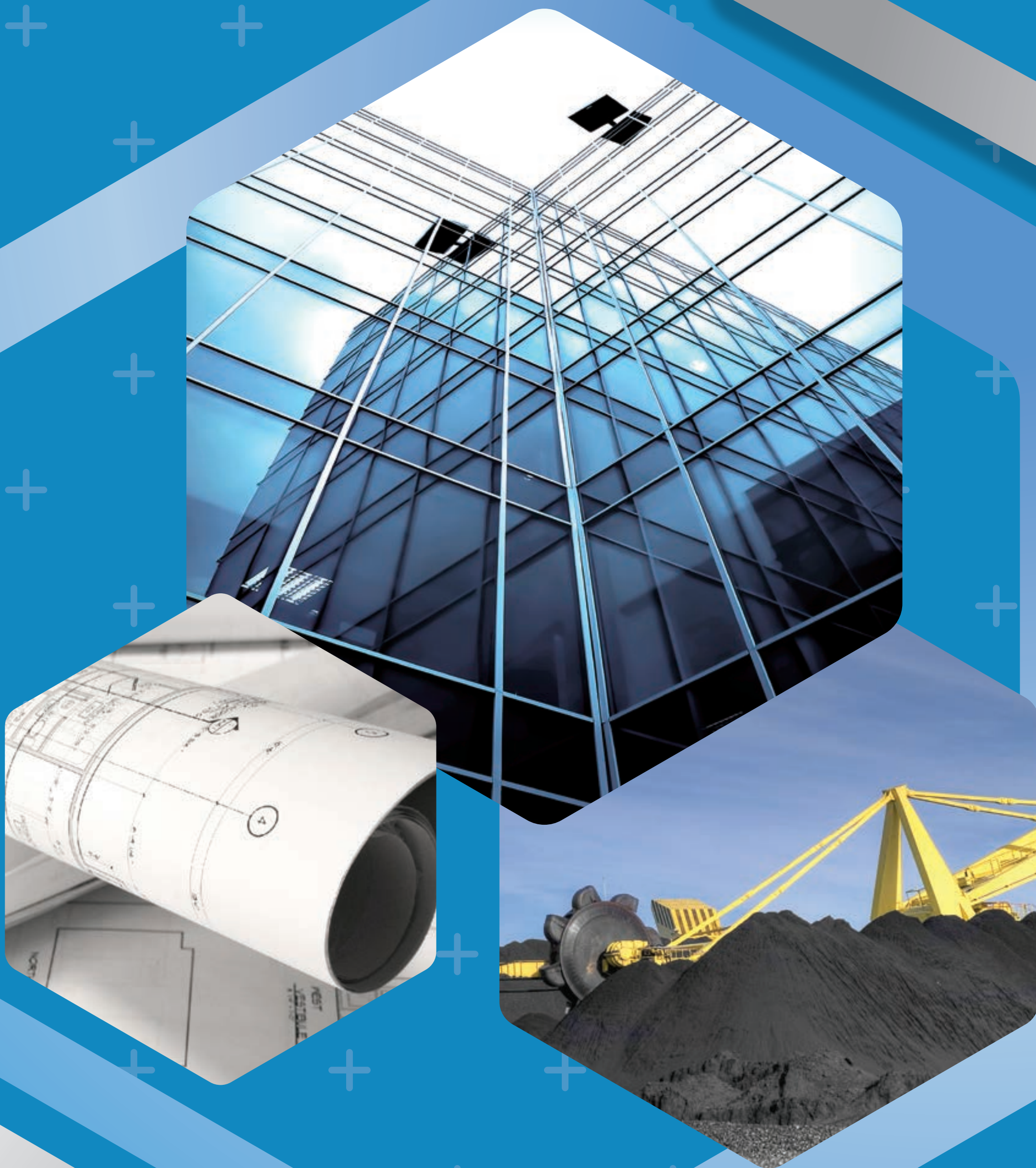
Green Economy Development Limited
綠色經濟發展有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1315

ANNUAL REPORT 2022



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CORPORATE INFORMATION

PRESIDENT

Michael Ngai Ming Tak *(appointed on 13 August 2021)*

EXECUTIVE DIRECTORS

Chau Chit *(Chairman and Chief Executive Officer)*
Fung Ka Lun *(appointed on 13 August 2021)*
Zhu Xiaodong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tam Tak Kei Raymond
Wong Lee Ping *(appointed on 7 May 2021)*
Wong Wai Kwan
Wong Kai Tung Simon *(resigned on 7 May 2021)*

COMPLIANCE OFFICER

Zhang Wan

COMPANY SECRETARY

Cheung Yiu Kuen

AUDIT COMMITTEE

Wong Wai Kwan *(Chairman) (redesignated on 7 May 2021)*
Tam Tak Kei Raymond *(redesignated on 7 May 2021)*
Wong Lee Ping *(appointed on 7 May 2021)*
Wong Kai Tung Simon *(resigned on 7 May 2021)*

REMUNERATION COMMITTEE

Tam Tak Kei Raymond *(Chairman)*
(redesignated on 7 May 2021)
Chau Chit
Wong Lee Ping *(appointed on 7 May 2021)*
Wong Wai Kwan
Wong Kai Tung Simon *(Chairman) (resigned on 7 May 2021)*

RISK MANAGEMENT COMMITTEE

Chau Chit
Zhu Xiaodong
Wong Wai Kwan

NOMINATION COMMITTEE

Chau Chit *(Chairman)*
Tam Tak Kei Raymond
Wong Lee Ping *(appointed on 7 May 2021)*
Wong Wai Kwan
Wong Kai Tung Simon *(resigned on 7 May 2021)*

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2010, 20/F,
No. 118 Connaught Road West
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Limited
DBS Bank Limited
Chong Hing Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock code: 1315

COMPANY WEBSITE

www.greeneconomy.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I present the annual results of Green Economy Development Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2022 ("Fy2022").

The Group recorded total turnover of approximately HK$4,273 million for Fy2022, compared to total turnover of approximately HK$5,237 million for the financial year ended 31 March 2021 ("Fy2021"). Nevertheless, with the increase in gross profit margin, the Group recorded an increase in gross profit of approximately HK$8.7 million, from approximately HK$80.6 million in Fy2021 to approximately HK$89.3 million in Fy2022.

Basic loss per share for Fy2022 is approximately HK0.19 cents (Fy2021: basis earnings per share of approximately HK0.12 cents (restated)).

Further analysis of the Group's results is set out in the "Management Discussion and Analysis" section.

BUSINESS OVERVIEW AND PROSPECT

Construction related businesses

The fifth wave of the pandemic has worsened the already weak construction market. The subsequent significant increase in inflation (e.g. in respect of crucial items such as materials used in construction) would further narrow or decrease the profit margin of the Group. Compared with public works, projects in the private sector would suffer more, because many of them are fixed price contracts. The management would tighten up its cost control to minimize the loss and would explore new opportunities in an effort to secure the continuing operation of the company.

As disclosed in the announcement of the Group on 24 November 2021, two subsidiary companies of the Group were suspended from tendering for the public works under their respective categories with effect from 5 November 2021. Such suspension may be uplifted and the management is making effort on uplifting it. The management is aware of the possible implications for the said subsidiaries and possibly the Group if the suspension is not uplifted within a certain period of time under the relevant rules. Therefore maximum effort is being made to uplift such suspension.

The delta and omicron variant of the novel coronavirus has swept across nations worldwide for the past months and the daily new infection cases in Singapore peaked around Feb 2022. Daily cases has since began to subside. With the situation generally stabilized, the Singapore government has gradually began to ease restrictions and open up its borders. While this is good news, the process of bringing in more foreign workers is still rather slow and tedious due to the calibrated approach adopted and policy shift towards less reliance on foreign labour.

Meanwhile, global supply chain disruptions has been persisting for the past months due to the recent China lockdowns and other geopolitical issues like the Russia-Ukraine war. This has led to skyrocketing material costs on top of the increasing manpower cost. Generally, building material costs has increased across the board by about 20–30%, especially for steel, concrete and aluminium. In light of the above, the Company is actively managing its cost and expenses while pushing for progress for all its projects.

As the Singapore construction industry embark on its road to recovery, the Company hopes to rebuild itself and re-emerge strongly from the Covid-19 pandemic.

Trading of materials business

I. **Rationality of the existence of trade agent market:** Given that domestic iron and steel enterprises purchase iron ore from foreign iron ore enterprises through a dual system, some qualified large steel enterprises implement the Benchmark Prices, while small unqualified steel enterprises adopt the Spot Prices that is higher than the Benchmark Prices. The international trade of iron ore is characterized by strong professionalism, frequent market fluctuations and unstable supply, which is extremely risky for buyers. Therefore, most small iron and steel enterprises entrust trader agents to import iron ore, and some large iron and steel enterprises with direct purchase agreements also entrust reputable trader agents to import iron ore, so as to ensure the stability of iron ore supply. This is the value of the existence of the iron ore trade agent market.

II. Industry Status and Trend

1. Policy factor: according to the Outline of 14th Five-Year Plan for the Development of Iron Ore Industry issued by China, it is clearly required that the growth of iron ore industry shall increase 70% by 2021, which have made each local government correspondingly introduce local policies to improve the industry penetration.

2. Economic factor: currently, the market size of iron ore has reached RMB500 billion, with a steady upward trend of the overall market. With the effective control of the epidemic, the demand for the iron and steel industry has increased, which was driven by gradual implementation of major national infrastructure projects and the recovery of the demand of downstream markets like automobile. It has increased the profit of the steel and improved the enthusiasm of the iron and steel enterprises to increase production, thereby generating strong demand for iron ores. The trade of iron ore and even the steel industry will continuously have a strong development under the effect of China's macro policies.

III. Development plan of the Company's business (partly selected from the business plan)

The Company's corporate development goal: we will establish a port of ore blending integration platform based on modern supply chain management. Through scientific blending of ore, the final blended ore products can meet the production demand of various steel enterprises, so as to provide stable raw material supply guarantee for iron and steel enterprises. The Company will strive to develop into a core supply chain enterprise of large domestic iron and steel enterprises. Through the advantages of call auction, the Company will save logistics costs in multiple logistics links such as import order, shipping, port yard, scientific ore blending and inland transshipment. In the future, the Company will become a professional iron ore product and service integrator and service and product agent in iron ore industry. It will develop a supply chain management software system with independent intellectual property rights, by using modern network information technology and listed company platform, so as to realize the integration of supply chain in the industry, optimize the cost, and achieve the smooth coordination of logistics, capital flow and information flow, as well as obtaining greater revenue from management services for the Company.

The trading business continued to generate income and contribute profit to the Group. Looking forward, the Group would continue to explore and strive to diversify and develop its trading businesses in 2022.

CHAIRMAN'S STATEMENT (Continued)

APPRECIATION

Finally, I would like to take this opportunity to express my gratitude to our Shareholders and business partners for their support to and trust in the Board. My gratitude also extends to our management and staff for their loyalty and diligence in the achievements of the Group.

Chau Chit
Chairman and Chief Executive Officer
Green Economy Development Limited
29 July 2022

RESULTS OF THE GROUP

The Group recorded total turnover of approximately HK$4,273 million for the financial year ended 31 March 2022 ("Fy2022"), compared to turnover of approximately HK$5,237 million for the financial year ended 31 March 2021 ("Fy2021"). Nevertheless, with the increase in gross profit margin, the Group recorded an increase in gross profit of approximately HK$8.7 million, from approximately HK$80.6 million in Fy2021 to approximately HK$89.3 million in Fy2022.

