Hong Kong		PRC		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Profit/(loss) before tax	31	(23)	(11,725)	27,237	(5,035)	(6,765)	(16,729)	20,449
Tax at the applicable tax rate	3	(3)	(1,935)	4,494	(1,259)	(1,692)	(3,191)	2,799
Income not subject to tax	-	-	(853)	(8,506)	-	(1,425)	(853)	(9,931)
Expenses not deductible for tax	(4)	-	810	1,415	1,224	2,688	2,030	4,103
Tax losses not recognised	1	3	1,987	2,597	451	346	2,439	2,946
Income tax expenses/(credits)	-	-	9	-	416	(83)	425	(83)

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14. INCOME TAX EXPENSES/(CREDITS) (continued)

The Group has tax losses arising in Hong Kong of approximately HK\$143,116,000 (2021: HK\$138,232,000) which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in PRC of approximately HK\$2,806,000 (2021: HK\$3,096,000), that are available for five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

15. (LOSS)/EARNING PER SHARE

Basic and diluted (loss)/earning per share

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to owners of the Company of approximately HK\$16,651,000 (2021: basic and diluted earning per share amounts is based on the profit for the year attributable to owners of the Company of approximately HK\$20,938,000), and the weighted average number of ordinary shares of 1,788,248,792 (2021: 1,750,795,823) in issue during the year.

The diluted (loss)/earning per share is the same as the basic (loss)/earning per share for the year ended 31 March 2022 and 2021 because the Company's share options outstanding during these years were anti-dilutive.

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For the year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvement HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Tools and machinery HK\$'000	Total HK\$'000
Cost						
At 1 April 2020	47,267	1,271	4,960	4,686	12,391	70,575
Additions	225	606	326	553	361	2,071
Disposals	-	-	-	-	(33)	(33)
Written-off	-	(117)	(35)	-	(380)	(532)
Exchange realignment	4,346	-	16	123	323	4,808
At 31 March 2021 and 1 April 2022	51,838	1,760	5,267	5,362	12,662	76,889
Additions	-	1,608	591	-	744	2,943
Disposals	-	-	(1)	(699)	(2)	(702)
Written-off	-	(1,155)	(289)	(1,521)	-	(2,965)
Exchange realignment	2,178	-	8	74	161	2,421
At 31 March 2022	54,016	2,213	5,576	3,216	13,565	78,586
Accumulated depreciation and impairment						
At 1 April 2020	37,954	1,256	4,175	3,125	11,494	58,004
Charge for the year	1,086	136	338	594	519	2,673
Written back on disposals	-	-	-	-	(33)	(33)
Written-off	-	(117)	(31)	-	(345)	(493)
Exchange realignment	3,530	-	14	55	322	3,921
At 31 March 2021 and 1 April 2022	42,570	1,275	4,496	3,774	11,957	64,072
Charge for the year	1,160	347	281	470	524	2,782
Written back on disposals	-	-	(1)	(524)	(2)	(527)
Written-off	-	(1,150)	(281)	(1,521)	-	(2,952)
Exchange realignment	1,818	-	8	43	161	2,030
At 31 March 2022	45,548	472	4,503	2,242	12,640	65,405
Carrying amount						
At 31 March 2022	8,468	1,741	1,073	974	925	13,181
At 31 March 2021	9,268	485	771	1,588	705	12,817

At 31 March 2022 and 2021, the Group was in the process of obtaining the building ownership certificates of the Group's buildings. Notwithstanding this, the Directors are of the opinion that the Group has obtained the legal rights to use these assets as at 31 March 2022 and 2021.