Increase in finance cost of approximately HK$21.7 million fully offset the increase in gross profit, and with the increase in income tax expenses of approximately HK$8.7 million, the Company recorded a loss attributable to Shareholders of the Company for Fy2022 of approximately HK$13.6 million (Fy2021: profit attributable to Shareholders of the Company of approximately HK$7.2 million).

The fluctuations in revenue and segment results are further discussed in the Results of Operations section below.

Basic loss per share for Fy2022 is approximately HK0.19 cent (Fy2021: basis earnings per share of approximately HK0.12 cent (restated)).

The Board does not recommend any payment of dividends for Fy2022 (Fy2021: Nil).

RESULTS OF OPERATIONS

(i) Building Construction

Revenue for the building construction segment increased by approximately HK$101 million from approximately HK$173 million for Fy2021 to approximately HK$274 million for Fy2022.

Segment loss increased from last year approximately HK$9.8 million to approximately HK$28 million for Fy2022.

Segment revenue of building construction segment in Fy2021 and Fy2022 was substantially contributed by building construction projects in Singapore.

The increase in the segment revenue was mainly attributable to more operations of existing large scale building construction projects in Singapore in Fy2022 that have contributed more segment revenue in Fy2022 and also attributable to work interruption resulting from outbreak of COVID-19 decelerated the progress of the projects in Fy2021.

Due to continuous impact on Covid-19 resulting in workers shortage, increase in labour and building material cost that the building construction projects in Singapore is facing a big challenge. Segment loss increased from Fy2021 to Fy2022 was primarily attributable to additional project costs incurred of several large scale building construction projects in Singapore in Fy2022.

(ii) Alterations, Renovation, Upgrading and Fitting-out ("A&A") Works

Revenue for the A&A works segment in Fy2022 was approximately HK$292 million (Fy2021: approximately HK$286 million).

The slight increase in segment revenue was in line with the increase in number of A&A works projects in progress during the year. The average contract sum of A&A works projects in progress for the year was amounted to approximately HK$503 million (Fy2021: approximately HK$402 million). The slight increase in the segment revenue from A&A works segment was attributable to the recognition of more revenue from several large scale A&A works projects in Hong Kong which were in full swing operation in Fy2022. It was also attributable to the completion of several projects in Fy2022.

Segment profit of A&A works decreased from Fy2021 approximately HK$4.6 million to segment loss for Fy2022 approximately HK$1.7 million. The decrease was mainly due to additional construction costs for large scale A&A works projects in Fy2022.

(iii) Property Maintenance

Revenue for the property maintenance segment increased from approximately HK$640 million in Fy2021 to approximately HK$687 million in Fy2022 and segment profit increased from approximately HK$53.7 million in Fy2021 to approximately HK$97.7 million in Fy2022.

The property maintenance projects mainly included maintenance works for public sectors. The increase in segment revenue was mainly attributable to a large scale long term property maintenance contract which was in the preliminary stage in Fy2021 that had contributed less revenue in Fy2021.

The increase in segment profit was attributable to higher profit margin for the large scale long term property maintenance project in Fy2022.

In addition, the increase in segment profit was mainly attributable to the full swing operations of two large scale long term property maintenance projects in Fy2022.

(iv) Trading of Materials

Revenue for this segment for Fy2022 included sales of materials of approximately HK$3,019 million (Fy2021: HK$4,138 million). During the year, the Group mainly conducted trading of iron ores, cast iron and coal. Segment profit was approximately HK$10.2 million (Fy2021: approximately HK$10.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the current assets and current liabilities were stated at approximately HK$872.0 million (as at 31 March 2021: approximately HK$851.2 million) and approximately HK$705.0 million (as at 31 March 2021: approximately HK$705.7 million), respectively. The current ratio maintained at 1.24 times as at 31 March 2022 (as at 31 March 2021: 1.21 times). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period. As at 31 March 2022, the Group had total cash and bank deposits of approximately HK$192.7 million (as at 31 March 2021: approximately HK$208.6 million).

As at 31 March 2022, total interest-bearing loans amounted to approximately HK$223.0 million (as at 31 March 2021: approximately HK$246.3 million). The Group's net cash deficit as at 31 March 2022 (the sum of pledged bank deposits, restricted cash and bank and cash less interest-bearing bank and other borrowings in current portion) was approximately HK$30.2 million (as at 31 March 2021: net cash deficit of approximately HK$37.7 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2022, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK$110 million (31 March 2021: approximately HK$154 million) and approximately HK$23.6 million (31 March 2021: approximately HK$14.1 million) of the credit facilities has been utilized.

As at 31 March 2022, the gearing ratio of the Group was approximately 25.3% (as at 31 March 2021: approximately 28.7%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%. With its available bank balances and cash and existing available bank credit facilities for operating use, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

Reference should also be made to the "going concern basis" in note 2 to the consolidated financial statements for the year ended 31 March 2022 in this report.

USE OF PROCEEDS FROM RIGHTS ISSUE

On 1 June 2021, the Company announced a proposed rights issue (the "Rights Issue") on the basis of one new ordinary share (each, a "Rights Share") for every four existing shares in issue at a subscription price of HK$0.02 per Rights Share to raise up to HK$30 million before related expenses by issuing 1,500,000,000 Rights Shares to the qualifying Shareholders. The Rights Issue was completed on 4 August 2021 and the number of shares in issue of the Company was increased by 1,499,999,994.

Referred to the Company's announcement dated 3 August 2021, the estimated maximum net proceeds from the Rights Issue (after deducting the expenses) are approximately HK$28.5 million. The Company intends to apply the net proceeds from the Rights Issue as to: (i) approximately HK$21.4 million for partial payment of the redemption amount of the Convertible Bond; and (ii) approximately HK$7.1 million for general working capital including but not limited to salaries and benefits, rental and utilities, other general and administrative expenses, for the Group in the 12 months following the completion of the Rights Issue.

As of 31 March 2022, the net proceeds received were utilised as follows:

Intended application of the net proceeds	**Amount to be utilized** (HK$ million)	**Amount utilized as at 31 March 2022** (HK$ million)	**Unutilized as at 31 March 2022** (HK$ million)
Partial payment of the redemption amount of the Convertible Bond	21.4	21.4	0
General working capital	7.1	7.1	0
Total	28.5	28.5	0

PLEDGE OF ASSETS

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the banking facilities and performance bonds granted to the Group:

	31 March 2022 HK$'000	31 March 2021 HK$'000
Pledged for securing the Group's banking facilities and performance bonds		
Other receivables	**8,485**	7,585
Bank deposits	**59,832**	59,769
Total	**68,317**	67,354

MAJOR CORPORATE EVENTS

Change of company name

Reference is made to the announcement of the Company dated 6 September 2021 and the circular of the Company dated 7 September 2021 (the "Circular") in relation to the proposed change of the English name of the Company from the then "Vision Fame International Holding Limited" to "Green Economy Development Limited" and the adoption of "綠色經濟發展有限公司" as its new dual foreign name to replace its then existing Chinese name "允升國際控股有限公司" (the "Change of Company Name").

Reference is also made to the subsequent announcement of the Company dated 11 November 2021 announcing that the Shareholders passed the special resolution approving the Change of Company Name at the Extraordinary General Meeting held on 30 September 2021, that the certificate of incorporation in relation to the Change of Company Name was issued by the Registrar of Companies in the Cayman Islands on 13 October 2021, and that the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 3 November 2021.

Rights Issue

Reference is made to the Company's announcement dated 1 June 2021 regarding the Company's proposal ("Rights Issue") to raise not more than HK$30 million before expenses by way of the Rights Issue to the Shareholders (on the basis that no Shares are issued or repurchased on or before the Record Date). The Rights Issue is not underwritten and involves the issue of up to 1,500,000,000 Rights Shares (on the basis that no Shares are issued or repurchased on or before the Record Date) at the Subscription Price of HK$0.02 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Shares in issue on the Record Date.

A prospectus in relation to the Rights Issue and provisional allotment letters were dispatched by the Company on 7 July 2021. Results of Rights Issue could be referred to the Company's announcement dated 3 August 2021. Based on the subscription results of the Rights Issue and the placing results of the Compensatory Arrangements, the Rights Shares to be allotted and issued amounted to 1,499,999,994 Rights Shares, representing 100% of the total number of Rights Shares offered for subscription under the Rights Issue.

Except for disclosed above, There is no other major corporate event that should be notified to the Shareholders of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries or associated companies by the Group in Fy2022.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks relating to constructions related segments

(i) The Group's construction works are labour-intensive in nature. In the event that there is a significant increase in the costs and demand of labour, the Group's staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group's existing labour and/or recruit sufficient labour in a timely manner to cope with the Group's existing or future projects, the Group may not be able to complete the Group's projects on schedule and within budget, the Group's operations and profitability may be adversely affected.

(ii) The Group needs to estimate the time and costs involved in projects in order to determine the fee. There is no guarantee that the actual amount of time and costs would not exceed the Group's estimation during the performance of the jobs. The actual amount of time and costs involved in completing the jobs may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

(iii) The projects undertaken by the Group are mostly on a case by case basis. As such, our revenue derived from such projects is not recurring in nature and we cannot guarantee that our customers will provide us with new business after the completion of the current projects. The Group has to go through the competitive tendering process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender competitively, our business and hence our revenue will be adversely affected.

Risks relating to trading segment

The trading profit margin is relatively low and hence any significant impairment of trade receivables, and abnormal fluctuations of trading prices and exchange rates would affect the operating result of the Company.

Financial Risk

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar, Singapore dollar and Renminbi. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required. Similarly, the Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

The financial risk management objectives and policies of the Group are shown in note 6 to the consolidated financial statements.

CONTINGENT LIABILITIES

Possible default interest ("Possible Default Interest"), based on the best estimate of the Company's management, is in the amount of approximately HK$17,137,000 for the period from 1 April 2021 to 30 September 2021 arising from the total amount owed by Wan Chung Construction Company Limited ("Wan Chung") to Mr. Wong Law Fai ("Mr. Wong") together with the interest thereon (the "Wan Chung Outstanding Loan") of HK$201 million. It was stated in the demand letter dated 3 March 2021 (the "Demand Letter") that an event of default occurred under the two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made with Mr. Wong as lender and Wan Chung as borrower (the "Wan Chung Loan Agreements") due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021, whose resignation would become effective on 1 April 2021. Possible Default Interest was therefore calculated based on the default interest rates stated in the Wan Chung Loan Agreements. The Group has been in negotiation with Mr. Wong in respect of the aforesaid, and would strike to procure the extension of loans and avoidance/wavier of any default interest arising therefrom, and the Possible Default Interest has not been taken into account in preparing the consolidated financial statements of the Group for the year ended 31 March 2022.

At the end of each reporting period, the Company had provided the following guarantees:

	31 March 2022 HK$'000	31 March 2021 HK$'000
Guarantees in respect of performance bonds in favor of its clients	**116,153**	94,216

MOVEMENT OF INCOMPLETE CONTRACTS FOR THE YEAR ENDED 31 MARCH 2022

	31 March 2021 HK$'000	Contracts Secured HK$'000	Contracts Completed HK$'000	31 March 2022 HK$'000
Building Construction	1,277,968	—	—	**1,277,968**
Property Maintenance	2,358,990	1,216,994	(1,194,816)	**2,381,168**
Alterations, Renovation, Upgrading and Fitting-Out Works	528,687	245,130	(295,843)	**477,974**
	4,165,645	1,462,124	(1,490,659)	**4,137,110**

Building Construction segment

Contracts secured for the year ended 31 March 2022

Contracts	Commencement date	Contract value HK$'000
N/A	N/A	N/A
Total		

Property Maintenance segment

Contracts secured for the year ended 31 March 2022

Contract	Commencement date	Contract value HK$'000
Term contract for the maintenance of slopes for Kowloon and Lantau Island, Hong Kong	October 2021	259,169
Term contract for minor works 2021 for Hong Kong West Clusters, Hospital Authority, Hong Kong	October 2021	955,800
Structural rectification works at various locations at Marina Bay Sands Integrated Resort, Singapore	December 2021	2,025
Total		1,216,994

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured for the year ended 31 March 2022

Contracts	Commencement Date	Contract value HK$'000
Fitting-out works for the SVSD workshops at EMSD Headquarters, Hong Kong	May 2021	6,662
Main contract of revitalization works of existing buildings at Central, Hong Kong	May 2021	47,980
Alterations and additions works of laboratory for The Hong Kong Polytechnic University	June 2021	2,705
Improvement of facilities in Sports Centre of The Education University of Hong Kong	June 2021	26,942
Replacement of fume cupboards in laboratories for Hong Kong Baptist University	June 2021	26,921
Main contract for renovation works at Sha Kok Commercial Centre, Hong Kong	August 2021	7,288
Renovation works for central IT offices and communal areas for City University of Hong Kong	August 2021	10,631
Main contract for space re-organisation of laboratory block for The University of Hong Kong	October 2021	60,674
Design and fitting-out works of new office for EMSD, Hong Kong	November 2021	6,447
Alterations and additions works at Pat Chun Building, Tseung Kwan O, Hong Kong	December 2021	48,880
Total		245,130

Building Construction segment

Contract completed for the year ended 31 March 2022

Contract	Commencement date	Completion date	Contract value HK$'000
N/A	N/A	N/A	N/A
Total			

Property Maintenance segment

Contracts completed for the year ended 31 March 2022

Contracts	Commencement date	Completion date	Contract value HK$'000
Term contract for the maintenance of slopes for Kowloon and Lantau Island, Hong Kong	October 2017	September 2021	273,892
Term contract for minor works 2018 for Kowloon East and Kowloon Central Clusters, Hospital Authority, Hong Kong	June 2018	May 2021	915,039
Additions and alterations to existing 3-storey building at Temple Street (Chinatown Kreta Ayer conservation area), Singapore	January 2021	November 2021	3,860
Structural rectification works at various locations at Marina Bay Sands Integrated Resort, Singapore	December 2021	March 2022	2,025
Total			1,194,816

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed for the year ended 31 March 2022

Contracts	Commencement date	Completion date	Contract value HK$'000
Improvement of lecture theatres at Tai Po campus for The Education University of Hong Kong	August 2019	April 2021	19,127
Renovation of meeting rooms, To Yuen Building for City University of Hong Kong	August 2019	May 2021	2,980
Fitting-out works of wet laboratories of City University of Hong Kong	February 2020	May 2021	17,921
Alterations, additions and improvements of common washrooms of Hong Kong Baptist University	March 2020	August 2021	33,257
New Temporary leisure farm at Kennedy Town, Hong Kong	May 2020	May 2021	33,846
Addition of waste water neutralization plant at Yeung Kin Man Academic Building for City University of Hong Kong	May 2020	April 2021	4,467
Improvement works of Coastal Marine Laboratory and Physics Research Laboratory for The Hong Kong University of Science & Technology	July 2020	April 2021	7,304
Alteration and addition works to No. 69 Jervois Street, Sheung Wan, Hong Kong	July 2020	July 2021	62,080
Improvement to station commercial area at ETS for MTR Corporation Ltd, Hong Kong	July 2020	September 2021	16,833
Renovation works for vehicle reception office at EMSD Headquarters, Hong Kong	August 2020	April 2021	4,505

Contracts	Commencement date	Completion date	Contract value HK$'000
Removal works at the retail podium of Tonnochy Towers, Hong Kong	December 2020	September 2021	3,518
Repair works at Yeung Hau Temple, Ha Tsuen, Yuen Long, Hong Kong	December 2020	September 2021	169
Renovation of supplies sub-division office for EMSD, Hong Kong	February 2021	September 2021	4,851
Construction of study rooms in a library of The Education University of Hong Kong	December 2020	October 2021	14,269
Renovation works for SVSD Workshops at EMSD Headquarters, Hong Kong	January 2021	October 2021	5,077
Main contract for major repair works for a college at TKO, Hong Kong	February 2021	November 2021	8,817
Fitting out works in EMSD Headquarters, Hong Kong	January 2021	February 2022	6,250
Renovation works for GESD Office at EMSD Headquarters, Hong Kong	March 2021	January 2022	6,975
Fitting-out works for the SVSD workshops at EMSD Headquarters, Hong Kong	May 2021	November 2021	6,662
Alterations and additions works of laboratory for The Hong Kong Polytechnic University	June 2021	October 2021	2,705
Improvement of facilities in Sports Centre of The Education University of Hong Kong	June 2021	December 2021	26,942
Main contract for renovation works at Sha Kok Commercial Centre, Hong Kong	August 2021	February 2022	7,288
Total			295,843

Overall

Contracts secured subsequent to 31 March 2022 and up to the date of the report

Contracts	Commencement date	Contract value HK$'000
N/A	N/A	N/A
Total		

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 450 staff (as at 31 March 2021: 440 staff) which included Hong Kong, Macau, Singapore and Mainland China employees. The total remuneration for staff was approximately HK$141.5 million for Fy2022 (Fy2021: approximately HK$122 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package consist of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy"). Under the Dividend Policy, the Board may declare dividends to the Shareholders from time to time but no dividends shall exceed the amount recommended by the Board subject to approval at general meeting, the Company's articles of association and the Companies Law of the Cayman Islands.

In accordance with the applicable requirements of the Company's articles of association and the Companies Law of the Cayman Islands, no dividend shall be declared or paid otherwise than out of profits. No distribution or dividend may be paid to the Shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

(a) the Group's actual and expected financial performance and conditions and liquidity position;

(b) the shareholder's interests;

(c) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements and future expansion plans;

(f) statutory and regulatory restrictions;

(g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy from time to time.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

There is no other event after the reporting period that should be notified to the Shareholders of the Company.

PRESIDENT

Mr. Michael Ngai Ming Tak ("Mr. Nagi"), aged 55, was appointed as the President of the Company on 13 August 2021. Mr. Ngai is Chairman of The Red Group, Chairman of Asia GreenTech Fund, and was previously Managing Director of UBS AG. He has a wealth of experience in the international financial sector. Mr Ngai is also an independent non-executive director of CRRC Corporation Limited (HKSE: 1766, SHSE: 601766), an independent non-executive director of China Longyuan Power Group Corporation Limited (HKSE: 916), an independent non-executive director of Starlight Culture Entertainment Group Limited (HKSE: 1159), and an independent non-executive director of True Partner Capital Holding Limited (HKSE: 8657). Mr Ngai is also a member of the National Committee of Chinese People's Political Consultative Conference ("CPPCC"); a Standing Committee member and Convener of the Heilongjiang Provincial CPPCC; Honorary Citizen of Harbin City, Heilongjiang Province; Chairman of Hong Kong Finance Association; Fellow Commoner and Development Advisory Council Member of Clare Hall, University of Cambridge; and Council Member of The Hong Kong University of Science and Technology. Mr Ngai graduated from University of Cambridge.

EXECUTIVE DIRECTORS

Mr. Chau Chit ("Mr. Chau"), aged 57, was appointed as an executive Director of the Company on 22 July 2015 and the Chairman of the Board on 23 September 2015. On 1 March 2017, he was re-designated as co-chairman of the Board and was appointed as the chief executive officer of the Company. On 7 September 2018, he was re-designated as chairman of the Board. Mr. Chau is also the chairman of the nomination committee, a member of each of the remuneration committee and the risk management committee, one of the authorised representatives and the director of certain subsidiaries of the Company. Mr. Chau currently serves as the chairman of the Hong Kong Jiangyin Trade Association and the vice president of Federation of HK Jiangsu Community Organisations Limited. He holds a bachelor's degree in Chemistry from Zhejiang University and an EMBA degree (Executive Master of Business Administration) from Zhejiang University. Mr. Chau has extensive experience in operation management. He was an executive director, the managing director, and the chairman of the executive committee and a member of the investment committee of Shougang Concord Technology Holdings Limited (Now known as CWT International Limited) (stock code: 0521) during June 2006 to October 2013. He has been an executive director of Starlight Culture Entertainment Group Limited ("Starlight Culture", formerly known as Jimei International Entertainment Group Limited (stock code: 1159) since July 2013 and was appointed as the chairman of the nomination committee of Starlight Culture on 31 May 2017 and appointed as the deputy chairman of Starlight Culture on 5 June 2017.

Mr. Fung Ka Lun ("Mr. Fung"), aged 46, was appointed as an executive Director of the Company on 13 August 2021. Mr. Fung has extensive experience in corporate management, development and finance, financial management and accounting. Mr. Fung is currently the Chief Financial Officer and Company Secretary of Richly Field China Development Limited, whose shares are listed on the Stock Exchange (stock code: 313) and a partner of Asia GreenTech Fund. Previously, Mr. Fung worked in the Investment Banking Division of UBS AG and Audit Division of KPMG respectively. From June 2010 to August 2013, Mr. Fung was an executive director of China Metal Recycling (Holdings) Limited, whose shares were listed on the Main Board of the Stock Exchange, subsequently under liquidation and cancellation of listing in February 2016. Mr. Fung is a member of the Chinese People's Political Consultative Conference of Heilongjiang Province. Mr. Fung graduated from the Imperial College of Science, Technology and Medicine, the University of London, with a Master of Science degree in Finance and is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Zhu Xiaodong ("Mr. Zhu"), aged 50, was appointed as an executive Director on 2 September 2019. On 20 April 2020, he was appointed as a member of the risk management committee. Mr. Zhu obtained a bachelor degree in Russian language from Beijing Foreign Studies University in July 1995. Mr. Zhu has extensive experience in the iron and steel industry, including the import and export of steel products, the trading of raw materials for iron and steel making, and developing business relations with suppliers and customers in China and wider Asia regions. He was the trading manager of Baoshan Iron & Steel Company Ltd, a company established in the People's Republic of China engaging in the steel-making business, from July 1995 to May 2009. Mr. Zhu worked as the trading manager of H&C S Holdings Pte Ltd, a company incorporated in Singapore engaging in the iron and steel industry, from June 2009 to April 2011. He was the trading manager of SPR Resources Pte Ltd, a company incorporated in Singapore engaging in the iron and steel industry, from May 2011 to April 2012. Mr. Zhu served as the deputy general manager of H&C S Holding Pte Ltd. from May 2012 to August 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam Tak Kei Raymond ("Mr. Tam"), aged 59, was appointed as an independent non-executive Director on 19 December 2011. Mr. Tam is also the chairman of the Remuneration Committee and a member of the Nomination Committee and Audit Committee. Mr. Tam obtained a Bachelor of Arts degree in Accounting with Computing from University of Kent at Canterbury, the United Kingdom in July 1985. He has been a member of The Institute of Chartered Accountants in England and Wales since August 1990 and an associate of the Hong Kong Society of Accountants since January 1995.