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For the year ended 31 March 2022

17. INVESTMENT PROPERTIES

	2022 HK\$'000	2021 HK\$'000
At the beginning of the year	6,390	6,169
Disposal of investment properties	(3,267)	–
Fair value loss on investment properties	(1,065)	(331)
Exchange realignment	162	552
At the end of the year	2,220	6,390

The estimated fair value of investment properties as at 31 March 2022 was approximately HK\$2,220,000 (2021: HK\$6,390,000), which has been arrived at on the basis of a valuation carried out by Greater China Appraisal Limited, an independent professional valuer.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 HK\$'000
Assets management funds	13,976	7,804

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For the year ended 31 March 2022

19. LEASES AND RIGHT-OF-USE ASSETS

	2022 HK\$'000	2021 HK\$'000
Disclosures of lease-related items:		
At 31 December		
Right-of-use assets		
– Buildings	9,114	3,754
– Machinery	–	406
	9,114	4,160
Lease commitments of short-term leases	161	41
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Within 1 year	3,606	2,521
– Between 2 and 5 years	6,984	1,958
	10,590	4,479
Depreciation charge of right-of-use assets		
– Buildings	3,230	2,688
– Machinery	–	42
	3,230	2,730
Lease interests	393	203
Expenses related to short-term leases	919	717
Total cash outflow for leases	3,265	3,363
Additions to right-of-use assets	8,915	4,682

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

20. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
Finished goods	895	149

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21. TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	56,707	40,344
Less: Impairment loss recognised on trade receivables	(183)	(175)
	56,524	40,169

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

Reconciliation of impairment loss for trade receivables:

	2022 HK\$'000	2021 HK\$'000
Balance at the beginning of the year	175	160
Exchange realignment	8	15
Balance at the end of the year	183	175

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

	2022 HK\$'000	2021 HK\$'000
Within 30 days	21,701	19,735
31 to 60 days	17,382	15,706
61 to 90 days	11,078	4,671
91 to 120 days	5,045	–
Over 120 days	1,318	57
	56,524	40,169

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For the year ended 31 March 2022

21. TRADE RECEIVABLES (continued)

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

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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

	Current	Within 30 days past due	31-60 days past due	61-120 days past due	121 days - 1 year past due	Over 1 year past due	Total
At 31 March 2022							
Weighted average expected loss rate	0%	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	50,160	5,046	712	602	4	183	56,707
Loss allowance (HK\$'000)	-	-	-	-	-	183	183
At 31 March 2021							
Weighted average expected loss rate	0%	0%	0%	0%	93.58%	0%	
Receivable amount (HK\$'000)	40,112	2	-	43	187	-	40,344
Loss allowance (HK\$'000)	-	-	-	-	175	-	175

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2022 HK\$'000	2021 HK\$'000
Prepayments		3,511	2,371
Deposits		3,774	3,063
Other receivables		24,036	22,093
Amount due from a related company	34(b)	6,802	6,869
Less: Impairment recognised on other receivables and deposits		(19,381)	(19,381)
		18,742	15,015

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

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22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

During the years ended 31 March 2021 and 31 March 2022, no further actions have been taken by the Company. The Company will however, closely monitor the development of the matter and will take appropriate action when necessary.

23. STRUCTURED DEPOSITS

As at 31 March 2021, the Group has principal-protected floating income structured deposits of HK\$7,000,000 issued by banks which carried interest ranging from 0.51% to 0.65% per annum. As the Directors evaluate the performance of the structured deposits on a fair value basis, the Group designated the structured deposits as financial asset at fair value through profit or loss on initial recognition. The fair value of the structured deposits was determined by reference to recent market transaction. It's fully redeemed during the year ended 31 March 2022.

24. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2022 HK\$'000	2021 HK\$'000
Cash and bank balances	32,858	31,856
Time deposits	43,243	64,170
	76,101	96,026
Less: Pledged short-term time deposits for banking facilities	(2,075)	(2,073)
Cash and cash equivalents	74,026	93,953

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$302,000 (2021: HK\$238,000). RMB is not freely convertible into other currencies; however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK\$2,075,000 (2021: HK\$2,073,000), and a property owned by a related company which is controlled by a director of the Company.