Mr. Tam acted as the financial controller at international law firms for nine years and has over 30 years of professional accounting experience and is currently the finance director of a Hong Kong-based auction company and the company secretary of China Tian Lun Gas Holdings Limited (stock code: 1600). Mr. Tam also acted as the company secretary of Branding China Group Limited (Now known as BC Technology Group Limited) (stock code: 863) during the period from April 2012 to April 2018, and was an independent non-executive director of Li Bao Ge Group Limited (stock code:1869) during the period from June 2016 to February 2020. The shares of the above-mentioned three companies are listed on the Main Board of the Stock Exchange.

Mr. Tam has also acted as an independent non-executive director of, MEIGU Technology Holding Group Limited since December 2016 (stock code: 8349), a company listed on the GEM of the Stock Exchange, CNQC International Holding Limited since September 2012 (stock code: 1240) and Kingland Group Holdings Limited since May 2020 (stock code: 1751), both companies are listed on the Main Board of the Stock Exchange.

Dr. Wong Lee Ping ("Dr. Wong"), aged 57, has over 30 years of experience in the fields of corporate finance, financial management and investment. He worked at KPMG Peat Marwick from August 1987 to August 1990. Subsequently, he held various management positions in Hong Kong listed companies, including serving as Chief Financial Officer and Vice President (M & A) of Loto Interactive Limited (formerly known as Wafer Systems Limited) (Stock Code: 8198 HK) from April 2001 to October 2002 and November 2002 to January 2003, respectively, the chief executive officer and company secretary of Century Entertainment International Holdings Limited (formerly known as A-Max Holdings Limited or Amax Entertainment Holdings Limited) (Stock Code: 00959 HK) from June 2010 to August 2011 and February 2009 to November 2009, respectively, and Group Chief Financial Officer of China Geothermal Industry Development Group Limited (formerly known as IIN International Limited) (Stock Code: 08128 HK) from November 1999 to March 2001 (prior to its listing). Since July 2015, Dr. Wong has been working as General Manager of a private equity fund registered in the Cayman Islands.

Dr. Wong obtained a master's degree in business administration from the University of Portsmouth in the United Kingdom in June 2002, and a doctorate's degree in corporate management from Jinan University in the People's Republic of China in December 2012. Dr. Wong was admitted as a fellow member of The Chartered Association of Certified Accountants in October 1995. He is a certified public accountant (non-practising) of Hong Kong Institute of Certified Public Accountants.

Mr. Wong Wai Kwan ("Mr. WK Wong"), aged 54, was appointed as an independent non-executive Director, a member of the audit committee, remuneration committee and the nomination committee of the Company on 22 July 2015. On 20 April 2020, he was appointed as a member of the risk management committee. On 7 May 2021, he was designated as the chairman of the audit committee. Mr. WK Wong holds a bachelor's degree in Accountancy from City University of Hong Kong and a master's degree in Business Administration from Washington University in St. Louis, U.S.A. He is a member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a fellow member of Certified Practising Accountants (Australia). Mr. WK Wong has extensive working experience in auditing and consulting areas, particularly in IPO exercise, risk management and mergers and acquisitions. During the period from August 1992 to March 2000 Mr. WK Wong was first employed by Ernst & Young's Hong Kong office as Senior Accountant in its Assurance Department and then served in Ernst & Young's Shanghai office as Manager in its Assurance Department. Mr. WK Wong served as the General Manager of the Financial Audit Department and the Managing Director of the Internal Audit Department of Shanghai Fosun High Technology (Group) Co., Ltd., a wholly-owned subsidiary of Fosun International Limited (Stock Code: 0656) from December 2011 to June 2016. Mr. WK Wong was a consultant of VideoMobile Co., Ltd (a former holding company of Vobile Group Limited (Stock Code: 3738), which is listed on the Stock Exchange) from July 2016 to June 2017.

Mr. WK Wong was an independent non-executive director, and a member of the audit committee, nomination committee and remuneration committee of Shougang Concord Technology Holdings Limited (Now known as CWT International Limited) (Stock code: 0521) during the period from June 2010 to October 2013 and Mr. WK Wong was also an independent non-executive director and member of the audit committee, nomination committee, remuneration committee, and the investment steering committee of Starlight Culture from September 2013 to November 2014. On 31 May 2017, he was again appointed as independent non-executive director of Starlight Culture and was appointed as the chairman of the audit committee, a member of the nomination committee, the remuneration committee, the investment steering committee and the anti-money laundering committee of that company on the same date. On 21 June 2017, Mr. WK Wong was appointed as a non-executive director and a member of the audit committee of Vobile Group Limited (Stock Code: 3738).

SENIOR MANAGEMENT

Mr. Wong Law Fai ("Mr. LF Wong"), aged 63, is the managing director of Wan Chung Construction Company Limited. Mr. LF Wong was appointed as a director of the Company on 31 May 2011 and redesignated as an executive Director of the Company on 19 December 2011. Later Mr. LF Wong resigned as an executive Director, the chairman of the Board and authorised representative of the Company on 28 May 2013, and the chief executive officer of the Company on 10 September 2013. Mr. LF Wong has over 30 years of experience in the building construction industry of Hong Kong. Mr. LF Wong is a registered professional engineer (building) in Hong Kong, a registered professional surveyor (quantity surveying) in Hong Kong, a member of The Hong Kong Institution of Engineers, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building (the United Kingdom) and a member of The Royal Institution of Chartered Surveyors (the United Kingdom).

Mr. So Siu Cheong ("Mr. So"), aged 54, is the director of Wan Chung Construction Company Limited. Mr. So joined our Group in 2006 and has over 23 years of experience in the construction industry of Hong Kong. He also has 7 years of experience of the construction industry in Taiwan from 1999 to 2006. Mr. So is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors (the United Kingdom). He obtained a bachelor degree of laws from the University of Wolverhampton in 2006 and a bachelor degree of science in quantity surveying from The University of Hong Kong in 1991.

Ms. Lee Wai King ("Ms. Lee"), aged 45, is the director of Wan Chung Construction Company Limited. Ms. Lee joined our Group in 1998 and has over 22 years of experience in the construction industry of Hong Kong. Ms. Lee obtained a professional diploma in occupational safety & health from the School of Continuing Education of Hong Kong Baptist University in 2010 and a bachelor degree of arts from The Chinese University of Hong Kong in 1998.

Mr. Datuk Eng Son Yam ("Mr. Datuk Eng"), aged 70, is the managing director of Wan Chung Construction (Singapore) Pte. Ltd. ("Wan Chung Singapore"), responsible for the strategic planning and development of the Wan Chung Singapore. Mr. Datuk Eng has more than 31 years of experience in the building industry of Singapore and Malaysia. Mr. Datuk Eng had undertaken construction projects in housing, hospital, integrated resort and religious establishment. Mr. Datuk Eng has also endeavored in property development ventures in Singapore and Malaysia. Over the years, Mr. Datuk Eng has built up a strong network with key players in this industry. Mr. Datuk Eng was also active in social work particularly education for the young in Malacca (Datuk Eng's birth place). In recognition of his contribution towards the local school, Mr. Datuk Eng was conferred "DSM Datuk" by the Governor of Malacca, Malaysia. Mr. Datuk Eng obtained a diploma in business administration from the Singapore Chinese Chamber Institute of Business in 2008. Mr. Datuk Eng completed an Executive Program on Oriental-Western Wisdom and Business Management at the School of Continuing Education, Tsinghua University in October 2013.

Mr. Tan Chwee Kee ("Mr. Tan"), aged 67, is the deputy managing director of Wan Chung Construction (Singapore) Pte. Ltd.. Mr. Tan has more than 31 years of experience in project management, property development, building design and construction. Prior to joining Wan Chung Singapore in August 2011, Mr. Tan was the project director of HLH Development Pte Ltd, a property development arm of SGX-ST listed group, HLH Group Limited. From 2005–2007, Mr. Tan was with Chip Eng Seng Corporation Ltd, a construction and property development group listed on the SGX-ST, as the assistant general manager of The Pinnacle@Duxton project, the first 50-storey high dense public housing project launched by the government. It was the winning design of an international design competition and features the sky gardens at mix storeys and top storey linking all the blocks together. Mr. Tan led the technical team and was instrumental in addressing the design issues of the technically challenging sky-gardens construction. Between 1995–2004, Mr. Tan was the CEO of Hong Lai Huat Construction Pte Ltd. Mr. Tan started his career as a structural engineer in The Housing and Development Board in 1982. Mr. Tan has a Bachelor Degree in Civil Engineering from The National University of Singapore and is a registered Professional Engineer with the Singapore Professional Engineer with the Singapore Professional Engineer Board.

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2022.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Room 2010, 20/F, No. 118 Connaught Road West, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group comprise (i) provision of building construction services, property maintenance services, alterations, renovation, upgrading and fitting-out works services, and (ii) trading of materials. The principal activities and other particulars of the subsidiaries of the Company are set out in note 21 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and the Management Discussion and Analysis set out on pages 4 to 6 and pages 7 to 18 of this annual report, respectively. This discussion forms part of this Directors' report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out in the five year financial summary on page 114 of this annual report. The summary does not form part of the audited consolidated financial statements.

RESULTS AND DIVIDEND

The Group's loss for the year ended 31 March 2022 and the Group's financial position as at 31 March 2022 are set out in the consolidated financial statements on pages 49 to 51.

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

CHANGE OF COMPANY NAME

Reference is made to the announcement of the Company dated 6 September 2021 and the circular of the Company dated 7 September 2021 (the "Circular") in relation to the proposed change of the English name of the Company from the then "Vision Fame International Holding Limited" to "Green Economy Development Limited" and the adoption of "綠色經濟發展有限公司" as its new dual foreign name to replace its then existing Chinese name "允升國際控股有限公司" (the "Change of Company Name").

Reference is also made to the subsequent announcement of the Company dated 11 November 2021 announcing that the Shareholders passed the special resolution approving the Change of Company Name at the Extraordinary General Meeting held on 30 September 2021, that the certificate of incorporation in relation to the Change of Company Name was issued by the Registrar of Companies in the Cayman Islands on 13 October 2021, and that the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 3 November 2021.

RIGHTS ISSUE

Reference is made to the Company's announcement dated 1 June 2021 regarding the Company's proposal ("Rights Issue") to raise not more than HK$30 million before expenses by way of the Rights Issue to the Shareholders (on the basis that no Shares are issued or repurchased on or before the Record Date). The Rights Issue is not underwritten and involves the issue of up to 1,500,000,000 Rights Shares (on the basis that no Shares are issued or repurchased on or before the Record Date) at the Subscription Price of HK$0.02 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Shares in issue on the Record Date.

A prospectus in relation to the Rights Issue and provisional allotment letters were dispatched by the Company on 7 July 2021. Results of Rights Issue could be referred to the Company's announcement dated 3 August 2021. Based on the subscription results of the Rights Issue and the placing results of the Compensatory Arrangements, the Rights Shares to be allotted and issued amounted to 1,499,999,994 Rights Shares, representing 100% of the total number of Rights Shares offered for subscription under the Rights Issue.

SHARE CAPITAL AND SHARE OPTION

The movement in the Company's share capital and share option during the year could be referred to note 35 and note 38 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES

In addition to the retained earnings, the share premium account of the Company is distributable to its Shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business pursuant to the Companies Law of the Cayman Islands and the Companies Articles. As at 31 March 2022, the distributable reserves available for distribution to Shareholders amounted to HK$15,928,000.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 62% of the total sales. The top five suppliers accounted for approximately 53% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 18% of the total sales and the Group's largest supplier accounted for approximately 19% of the total purchases for the year.