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25. NON-CURRENT ASSETS HELD FOR SALE

The classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	Note	2022 HK\$'000	2021 HK\$'000
<i>Disposal of a subsidiary related to Drama scripts</i>			
Intangible assets			
– Drama Scripts		–	5,200
Net assets of disposal of a subsidiary	(a)	–	5,200

Note:

- (a) In 2020, the directors resolved to dispose of the 100% equity interest in a subsidiary which holding the Drama Scripts. On 19 June 2020, the Company and the original vendor (the "Vendor") entered into a settlement agreement ("Settlement Agreement"), pursuant to which, the Company disposes of 100% equity interest in the above mentioned subsidiary to the Vendor, and the shares previously issued to the Vendor for acquisition will be disposed of in public market and the proceeds will be paid to the Company accordingly. During the year, the Drama Scripts has been returned to the Vendor, while the Company is still seeking suitable buyer to acquire these shares in whole and all shares are under security account of the Company.

The proceeds from disposal are expected to be less than the carrying amounts of the relevant intangible assets. Accordingly, impairment losses of HK\$533,000 has been recognised for the year ended 31 March 2022 (as at 31 March 2021: impairment loss of HK\$200,000) on intangible assets.

26. TRADE PAYABLES

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

	2022 HK\$'000	2021 HK\$'000
Within 30 days	6,098	4,594
31 to 60 days	4,986	4,236
Over 90 days	550	528
	11,634	9,358

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

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27. OTHER PAYABLES AND ACCRUALS

	2022 HK\$'000	2021 HK\$'000
Other payables	10,891	9,872
Accrued liabilities	25,343	26,121
	36,234	35,993

28. PROMISSORY NOTES PAYABLE

During the year ended 31 March 2021, the Company issued three promissory notes in the aggregate principal sum of HK\$3,000,000 and bearing interest at 8% per annum. As at the year ended 31 March 2022, the promissory notes are repayable on 31 January 2023 (as at 31 March 2021: repayable on 3 June 2021, 29 June 2021 and 8 July 2021, respectively).

29. LEASE LIABILITIES

	Lease payments 2022 HK\$'000	Present value of lease payments 2022 HK\$'000	Lease payments 2021 HK\$'000	Present value of lease payments 2021 HK\$'000
Within one year	4,059	3,606	2,683	2,521
In the second year	7,437	6,984	2,033	1,958
	11,496	10,590	4,716	4,479
Less: Future finance charges	(906)		(237)	
Present value of lease obligations	10,590	10,590	4,479	4,479
Less: Amount due for settlement within 12 months (shown under current liabilities)		(3,606)		(2,521)
Amount due for settlement after 12 months		6,984		1,958

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

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30. DEFERRED TAX ASSETS

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

	Fair value change of revaluation of investment properties HK\$'000	Total HK\$'000
At 1 April 2020	(480)	(480)
Deferred tax credited to profit or loss during the year (note 14)	(83)	(83)
Exchange realignment	(47)	(47)
At 31 March 2021 and 1 April 2021	(610)	(610)
Deferred tax charged to profit or loss during the year (note 14)	413	413
Exchange realignment	(15)	(15)
At 31 March 2022	(212)	(212)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK\$Nil (2021: approximately HK\$Nil). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31. SHARE CAPITAL

	2022 HK\$'000	2021 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.01 each	20,000	20,000
Issued and fully paid:		
1,804,869,796 (as at 31 March 2021: 1,804,869,796) ordinary shares of HK\$0.01 each	18,049	18,049

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31. SHARE CAPITAL (continued)

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

	Number of shares in issue	Issued capital HK\$'000
At 1 April 2020	1,675,869,796	14,463
Issue of shares (Note)	129,000,000	1,290
At 31 March 2021, 1 April 2021 and 31 March 2022	1,804,869,796	15,753

Note:

On 17 August 2020 (after trading hours), the Company entered into the Placing Agreement with the ASA Securities Limited ("Placing Agent") pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 324,130,204 new Shares at the Placing Price of HK\$0.0882 per Placing Share, in order to raise additional capital for the Group to invest and develop advertisement media business and to broaden its shareholders' base. The placement was completed on 1 September 2020 and a total of 129,000,000 Placing Shares have been successfully placed. The premium on the issue of shares, amounting to approximately HK\$9,760,000 (net of direct cost of HK\$329,000), was credited to the Company's share premium account.