At no time during the year ended 31 March 2022 have the then and current Directors of the Company, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

CHARITABLE DONATIONS

During the year ended 31 March 2022, the Group made charitable donations amounting to HK$40,000 (Year ended 31 March 2021: HK$55,000).

DIRECTORS

The Directors of the Company during the year ended 31 March 2022 and up to the date of this Directors' report are:

Executive Directors:

Mr. Chau Chit *(Chairman and Chief Executive Officer)*
Mr. Fung Ka Lun *(appointed on 13 August 2021)*
Mr. Zhu Xiaodong

Independent Non-executive Directors:

Mr. Tam Tak Kei, Raymond
Dr. Wong Lee Ping *(appointed on 7 May 2021)*
Mr. Wong Wai Kwan
Mr. Wong Kai Tung, Simon *(resigned on 7 May 2021)*

By virtue of articles 108(a), 108(b) and 112 of the articles of association of the Company, Mr. Zhu Xiaodong and Mr. Wong Wai Kwan will retire. All retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

PERMITTED INDEMNITY PROVISION

Permitted indemnity provisions (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company are currently in force and was in force during the year and at the date of this report.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the Directors and the five highest-paid individuals of the Group during the year ended 31 March 2022 are set out in notes 15 and 16 to the consolidated financial statements. The remuneration policy for Directors and senior management is set out in the Corporate Governance Report on page 40 of this annual report.

SHARE OPTION SCHEMES

On 19 December 2011, the sole shareholder of the Company adopted the share option scheme (the "2011 Scheme") by way of written resolution which would be valid for a period of ten years. On 30 September 2021, the Shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of a new share option scheme (the "2021 Scheme"), which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme. The share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme. Details of 2011 Scheme and 2021 Scheme are as follows:

2011 Scheme

The 2011 Scheme was adopted by the sole Shareholder by way of written resolution on 19 December 2011 and was terminated on 7 October 2021. The terms of the 2011 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

The total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2011 Scheme is 149,999,998 which represents approximately 2% of the shares of the Company in issue as at the date of this annual report. The 2011 Scheme was terminated on 7 October 2021, no further options can be granted under the 2011 Scheme. However, the share options granted under the 2011 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2011 Scheme.

Each of the grantees was required to pay HK$1.00 as a consideration for the grant of share options in accordance with the 2011 Scheme. The offer of share options must be accepted within 7 days from the date of the offer.

Save as disclosed above, there is no material difference in the terms, which shall be disclosed pursuant to Rule 17.09 of the Listing Rules, between the 2011 Scheme and the 2021 Scheme.

149,999,998 share options were granted on 13 August 2021 in accordance with the terms of the 2011 Scheme. No share option was exercised or cancelled in accordance with the terms of the 2011 Scheme. Details of movements in the share options under the 2011 Scheme for the year ended 31 March 2022 are as follows:

	Options to subscribe for shares of the Company					
Name of grantees	At the beginning of the period	Options granted during the period	Options granted during the period	Date of grant	Exercise period	Exercise price per share
President of the Company						
Mr. Michael Ngai Ming Tak	–	74,999,999	74,999,999	13 August 2021	13 August 2021 – 12 August 2026	HK$0.03
Director of the Company						
Mr. Fung Ka Lun	–	74,999,999	74,999,999	13 August 2021	13 August 2021 – 12 August 2026	HK$0.03
	–	149,999,998	149,999,998			

2021 Scheme

On 30 September 2021, the Shareholders of the Company approved the termination of the 2011 Scheme (to the effect that no further share option shall be granted by the Company under the 2011 Scheme) and the adoption of the 2021 Scheme, which became effective on 7 October 2021 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2021 Scheme.

The terms of the 2021 Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the 2021 Scheme is to replace the 2011 Scheme and to continue to enable the Company to grant share options to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

There is no option outstanding, granted, exercised, cancelled or lapsed under the 2021 Scheme since its adoption and for the year ended 31 March 2022.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2022 are set out in (note 4(r)) to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Directors	Capacity	Number of shares held (note 1)	Percentage of the issued share capital of the Company (note 1)
Mr. Chau Chit (note 2)	Interest of Controlled Corporation	750,000,000 (L)	10.00%
Mr. Fung Ka Lun (note 3)	Beneficial owner	74,999,999 (L)	1.00%
Mr. Wong Wai Kwan	Beneficial owner	6,250,000 (L)	0.08%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2022 and the percentage of the issued share capital of the Company is calculated on the basis of 7,499,999,994 shares in issue as at 31 March 2022.

2. Mr. Chau Chit, the executive Director, is the ultimate beneficial owner of Mega Start Limited ("Mega Start"). By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 750,000,000 Shares held by Mega Start.

3. The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 19 December 2011 (the "2011 Scheme"). Upon exercise of the share options in accordance with the 2011 Scheme, ordinary shares in the share capital of the Company are issuable. The share options are personal to the Director. Further details of the share options are set out in the section headed "Share Options Schemes" above.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year ended 31 March 2022 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name of Shareholders	Capacity	Number of Shares held (note 1)	Percentage of the issued share capital of the Company (note 1)
Million Creation Holdings Limited (note 2)	Beneficial owner	887,500,000 (L)	11.83%
Double Energy Limited (note 2)	Beneficial owner and interest of controlled corporation	893,856,000 (L)	11.92%
Zhu Kai (note 2)	Interest of controlled corporation	893,856,000 (L)	11.92%
Mega Start Limited	Beneficial owner	750,000,000 (L)	10.00%
Fount Holdings Limited	Beneficial owner	475,000,000 (L)	6.33%
Mr. Tang Hao (note 3)	Interest of controlled corporation	475,000,000 (L)	6.33%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2022 and the percentage of the issued share capital of the Company is calculated on the basis of 7,499,999,994 shares in issue as at 31 March 2022.

2. Million Creation Holdings Limited ("Million Creation") is wholly-owned by Double Energy Limited ("Double Energy") and therefore Double Energy, which directly owns 6,356,000 Shares, is deemed to be interested in all the 887,500,000 Shares held by Million Creation by virtue of the SFO, and Double Energy is wholly-owned by Mr. Zhu Kai and therefore Mr. Zhu Kai is deemed to be interested in all the 893,856,000 Shares held by Double Energy and Million Creation by virtue of the SFO.

3. Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Limited.

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2022.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2022.

CONTRACT OF SIGNIFICANCE

Save as disclosed in note 42 to the consolidated financial statements, no contract of significance in relation to the Group's in which the Company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2022, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each of the independent non-executive Directors during the reporting period pursuant to Rule 3.13 of the Listing Rules and considers all of them were independent during the year ended 31 March 2022.

CONNECTED TRANSACTIONS

The related party transactions of the Group during the year as set out in note 42 to the consolidated financial statements also constitute connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules, and the Group has compiled with the requirement in Chapter 14A of the Listing Rules.

Save as disclosed above, there was no connected transaction during the year.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 35 to 45. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company prepared in accordance with Appendix 27 to the Listing Rules will be published with August 2022 on the websites of the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year ended 31 March 2022 and as at the date of this annual report as required under the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

There is no other event after the reporting period that should be notified to the Shareholders of the Company.

AUDITORS

Ernst & Young has resigned as the auditor of the Company with effect from 20 July 2020, as the Company could not reach a consensus with Ernst & Young on the audit fee for the year ended 31 March 2020. Ernst & Young has provided a confirmation to the Company that there are no circumstances connected with its resignation which it considered should be brought to the attention of the Shareholders of the Company. The Board and the audit committee of the Company have confirmed that there was no disagreement between Ernst & Young and the Company, and there is no other matter in relation to the resignation of Ernst & Young that need to be brought to the attention of the Shareholders of the Company.

The Board has resolved, with the recommendation from the audit committee of the Company, the appointment of RSM Hong Kong ("RSM") with effect from 20 July 2020 as the new auditor of the Company, to fill the casual vacancy following the resignation of Ernst & Young.

RSM will retire at the conclusion of the forthcoming annual general meeting ("AGM") and being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of RSM as auditor of the Company will be proposed at the forthcoming AGM.

Independent Auditor's Report on the Company's Consolidated Financial Statements for the year ended 31 March 2022

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Green Economy Development Limited (formerly known as Vision Fame International Holding Limited) (the "Company") and its subsidiaries (the "Group") set out in the 2022 Annual Report, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to note 2 to the consolidated financial statements.

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai ("Mr. Wong"), the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made between Mr. Wong as lender and Wan Chung as borrower ("Wan Chung Loan Agreements"). It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

On 4 October 2021, the Company received a demand letter dated 2 October 2021 (the "Second Demand Letter") from Mr. Wong in relation to the promissory notes dated 2 July 2014 and 24 March 2015 respectively (both as supplemented) in the principal sum of HK$41,856,697 made between Mr. Wong as lender and Magic Choice Holdings Limited ("Magic Choice"), an indirect wholly-owned subsidiary of the Company, as borrower ("Magic Choice Promissory Notes"). It is stated in the Second Demand Letter that, among other things, the failure of Magic Choice to repay all the outstanding principal and the interest accrued thereon under the Magic Choice Promissory Notes in the sum of HK$42,654,153 on 30 September 2021 constituted an event of default, and that the promissory notes became due and payable.

As at 30 September 2021, the total sum owed by Wan Chung and Magic Choice to Mr. Wong under the Wan Chung Loan Agreements and Magic Choice Promissory Notes amounted to an aggregate outstanding principal sum of approximately HK$243 million together with any accrued interest thereon.

On 31 March 2022, HK$50,000,000 was paid to Mr. Wong by Wan Chung which was applied as follows:

(a) approximately HK$25,869,000 for repayment of default interest under the Wan Chung Loan Agreements and Magic Choice Promissory Notes for the period from 1 October 2021 up to and including 10 March 2022; and

(b) approximately HK$24,131,000 for partial repayment of principal on the outstanding loans of the Wan Chung Loan Agreements.

As at 31 March 2022, the Group's total borrowings due to Mr. Wong amounted to approximately HK$218,878,000 and the interest thereon amounted to approximately HK$14,879,000 while its cash and cash equivalents amounted to approximately HK$132,908,000 only.

Subsequent to 31 March 2022, the Group has not made any repayment of loans or any interest thereon to Mr. Wong.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2023. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for the 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of loan extension negotiations with Mr. Wong.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

We consider that the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements. Up to the date of our report, no extension agreement has been reached with Mr. Wong regarding the loans due to him. In view of the extent of the uncertainty relating to the successful outcome of loan extension negotiations with Mr. Wong as described above, we were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

Material uncertainties on the Company's ability to continue as a going concern

The management's position and basis (the "Going Concern Basis") on the going concern assumption has been referred to in note 2 to the consolidated financial statements for the year ended 31 March 2022 in this Report ("2022 Financial Statements") dated 29 July 2022.

Referring to *independent auditor's report (page 46 to 48) of this annual report*, the management of the Company noted that the Company's auditors (the "Auditors") considered the following:

1. the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements; and

2. up to the date of the report of the Auditors, no extension agreement has been reached with Mr. Wong Law Fai regarding the loans due to him. In view of the extent of the uncertainty relating to the successful outcome of loan extension negotiations with Mr. Wong Law Fai as described above, the Auditors were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

The Directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong Law Fai. However, as the Auditors were unable to obtain sufficient evidence that the Company would reach an extension agreement with Mr. Wong Law Fai, the Auditors issued a disclaimer of opinion in relation to limitation of scope on the adoption of going concern basis in preparing the consolidated financial statements for the year ended 31 March 2022.