32. SHARE OPTION SCHEME

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

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

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

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32. SHARE OPTION SCHEME (continued)

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

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

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

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

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

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32. SHARE OPTION SCHEME (continued)

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

	Number of share options outstanding as at 31 March 2022	Date of grant	Vesting period	Exercise period	price per share HK\$
Share options granted to directors - 2018	-	6-Jul-18	N/A	6/7/2018 to 5/7/2028	0.278
Share options granted to all other eligible participant - 2018	1,446,000	6-Jul-18	N/A	30/11/2019 to 29/11/2024	0.278
Share options granted to employees - 2018	8,686,302	6-Jul-18	1 year from the date of grant	6/7/2019 to 5/7/2028	0.278
Share options granted to all other eligible participant - 2018	2,000,000	6-Jul-18	1 year from the date of grant	6/7/2019 to 5/7/2028	0.278
Share options granted to directors - 2020	49,600,000	23-Jul-20	N/A	23/7/2020 to 22/7/2030	0.094
Share options granted to employees - 2020	39,800,000	23-Jul-20	N/A	23/7/2020 to 22/7/2030	0.094
Share options granted to all other eligible participant - 2020	29,000,000	23-Jul-20	N/A	23/7/2020 to 22/7/2030	0.094
	130,532,302				

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

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

	2022		2021	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	174,076,302	0.154	33,181,302	0.278
Granted during the year	-		160,800,000	0.094
Lapsed during the year	(43,544,000)	0.050	(19,905,000)	0.278
Outstanding at the end of the year	130,532,302	0.112	174,076,302	0.154
Exercisable at the end of the year	130,532,302		174,076,302	

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32. SHARE OPTION SCHEME (continued)

Detail movements of the share options granted to directors and employees during the year ended 31 March 2022 are listed below in accordance with chapter 17 of the Listing Rules:

Name or category of participant	As at 1 April 2020	Granted during the year	Lapsed during the year	Reallocation	As at 31 March 2021	Lapsed during the year	Reallocation	As at 31 March 2022	Date of grant of share option	Exercise period of share option	Exercise price of share options HK\$ per share
Directors											
Mr. Chan Chun Wo (removed on 27 April 2020)	14,462,000	-	(14,462,000)	-	-	-	-	-	6/7/2018 to 6/7/2018	6/7/2018 to 5/7/2028	0.278
Ms. Chen Ming (resigned on 31 October 2019, grace period from 30 November 2019 to 29 November 2024)	1,446,000	-	-	(1,446,000)	-	-	-	-	6/7/2018 to 6/7/2018	6/7/2018 to 5/7/2028	0.278
Mr. Lo Kou Hong	-	16,000,000	-	-	16,000,000	-	-	16,000,000	23/7/2020	22/7/2030 to 23/7/2020 to	0.094
Mr. Wang Qi	-	1,600,000	-	-	1,600,000	-	-	1,600,000	23/7/2020	22/7/2030 to 23/7/2020 to	0.094
Mr. Wong Hon Kit (resigned on 31 August 2021)	-	1,600,000	-	-	1,600,000	(1,600,000)	-	-	23/7/2020	22/7/2030 to 23/7/2020 to	0.094
Mr. Tsang Chi Hon (resigned on 15 July 2021)	-	1,600,000	-	-	1,600,000	(1,600,000)	-	-	23/7/2020	22/7/2030 to 23/7/2020 to	0.094
Mr. Tsui Kowk Hing	-	16,000,000	-	-	16,000,000	-	-	16,000,000	23/7/2020	22/7/2030 to 23/7/2020 to	0.094
Mr. Fu Jun	-	8,000,000	-	-	8,000,000	-	-	8,000,000	23/7/2020	22/7/2030 to 23/7/2020 to	0.094
Mr. Leung Cheung Hang	-	8,000,000	-	-	8,000,000	-	-	8,000,000	23/7/2020	22/7/2030	0.094
Sub-total	15,908,000	52,800,000	(14,462,000)	(1,446,000)	52,800,000	(3,200,000)	-	49,600,000			