The Company considers it necessary to reach an extension agreement regarding the loans (the "Loans") due to Mr. Wong Law Fai for addressing the audit qualification made for the year ended 31 March 2022.

The Company is currently working on possible action plans (the "Action Plans") to address the audit qualification regarding going concern assumption for the subsequent financial years, including negotiation and conclusion for a longer term of renewal of the Loans and possible ways for repayment of the Loans.

The Company would strive to finalise and implement the Action Plans which should address the audit qualification regarding going concern assumption for the financial year ending 31 March 2023.

The Auditors considered that, in respect of the going concern assumption as set out in note 2 to the 2022 Financial Statements, the audit modification on going concern would be removed in the next year's auditor report if:

1. the Company can successfully obtain extension/renewal of the Loans from Mr. Wong Law Fai for a loan repayment date at least 12 months after 31 March 2023; or

2. the Company successfully obtain sufficient financial support/funding to repay the Loans.

The audit committee has discussed with the Company, reviewed the 2022 Financial Statements, and agreed with the going concern basis of preparation of the consolidated financial statements as well as the necessity to reach an extension agreement regarding the Loans and to finalise and implement the Action Plans for addressing the audit qualification.

The audit committee has also discussed with the Auditors and reviewed the audit qualification and the basis of the qualification.

On behalf of the Board

Chau Chit
Chairman and Chief Executive Officer

Hong Kong, 29 July 2022

CORPORATE GOVERNANCE REPORT

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the Shareholders, customers and employees of the Company. During the year ended 31 March 2022, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2022, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

Roles of the chairman and the chief executive

According to the code provision A.2.1 of the CG Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing.

The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, during the year ended 31 March 2022.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

Financial reporting, Risk management and internal control

Auditors’ opinion regarding concern and remedial actions

According to the *independent auditor’s report (page 46 to 48) of this annual report*, the Company’s auditors expressed a disclaimer of opinion on the consolidated financial statements of the Company for the year ended 31 March 2022 regarding material uncertainties on the Company’s ability to continue as a going concern.

The followings are further information regarding the above matters:

The management’s position and basis (the “Going Concern Basis”) on the going concern assumption has been referred to in note 2 to the consolidated financial statements for the year ended 31 March 2022 in this Report (“2022 Financial Statements”) dated 29 July 2022.

Referring to *independent auditor's report (page 46 to 48) of this annual report*, the management of the Company noted that the Company's auditors (the "Auditors") considered the following:

1. the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements; and

2. up to the date of the report of the Auditors, no extension agreement has been reached with Mr. Wong Law Fai regarding the loans due to him. In view of the extent of the uncertainty relating to the successful outcome of loan extension negotiations with Mr. Wong Law Fai as described above, the Auditors were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

The directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong Law Fai. However, as the Auditors were unable to obtain sufficient evidence that the Company would reach an extension agreement with Mr. Wong Law Fai, the Auditors issued a disclaimer of opinion in relation to limitation of scope on the adoption of going concern basis in preparing the consolidated financial statements for the year ended 31 March 2022.

The Company considers it necessary to reach an extension agreement regarding the loans (the "Loans") due to Mr. Wong Law Fai for addressing the audit qualification made for the year ended 31 March 2022.

The Company is currently working on possible action plans (the "Action Plans") to address the audit qualification regarding going concern assumption for the subsequent financial years, including negotiation and conclusion for a longer term of renewal of the Loans and possible ways for repayment of the Loans.

The Company would strive to finalise and implement the Action Plans which should address the audit qualification regarding going concern assumption for the financial year ending 31 March 2023.

The Auditors considered that, in respect of the going concern assumption as set out in note 2 to the 2022 Financial Statements, the audit modification on going concern would be removed in the next year's auditor report if:

1. the Company can successfully obtain extension/renewal of the Loans from Mr. Wong Law Fai for a loan repayment date at least 12 months after 31 March 2023; or

2. the Company successfully obtain sufficient financial support/funding to repay the Loans.

The audit committee has discussed with the Company, reviewed the 2022 Financial Statements, and agreed with the going concern basis of preparation of the consolidated financial statements as well as the necessity to reach an extension agreement regarding the Loans and to finalise and implement the Action Plans for addressing the audit qualification.

The audit committee has also discussed with the Auditors and reviewed the audit qualification and the basis of the qualification.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2022.

BOARD OF DIRECTORS

Composition of the Board of Directors

As at the date of this annual report, the Board consisted six Directors comprising three executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Chau Chit *(Chairman and Chief Executive Officer)*
Mr. Fung Ka Lun
Mr. Zhu Xiaodong

Independent non-executive Directors

Mr. Tam Tak Kei Raymond
Dr. Wong Lee Ping
Mr. Wong Wai Kwan

The biographical details of all current Directors and senior management of the Company are set out on pages 19 to 22 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among the members of the Board and/or the senior management during the reporting period.

Functions of the Board

The principal functions of the Board are to consider and approve the overall business plans and strategies of the Group, develop and implement the corporate governance function, monitor the implementation of these policies and strategies and the management of the Company. The Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in the Group's business, the Board delegates the authority and responsibility for implementing the Group's policies and strategies.

Board Meetings and Board Practices

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

Directors' Re-election

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after appointment. By virtue of article 112 of the articles of association of the Company, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Independent non-executive Directors

The Company has three independent non-executive Directors to comply with Rule 3.10(1) and 3.10A of the Listing Rules. The three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. In accordance to Rule 3.13 of the Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmation, considers, the independent non-executive Directors to be independent.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. During the year ended 31 March 2022, the chairman had met the non-executive Director and the independent non-executive Directors respectively and individually without the presence of other executive Directors.

Delegation of Powers

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management needs to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

All Directors during the reporting period have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contribution to the Board remains informed and relevant.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 19 December 2011 with written terms of reference which were revised on 23 September 2015 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information and risk management of the Group, oversee the financial reporting process and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

As at the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wong Wai Kwan (the chairman of the Audit Committee), Mr. Tam Tak Kei Raymond and Dr. Wong Lee Ping.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2021 and the consolidated financial statements and annual results for the year ended 31 March 2022.

During the year ended 31 March 2022, the Audit Committee held 3 meetings.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine 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.

As at the date of this report, the Remuneration Committee comprised three independent non-executive Directors, namely, Mr. Tam Tak Kei Raymond (the chairman of the Remuneration Committee), Dr. Wong Lee Ping and Mr. Wong Wai Kwan, and an executive Director, namely Mr. Chau Chit.

During the year ended 31 March 2022, the Remuneration Committee held 3 meetings to, inter alia, review the remuneration packages of all Directors and senior management of the Company.

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries, allowances and share options granted. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors is to enable the Group to retain and motivate the executive Directors by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors is entitled to the remuneration packages including basic salaries and discretionary bonuses.

The current share option scheme of the Company (the "Share Option Scheme") was adopted by the Shareholders in the extraordinary general meeting held on 30 September 2021. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons will have additional incentives to improve the Company's performance.

Details of the fees and other emoluments paid or payable to the Directors and the remuneration of the members of senior management by band for the year ended 31 March 2022 (including share options granted) are set out in notes 16 and 15 to the consolidated financial statements contained in this Annual Report.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 and 26 August 2013 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession.

The Board is empowered under the Company's articles of association to appoint any person as a Director either to fill a casual vacancy or, as an additional member of the Board. The Company has formulated the nomination policy, and factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for Director include, inter alia, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

The Nomination Committee formulated the board diversity policy of the Company (the "Board Diversity Policy"). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

As at the date of this report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Tam Tak Kei Raymond, Dr. Wong Lee Ping and Mr. Wong Wai Kwan, and an executive Director, namely Mr. Chau Chit (the chairman of the Nomination Committee).

During the year ended 31 March 2022, the Nomination Committee held 3 meeting to, inter alia, review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board on the appointment of Directors and assess the Board Diversity Policy.

Risk Management Committee

A Risk Management Committee was established on 20 April 2020. At the date of this report, members composed of two executive Directors and one independent non-executive Director. The Committee is responsible for assisting the Board to oversee the design, implementation and monitoring of the risk management system carried out by the management on a ongoing basis and to analyse and independently assess whether the system in managing risks is sufficient, efficient and effective.

Corporate Governance Functions

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management; and
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and meetings of Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and the general meetings of the Company held during the year ended 31 March 2022 is set out in the table below:

	Number of meetings attended/entitled to attend							
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Risk Management Committee**	**Annual General Meeting**	**Extraordinary General Metting**	**Type of training**
Executive Directors								
Mr. Chau Chit	10/10	n/a	3/3	3/3	0/0	1/1	1/1	B
Mr. Fung Ka Lun *(appointed on 13 August 2021)*	4/4	n/a	n/a	n/a	n/a	1/1	1/1	B
Mr. Zhu Xiaodong	6/10	n/a	n/a	n/a	0/0	0/1	0/1	B
Independent Non-executive Directors								
Mr. Tam Tak Kei Raymond	10/10	3/3	3/3	3/3	n/a	1/1	1/1	A and B
Mr. Wong Kai Tung Simon *(resigned on 7 May 2021)*	2/2	0/0	1/1	1/1	n/a	0/0	0/0	A and B
Mr. Wong Wai Kwan	10/10	3/3	3/3	3/3	0/0	1/1	1/1	A and B
Dr. Wong Lee Ping *(appointed on 7 May 2021)*	8/8	3/3	2/2	2/2	n/a	1/1	1/1	A and B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Apart from regular Board meetings, the Chairmen also held meetings with the independent non-executive Directors without the presence of executive Directors during the year ended 31 March 2022.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2022, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Auditor's Remuneration

During the year ended 31 March 2022, the remuneration paid or payable to the auditor of the Company, RSM Hong Kong, in respect of their audit and non-audit services was as follows:

	HK$
Audit service fee	1,780,000
Non-audit service fee	210,000
Total	1,990,000

Risk Management and Internal Control Responsibility

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained. Management is responsible for designing, implementing and monitoring the risk management and internal control systems to manage risks. Sound and effective risk management and internal control systems are designed to identify and manage the risk of failure to achieve business objectives. The Group's risk management process include risk assessment, which constitutes the sub-processes of risk identification, analysis, evaluation, mitigation, reporting and monitoring. The Group also adopt a risk whistle-blowing policy to uphold honesty, integrity and fair play as our core values of the Group at all times.

The Company has set up Risk Management Committee to assist the Board to oversee the risk management system carried out by the management on an ongoing basis, and has appointed a compliance officer to advise on and assist the Board in overseeing the compliance of laws and regulations by the Group.

Review of Risk Management and Internal Control System

The Company has engaged an internal control consultant ("Internal Control Consultant") to conduct an internal control review on, among other things, the Company's controls in place for particular risk management processes of the Group's businesses.

Following the review process, the Company has continued to implement/enhance internal control measures/systems and the Internal Control Consultant will further perform follow-up review on the remedial actions taken by the Company.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the company secretary of the Company (the "Company Secretary"):

1. By mail to the Company's principal place of business at Room 2010, 20/F, No. 118 Connaught Road West, Hong Kong;

2. By telephone number 2180 6139;

3. By fax number 2180 6125; or

4. By email at kencheung@1315.com.hk

The Company uses a number of formal communications channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channels between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely mannered and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The Chairmen of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 64 of the articles of association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings may request an extraordinary general meeting. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a shareholder wishes to propose a person for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's head office and principal place of business of the Company at Room 2010, 20/F, No. 118 Connaught Road West, Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company at Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong:

- a notice in writing by the Shareholder indicating the intention to propose a person for election as a Director; and
- a notice in writing by the person proposed by the Shareholder for election as a Director indicating his/her willingness to be elected.