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

32. SHARE OPTION SCHEME (continued)

Name or category of participant	As at 1 April 2020	Granted during the year	Lapsed during the year	Reallocation	As at 31 March 2021	Lapsed during the year	Reallocation	As at 31 March 2022	Date of grant of share option	Exercise period of share option	Exercise price of share options HK\$ per share
Continuous Contracts Employees	17,273,302	-	(4,343,000)	(1,000,000)	11,930,302	(2,244,000)	(1,000,000)	8,686,302	6/7/2018	6/7/2019 to 5/7/2028	0.278
Continuous Contracts Employees	-	86,250,000	(1,100,000)	(7,250,000)	77,900,000	(16,350,000)	(21,750,000)	39,800,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Sub-total	17,273,302	86,250,000	(5,443,000)	(8,250,000)	89,830,302	(18,594,000)	(22,750,000)	48,486,302			
All other eligible participant	-	-	-	2,446,000	2,446,000	-	1,000,000	3,446,000	6/7/2018	6/7/2018 to 5/7/2028	0.278
All other eligible participant	-	21,750,000	-	7,250,000	29,000,000	(21,750,000)	21,750,000	29,000,000	23/7/2020	23/7/2020 to 22/7/2030	0.094
Sub-total	-	21,750,000	-	9,696,000	31,446,000	(21,750,000)	22,750,000	32,446,000			
Total	33,181,302	160,800,000	(19,905,000)	-	174,076,302	(43,544,000)	-	130,532,302			

No share options (2021: nil) were exercised and 43,544,000 share options (2021: 19,905,000 share options) were lapsed during the year ended 31 March 2022. The options outstanding at the end of the year have a weighted average remaining contractual life of 8.1 years (2021: 9.1 years) and the exercise price range from HK\$0.094 to HK\$0.278 per share (2021: HK\$0.094 to HK\$0.278 per share).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

32. SHARE OPTION SCHEME (continued)

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

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

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

33. RESERVES

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

The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

The Group's merger reserve arose from the business combination under common control in respect of the acquisition of Peixin Group Limited in the year ended 31 March 2009.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

34. RELATED PARTY TRANSACTIONS

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

	2022 HK\$'000	2021 HK\$'000
Management fee income from a related company (Note)	60	60
Sales to a related company	-	17

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

- (b) Outstanding balance with related parties:

	2022 HK\$'000	2021 HK\$'000
Amount due from a related company		
Honest Grand International Limited	6,802	6,869
Amount due to a related company		
Sky Merit International Ltd	1,055	1,055
Loans from directors		
Within one year	14,258	6,369
Amount due from a director	-	60

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

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

	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	2,798	2,891
Post-employment benefits	161	160
Equity-settled share option expenses	-	2,322
Total compensation paid to key management personnel	2,959	5,373

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investments in subsidiaries		19,971	20,504
		19,971	20,504
Current assets			
Amounts due from subsidiaries		72,480	75,804
Prepayments, deposits and other receivables		9,291	9,282
Cash and cash equivalents		131	133
		81,902	85,219
Current liabilities			
Other payables and accrued liabilities		2,790	1,829
		2,790	1,829
Net current assets		79,112	83,390
Total assets less current liabilities		99,083	103,894
NET ASSETS		99,083	103,894
Capital and reserves			
Share capital	31	18,049	18,049
Reserves	36	81,034	85,845
TOTAL EQUITY		99,083	103,894

Approved by the Board on 24 June 2022 and signed on its behalf by:

Lo Kou Hong
Chairman

Tsui Kwok Hing
Co-Chairman

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

36. RESERVES OF THE COMPANY

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

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020	547,397	254	5,481	59,511	(535,194)	77,449
Loss for the year	-	-	-	-	(8,601)	(8,601)
Total comprehensive loss for the year	-	-	-	-	(8,601)	(8,601)
Issue of ordinary shares	9,760	-	-	-	-	9,760
Equity-settled share option expenses	-	-	7,237	-	-	7,237
Lapsed of share options	-	-	(3,248)	-	3,248	-
At 31 March 2021 and 1 April 2021	557,157	254	9,470	59,511	(540,547)	85,845
Loss for the year	-	-	-	-	(4,811)	(4,811)
Total comprehensive loss for the year	-	-	-	-	(4,811)	(4,811)
Lapsed of share options	-	-	(2,159)	-	2,159	-
At 31 March 2022	557,157	254	7,311	59,511	(543,199)	81,034