The minimum length of the period, during which such notices may be given, will be at least 7 days.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The Board has established a Shareholders' communication policy on 28 March 2012 and reviews it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

In order to promote effective communication, the Company also maintains a website (http://www.greeneconomy.com.hk) which includes the latest information relating to the Group and its businesses.

COMPANY SECRETARY'S TRAINING

During the year ended 31 March 2022, Mr. Cheung Yiu Kuen has received no less than 15 hours of relevant professional training to refresh his skills and knowledge.

INDEPENDENT AUDITOR'S REPORT

RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road,
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TO THE SHAREHOLDERS OF GREEN ECONOMY DEVELOPMENT LIMITED
(FORMERLY KNOWN AS VISION FAME INTERNATIONAL HOLDING LIMITED)
(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Green Economy Development Limited (formerly known as Vision Fame International Holding Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 113, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to note 2 to the consolidated financial statements.

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai ("Mr. Wong"), the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made between Mr. Wong as lender and Wan Chung as borrower (the "Wan Chung Loan Agreements"). It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

On 4 October 2021, the Company received a demand letter dated 2 October 2021 (the "Second Demand Letter") from Mr. Wong in relation to the promissory notes dated 2 July 2014 and 24 March 2015 respectively (both as supplemented) in the principal sum of HK$41,856,697 made between Mr. Wong as lender and Magic Choice Holdings Limited ("Magic Choice"), an indirect wholly-owned subsidiary of the Company, as borrower (the "Magic Choice Promissory Notes"). It is stated in the Second Demand Letter that, among other things, the failure of Magic Choice to repay all the outstanding principal and the interest accrued thereon under the Magic Choice Promissory Notes in the sum of HK$42,654,153 on 30 September 2021 constituted an event of default, and that the promissory notes became due and payable.

As at 30 September 2021, the total sum owed by Wan Chung and Magic Choice to Mr. Wong under the Wan Chung Loan Agreements and the Magic Choice Promissory Notes amounted to an aggregate outstanding principal sum of approximately HK$243 million together with any accrued interest thereon.

On 31 March 2022, HK$50,000,000 was paid to Mr. Wong by Wan Chung which was applied as follows:

(a) approximately HK$25,869,000 for repayment of default interest under the Wan Chung Loan Agreements and the Magic Choice Promissory Notes for the period from 1 October 2021 up to and including 10 March 2022; and

(b) approximately HK$24,131,000 for partial repayment of principal on the outstanding loans of the Wan Chung Loan Agreements.

As at 31 March 2022, the Group's total borrowings due to Mr. Wong amounted to approximately HK$218,878,000 and the interest thereon amounted to approximately HK$14,879,000 while its cash and cash equivalents amounted to approximately HK$132,908,000 only.

Subsequent to 31 March 2022, the Group has not made any repayment of loans or any interest thereon to Mr. Wong.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2023. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for the 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of loan extension negotiations with Mr. Wong.

INDEPENDENT AUDITOR'S REPORT (Continued)

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

We consider that the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements. Up to the date of our report, no extension agreement has been reached with Mr. Wong regarding the loans due to him. In view of the extent of the uncertainty relating to the successful outcome of loan extension negotiations with Mr. Wong as described above, we were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Wo Cheung.

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

29 July 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	8	**4,272,884**	5,236,876
Cost of sales and services		**(4,183,612)**	(5,156,282)
Gross profit		**89,272**	80,594
Other income	9	**9,719**	29,818
Other gains and (losses)	10	**999**	(3,876)
Selling expenses		**(11,843)**	(25,694)
Administrative expenses		**(54,645)**	(57,210)
Profit from operations		**33,502**	23,632
Finance costs	12	**(33,932)**	(12,243)
(Loss)/profit before tax		**(430)**	11,389
Income tax expenses	13	**(14,987)**	(6,282)
(Loss)/profit for the year	14	**(15,417)**	5,107
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**6,659**	15,119
Other comprehensive income for the year, net of tax		**6,659**	15,119
Total comprehensive income for the year		**(8,758)**	20,226
(Loss)/profit for the year attributable to:			
Owners of the Company		**(13,566)**	7,216
Non-controlling interests		**(1,851)**	(2,109)
		(15,417)	5,107
Total comprehensive income for the year attributable to:			
Owners of the Company		**(6,907)**	22,335
Non-controlling interests		**(1,851)**	(2,109)
		(8,758)	20,226
		2022	2021
(Loss)/earnings per share	18		(Restated)
Basic (HK cents per share)		**(0.19)**	0.12
Diluted (HK cents per share)		**(0.19)**	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	19	**3,531**	4,058
Right-of-use assets	20	**5,199**	3,603
		8,730	7,661
Current assets			
Inventories	22	**79,806**	44,107
Trade and other receivables	23	**322,628**	315,468
Contract assets	24	**275,693**	281,981
Financial assets at fair value through profit or loss ("FVTPL")	25	**1,083**	1,059
Pledged bank deposits	26	**59,832**	59,769
Bank and cash balances	26	**132,908**	148,801
		871,950	851,185
Current liabilities			
Trade and other payables	27	**396,814**	385,925
Lease liabilities	28	**3,108**	3,075
Contract liabilities	29	**41,486**	32,515
Amounts due to related parties	30	**17,479**	24,784
Amount due to a director	31	**2,680**	1,700
Loans from a related party	32	**218,878**	243,009
Other loans	33	**4,105**	3,255
Current tax liabilities		**20,447**	11,433
		704,997	705,696
Net current assets		**166,953**	145,489
Total assets less current liabilities		**175,683**	153,150
Non-current liabilities			
Accruals and other payables	27	**487**	487
Lease liabilities	28	**1,678**	608
		2,165	1,095
NET ASSETS		**173,518**	152,055

At 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	35	**15,000**	12,000
Reserves	37	**162,473**	142,159
		177,473	154,159
Non-controlling interests		**(3,955)**	(2,104)
TOTAL EQUITY		**173,518**	152,055

Approved by the Board of Directors on 29 July 2022 and are signed on its behalf by:

Chau Chit
Director

Fung Ka Lun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company												
	Issued capital HK$'000	Share premium account HK$'000 (note 37(b)(i))	Share option reserve HK$'000 (note 38)	Equity component of a convertible bond HK$'000	Foreign currency translation reserve HK$'000 (note 37(b)(ii))	Capital reserve HK$'000 (note 37(b)(iii))	Legal reserve HK$'000 (note 37(b)(iv))	Statutory surplus reserve HK$'000 (note 37(b)(v))	Other reserve HK$'000 (note 37(b)(vi))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020	12,000	300,824	–	11,746	(822)	3,642	12	772	22,000	(218,350)	131,824	–	131,824
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	5	5
Total comprehensive income for the year	–	–	–	–	15,119	–	–	–	–	7,216	22,335	(2,109)	20,226
Transfer equity component of a convertible bond to accumulated losses upon maturity	–	–	–	(11,746)	–	–	–	–	–	11,746	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	–	–	687	–	(687)	–	–	–
Changes in equity for the year	–	–	–	(11,746)	15,119	–	–	687	–	18,275	22,335	(2,104)	20,231
At 31 March 2021 and 1 April 2021	12,000	300,824	–	–	14,297	3,642	12	1,459	22,000	(200,075)	154,159	(2,104)	152,055
Total comprehensive income for the year	–	–	–	–	6,659	–	–	–	–	(13,566)	(6,907)	(1,851)	(8,758)
Issuance of shares on rights issue (note 35)	3,000	25,475	–	–	–	–	–	–	–	–	28,475	–	28,475
Recognition of share based payments	–	–	1,746	–	–	–	–	–	–	–	1,746	–	1,746
Transfer to statutory surplus reserve	–	–	–	–	–	–	–	103	–	(103)	–	–	–
Changes in equity for the year	3,000	25,475	1,746	–	6,659	–	–	103	–	(13,669)	23,314	(1,851)	21,463
At 31 March 2022	15,000	326,299	1,746	–	20,956	3,642	12	1,562	22,000	(213,744)	177,473	(3,955)	173,518

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(430)**	11,389
Adjustments for:		
Finance costs	**33,932**	12,243
Interest income from bank deposits	**(352)**	(673)
Interest income from sub-contractors	**(1,301)**	(3,971)
Gain on disposals of property, plant and equipment	**(110)**	(23)
Gain on disposals of right-of-use assets	**—**	(4)
Surrender charges paid on disposal of financial assets at FVTPL	**—**	436
Fair value (gains)/losses on financial assets at FVTPL	**(23)**	417
Depreciation of property, plant and equipment	**1,654**	1,977
Depreciation of right-of-use assets	**3,849**	3,892
Equity-settled share-based payments	**1,746**	—
Operating profit before working capital changes	**38,965**	25,683
Increase in inventories	**(33,238)**	(39,749)
(Increase)/decrease in trade receivables	**(61,483)**	254,329
Decrease in contract assets	**6,301**	62,346
Decrease in prepayments, deposits and other receivables	**64,180**	9,146
Increase/(decrease) in trade payables	**1,734**	(55,228)
Increase in accruals and other payables	**5,821**	9,032
Increase/(decrease) in contract liabilities	**8,234**	(159,644)
Cash generated from operations	**30,514**	105,915
Income tax paid	**(6,384)**	(6,461)
Net cash generated from operating activities	**24,130**	99,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,125)**	(3,596)
Proceeds from disposals of property, plant and equipment	**110**	283
Bank interest received	**352**	673
Proceeds from disposal of financial assets at fair value through other comprehensive income ("FVTOCI")	**—**	6,000
Proceeds from disposal of financial assets at FVTPL	**—**	11,969
Increase in time deposits with original maturity of over three months when acquired, pledged as security for bank facilities	**(63)**	(503)
Net cash (used in)/generated from investing activities	**(726)**	14,826

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new ordinary shares, net of	28,475	—
Borrowings raised	850	84,255
Repayment of borrowings	—	(81,000)
Repayment of interest on bank and other loans	(301)	(259)
Repayment of lease liabilities	(4,381)	(3,895)
Repayment of interest expenses on lease liabilities	(178)	(184)
Proceeds from related parties	8,678	—
Repayment of amount due to related parties	(21,400)	(8,787)
Increase in amount due to a director	980	700
Repayment of loans from a related party	(24,131)	—
Repayment of interest expenses on loan from a related party	(28,037)	—
Contribution from non-controlling interests	—	5
Net cash used in financing activities	(39,445)	(9,165)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,041)	105,115
Effect of foreign exchange rate changes	148	15,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	148,801	28,634
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	132,908	148,801
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	107,108	100,594
Non-pledged time deposits with original maturity of less than three months when acquired	25,800	48,207
	132,908	148,801

1. GENERAL INFORMATION

Green Economy Development Limited (formerly known as Vision Fame International Holding Limited) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 2010, 20/F., No. 118 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company are investment holding. The principal activities of its subsidiaries are set out in note 21 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

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

Going concern basis

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai ("Mr. Wong"), the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 (as supplemented) and an advance agreement dated 30 October 2016 (as supplemented), all made between Mr. Wong as lender and Wan Chung as borrower (the "Wan Chung Loan Agreements"). It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

On 4 October 2021, the Company received a demand letter dated 2 October 2021 (the "Second Demand Letter") from Mr. Wong in relation to the promissory notes dated 2 July 2014 and 24 March 2015 respectively (both as supplemented) in the principal sum of HK$41,856,697 made between Mr. Wong as lender and Magic Choice Holdings Limited ("Magic Choice"), an indirect wholly-owned subsidiary of the Company, as borrower (the "Magic Choice Promissory Notes"). It is stated in the Second Demand Letter that, among other things, the failure of Magic Choice to repay all the outstanding principal and the interest accrued thereon under the Magic Choice Promissory Notes in the sum of HK$42,654,153 on 30 September 2021 constituted an event of default, and that the promissory notes became due and payable.