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

37. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2022 are as follows:

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

37. PARTICULARS OF THE SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Nominal value of issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company	Principal activities
Easy Advance International Trading Limited	Hong Kong	HK\$1	100%	Investment holding
Million Potential Limited	British Virgin Islands	US\$10	100%	Investment holding
Asia Surplus Limited	British Virgin Islands	US\$10	100%	Investment holding
Asia Surplus (Hong Kong) Limited	Hong Kong	HK\$3,000,000 Ordinary	100%	Investment holding
DaWen Corporation Limited	Hong Kong	HK\$35,000,000 Ordinary	100%	Investing in TV dramas and film
Elite Gain International Limited	British Virgin Islands	US\$1 Ordinary	100%	Investment holding
Heng Qin Hetong # (橫琴和同文化傳播有限公司)	PRC	US\$3,000,000	100%	Provision of advertising media business
Fujian Yu Sheng Da Supply Chain Management Company Limited # (福建省昱盛達供應鏈管理有限公司)	PRC	RMB10,000,000	100%	Provision of supply chain business

The English names are for identification only

* Registered as wholly foreign-owned enterprises under PRC law

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

Significant restrictions

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2022 HK\$'000	2021 HK\$'000
Financial assets:		
Financial assets at at fair value through profit or loss	13,976	14,804
<i>Financial assets at amortised cost (including cash and cash equivalents):</i>		
Trade receivables	56,524	40,169
Financial assets included in prepayments, deposits and other receivables	14,685	12,128
Pledged time deposits	2,075	2,073
Amount due from a director	–	60
Cash and cash equivalents	74,026	93,953
Financial liabilities:		
<i>Financial liabilities at amortised cost:</i>		
Trade payables	11,634	9,358
Financial liabilities included in other payables and accrued liabilities	26,753	26,727
Lease liabilities	10,590	4,479
Loans from directors	14,258	6,369
Promissory notes payable	3,000	3,000
Amount due to a related company	1,055	1,055

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

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

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

Foreign currency risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following information is used:

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

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered included the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies 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.

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

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 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Write-off policy

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

The Group's credit risk is primarily attributable to its trade and other receivables and deposits with financial institutions.

Trade receivables

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. At the end of the reporting period, the Group has certain concentrations of credit risk as 18% (2021: 18%) and 58% (2021: 64%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, within the cleaning and related services and advertising media business segment. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 21.

Deposits with financial institutions

The Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. At 31 March 2022 and 2021, the Group has low concentration of credit risk as the deposits are placed in various financial institutions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payment, is as follows:

	Within one year or on demand HK\$'000	Two to five years HK\$'000	Total HK\$'000
2022			
Trade payables	11,634	–	11,634
Financial liabilities included in other payables and accrued liabilities	26,753	–	26,753
Amount due to a related company	1,055	–	1,055
Promissory notes payable	3,000	–	3,000
Loans from directors	14,258	–	14,258
Lease liabilities	4,059	7,437	11,496
	60,759	7,437	68,196
2021			
Trade payables	9,358	–	9,358
Financial liabilities included in other payables and accrued liabilities	26,727	–	26,727
Amount due to a related company	1,055	–	1,055
Promissory notes payable	3,000	–	3,000
Loans from a director	6,369	–	6,369
Lease liabilities	2,683	2,033	4,716
	49,192	2,033	51,225

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value

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.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

The Group monitors capital using a current ratio, which is current assets divided by the current liabilities. The Group's policy is to maintain net positive current assets and a current ratio greater than one as shown as follows:

	2022 HK\$'000	2021 HK\$'000
Current assets	152,262	163,803
Current liabilities	(70,070)	(58,296)
Net current assets	82,192	105,507
Current ratio	2.2	2.8

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

40. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

Disclosures of level in fair value hierarchy at 31 March 2021:

Description	Fair value measurement using:			Total 2021 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss	-	7,804	-	7,804
Structured deposits	-	7,000	-	7,000
Investment properties				
Commercial – PRC	-	-	6,390	6,390
	-	14,804	6,390	21,194

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

40. FAIR VALUE MEASUREMENTS (continued)

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

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

	Investment properties 2021 HK\$'000	Total 2021 HK\$'000
At 1 April 2020	6,169	6,169
Fair value loss on investment properties [#]	(331)	(331)
Exchange realignment	552	552
At 31 March 2021	6,390	6,390
[#] Include losses for assets held at end of reporting period	(331)	(331)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

40. FAIR VALUE MEASUREMENTS (continued)

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

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

Level 2 fair value measurements

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

Description	Valuation technique	Inputs	Fair value 2021 HK\$'000
Financial assets at fair value through profit or loss	Market approach	Quoted prices	7,804
Structured deposits	Income approach	Expected rate of return	7,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

40. FAIR VALUE MEASUREMENTS (continued)

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value 2022 HK\$'000
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Investment properties

House Nos. 110 of House Zone 2, No. 1 Tuanshan Road, Sun Hang Kai, Emerald City Project, Jiangyang District, Luzhou City, Sichuan Province, the PRC	Direct Comparison	Comparable Evidence RMB4,500 per square metre	Increase	2,220
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Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value 2021 HK\$'000
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Investment properties

House Nos. 103, 105 and 110 of House Zone 2, No. 1 Tuanshan Road, Sun Hang Kai, Emerald City Project, Jiangyang District, Luzhou City, Sichuan Province, the PRC	Direct Comparison	Comparable Evidence RMB4,500 per square metre	Increase	6,169
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Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

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

	Loans from directors HK\$'000	Promissory notes payable HK\$'000	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000
At 1 April 2020	5,834	–	2,478	8,312
Changes in cash flows	–	3,000	(2,646)	354
Non-cash changes				
– new leases entered during the year	–	–	4,523	4,523
– remeasurement upon early termination of leases	–	–	(79)	(79)
– interest charged	–	–	203	203
– exchange realignment	535	–	–	535
At 31 March 2021 and 1 April 2021	6,369	3,000	4,479	13,848
Changes in cash flows	7,035	–	(2,346)	4,689
Non-cash changes				
– new leases entered during the year	–	–	8,915	8,915
– remeasurement upon early termination of leases	–	–	(851)	(851)
– transfer	583	–	–	583
– interest charged	–	–	393	393
– exchange difference	271	–	–	271
At 31 March 2022	14,258	3,000	10,590	27,848

42. CONTINGENT LIABILITIES

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

- The Group has executed performance guarantees to the extent of an aggregate amount of HK\$4,630,000 (2021: HK\$15,440,000) in respect of certain services provided to various customers by the Group.
- During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2022 and 2021.

Notes to the Consolidated Financial Statements

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43. EVENT SUBSEQUENT TO THE REPORTING PERIOD

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

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

The gross proceeds from Placing amounted to HK\$7,950,600 and the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK\$7,732,000. The Company intends to use such net proceeds for the general working capital and future business opportunities and investment.

44. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2022.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

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

	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
CONTINUING OPERATIONS					
REVENUE	276,426	248,183	348,648	404,279	349,240
(LOSS)/PROFIT BEFORE TAX	(16,729)	20,449	(47,561)	(7,172)	(36,539)
INCOME TAX (EXPENSES)/CREDITS	(425)	83	1,387	(9,054)	(2,391)
(LOSS)/PROFIT FOR THE YEAR	(17,154)	20,532	(46,174)	(16,226)	(38,930)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(16,651)	20,938	(47,199)	(15,582)	(39,964)
NON-CONTROLLING INTERESTS	(503)	(406)	1,025	(644)	1,034
	(17,154)	20,532	(46,174)	(16,226)	(38,930)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	190,965	195,584	164,080	243,072	161,746
TOTAL LIABILITIES	(77,054)	(60,254)	(69,044)	(95,837)	(63,980)
TOTAL EQUITY	113,911	135,330	95,036	147,235	97,766