As at 30 September 2021, the total sum owed by Wan Chung and Magic Choice to Mr. Wong under the Wan Chung Loan Agreements and the Magic Choice Promissory Notes amounted to an aggregate outstanding principal sum of approximately HK$243 million together with any accrued interest thereon.

On 31 March 2022, HK$50,000,000 was paid to Mr. Wong by Wan Chung which was applied as follows:

(a) approximately HK$25,869,000 for repayment of default interest under the Wan Chung Loan Agreements and the Magic Choice Promissory Notes for the period from 1 October 2021 up to and including 10 March 2022; and

(b) approximately HK$24,131,000 for partial repayment of principal on the outstanding loans of the Wan Chung Loan Agreements.

As at 31 March 2022, the Group's total borrowings due to Mr. Wong amounted to approximately HK$218,878,000 and the interest thereon amounted to approximately HK$14,879,000 while its cash and cash equivalents amounted to approximately HK$132,908,000 only.

Subsequent to 31 March 2022, the Group has not made any repayment of loans or any interest thereon to Mr. Wong.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2023.

The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2023, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong.

After taking into account of the Group's bank deposits and cash balances amounting to HK$132,908,000 as at 31 March 2022 and the Group's ability for generating operating cash, the directors are optimistic that Mr. Wong will accept the repayment proposals put forward/to be put forward by the Group. As such the directors consider it reasonable to assume that the Company will successfully extend the loans due to Mr. Wong.

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The directors therefore considered it appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform")

The amendments do not have an impact on these financial statements as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met (see note 4(d)). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. The amendments had no impact on the consolidated financial statements of the Group as the Group does not have any rent concessions that were previously ineligible for the practical expedient because of the original time limit and accounted for as lease modifications, become eligible.

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

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

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(a) Consolidation

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

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

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

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 and any accumulated foreign currency translation reserve relating to that subsidiary.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation (Continued)

(iii) Translation on consolidation

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

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Leasehold improvements	Over the shorter of lease terms or 20% to 33%
Motor vehicles	20%
Furniture, fixture and equipment	10% to 33%
Computers	33%

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment (Continued)

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

(d) Leases

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

(i) The Group as a lessee

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

(i) The Group as a lessee (Continued)

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification and recognise the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concession occurred.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Contract assets and contract liabilities

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Construction contracts

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

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the input method or output method.

Revenue from the building construction contracts is recognised over time, using an input method measure progress towards complete satisfaction of the services, because the Group's performance creates or enhances an asset that the customer controls as the assets is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

The Group becomes entitled to invoice customers for building construction based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is always less than one year.

For revenue from property maintenance works under term contract and revenue from other alterations, renovation, upgrading and fitting-out contracts, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognise revenue over time, using output method by reference to completion of the specific transaction assessed on the basis of the work certified incurred up to the end of the reporting period as a percentage of total contract value for each contract.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Recognition and derecognition of financial instruments

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

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

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

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

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

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

— amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method.

— Financial assets at FVTOCI — recycling, if the contractual cash flows of the instruments comprise solely payments of principal and interest and the instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the instrument is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the instrument does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the instrument (including interest) are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Equity investment

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

(j) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

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

(l) 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. The accounting policies adopted for specific financial liabilities and equity instruments are set out in notes (m) to (p) below.

(m) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial guarantee contracts

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

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

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

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

(o) Trade and other payables

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

(p) Equity instruments

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

(q) Revenue and other income

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

Revenue from the sales of materials is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(g) above.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

(s) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and other providing similar services.

Equity-settled share-based payments to directors and employees 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.

Equity-settled share-based payments to others providing similar services are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

(u) Government grants

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

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

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

(v) Taxation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation (Continued)

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

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

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

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

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

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

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.

(w) Impairment of non-financial assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables and contract assets as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

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

— an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Significant increase in credit risk (Continued)

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

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

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

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

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

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

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

Definition of default

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Credit-impaired financial assets

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

— significant financial difficulty of the issuer or the counterparty;

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

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement and recognition of ECL (Continued)

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

(y) Provisions and contingent liabilities

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

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

(z) 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. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(i) 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).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depend upon the successful implementation of financing plans to mitigate the liquidity pressure on the Group, to restructure its financial obligations and to improve its financial position. Details are explained in note 2 to the consolidated financial statements.

(b) Revenue from contracts with customers

The Group applied the judgements that significantly affect the determination of the amount and timing of revenue from contracts with customer.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(b) Revenue from contracts with customers (Continued)

The Group has recognised revenue from building construction contracts over time, using an input method; the Group has recognised revenue from property maintenance works under term contract and revenue from other alterations, renovation, upgrading and fitting-out contracts over time, using an output method, to measure progress towards complete satisfaction of the service because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. The output method recognises based on direct measurements of the value of units delivered or surveys of work performed. Both methods involve the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred, direct measurements of the value of units delivered or surveys of work performed and forecasts in relation to costs to complete.

(c) Significant increase in credit risk

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

(ii) Key sources of estimation uncertainty

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

(a) Revenue and profit recognition

As explained in policy note 4(g), revenue from construction contract is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 24 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year, HK$1,253,705,000 (2021: HK$1,098,880,000) of revenue from construction contracts was recognised.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(b) Impairment of trade receivables and contract assets

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

As at 31 March 2022, the carrying amount of trade receivables and contract assets are HK$218,275,000 and HK$275,693,000 respectively (2021: HK$151,487,000 and HK$281,981,000).

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

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

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2022 were HK$3,531,000 (2021: HK$4,058,000) and HK$5,199,000 (2021: HK$3,603,000) respectively.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. During the year, HK$14,987,000 (2021: HK$6,282,000) of income tax was charged to profit or loss based on the estimated profit from operations.

The carrying amount of current tax liabilities as at 31 March 2022 was HK$20,447,000 (2021: HK$11,433,000).

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollar, Singapore dollar ("SGD") and Renminbi ("RMB"), of which are the functional currencies of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

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

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group's trading terms with its customers are mainly based on the contract. Normally, the Group does not obtain collateral from customers.

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

The Group considers the exposure to credit risk is low and ECL of trade receivables and contract assets as immaterial.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Other financial assets at amortised cost

All of the Group's other financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include other receivables, pledged bank deposits and restricted cash and bank and cash balances.

(c) Liquidity risk

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

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

	On demand HK$'000	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
At 31 March 2022				
Trade and retention payables	**—**	**174,853**	**21,987**	**196,840**
Accruals and other payables	**—**	**199,974**	**487**	**200,461**
Amounts due to related parties	**17,479**	**—**	**—**	**17,479**
Amount due to a director	**2,680**	**—**	**—**	**2,680**
Loans from a related party	**218,878**	**—**	**—**	**218,878**
Other loans	**—**	**4,303**	**—**	**4,303**
Lease liabilities	**—**	**3,230**	**1,697**	**4,927**
At 31 March 2021				
Trade and retention payables	—	178,413	14,894	193,307
Accruals and other payables	—	192,618	487	193,105
Amounts due to related parties	24,784	—	—	24,784
Amount due to a director	1,700	—	—	1,700
Loans from a related party	—	247,626	—	247,626
Other loans	—	3,397	—	3,397
Lease liabilities	—	3,142	610	3,752

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group's bank deposits and other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

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

At 31 March 2022, if interest rates had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been HK$800,000 lower (2021: consolidated profit after tax for the year ended would have been HK$1,380,000 lower), arising mainly as a result of lower interest income from bank. If interest rates had been 10 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$800,000 higher (2021: consolidated profit after tax for the year ended would have been HK$1,380,000 higher), arising mainly as a result of higher interest income from bank.

(e) Categories of financial instruments at 31 March

	2022 **HK$'000**	2021 HK$'000
Financial assets:		
Financial assets at FVTPL	**1,083**	1,059
Financial assets at amortised cost	**433,448**	370,198
Financial liabilities:		
Financial liabilities at amortised cost	**639,956**	650,401

(f) Fair values

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

7. FAIR VALUE MEASUREMENTS

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

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

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

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

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

Disclosures of level in fair value hierarchy at 31 March:

Description	**Fair value measurements using:**			**Total**
	Level 1	**Level 2**	**Level 3**	**2022**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Listed equity investment	**1,083**	**–**	**–**	**1,083**

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2021
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Listed equity investment	1,059	–	–	1,059

8. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Building construction and other construction related business	**274,115**	173,133
— Alterations, renovation, upgrading and fitting-out works	**292,282**	285,983
— Property maintenance	**687,308**	639,764
— Trading of materials	**3,019,179**	4,137,996
	4,272,884	5,236,876

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products or service lines and geographical regions:

For the year ended 31 March	Building construction and other construction related business 2022 HK$'000	2021 HK$'000	Alterations, renovation, upgrading and fitting-out works 2022 HK$'000	2021 HK$'000	Property maintenance 2022 HK$'000	2021 HK$'000	Trading of materials 2022 HK$'000	2021 HK$'000	Total 2022 HK$'000	2021 HK$'000
Primary geographical markets										
Hong Kong	**4,915**	7,306	**280,153**	274,857	**687,308**	639,764	**–**	–	**972,376**	921,927
The People's Republic of China (the "PRC") except Hong Kong	**–**	–	**–**	–	**–**	–	**3,019,179**	4,137,996	**3,019,179**	4,137,996
Singapore	**269,200**	165,827	**12,129**	11,126	**–**	–	**–**	–	**281,329**	176,953
Revenue from external customers	**274,115**	173,133	**292,282**	285,983	**687,308**	639,764	**3,019,179**	4,137,996	**4,272,884**	5,236,876
Timing of revenue recognition										
Goods and services transferred at a point in time	**–**	–	**–**	–	**–**	–	**3,019,179**	4,137,996	**3,019,179**	4,137,996
Services transferred over time	**274,115**	173,133	**292,282**	285,983	**687,308**	639,764	**–**	–	**1,253,705**	1,098,880
Total	**274,115**	173,133	**292,282**	285,983	**687,308**	639,764	**3,019,179**	4,137,996	**4,272,884**	5,236,876

8. REVENUE (Continued)

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and the expected timing of recognising revenue as follows:

	Construction contracts	
	2022	2021
	HK$'000	HK$'000
Within one year	**1,243,183**	996,340
More than one year but not more than two years	**737,350**	893,641
More than two years	**282,937**	—
	2,263,470	1,889,981

9. OTHER INCOME

	2022	2021
	HK$'000	HK$'000
Interest income from:		
Bank deposits	**352**	673
Sub-contractors	**1,301**	3,971
Total interest income	**1,653**	4,644
Government grants #	**7,233**	24,592
Others	**833**	582
	9,719	29,818

During the year ended 31 March 2022, the Group recognised government grants of HK$6,388,000 in respect of COVID-19 related subsidies. The remaining portion of government grants represented government subsidy granted to enterprise, who had fulfilled certain requirements such as operating in high tech industrial development zone, by the local government of the region that the subsidiary operates.

The Group recognised government grants of HK$4,372,000 in respect of COVID-19 related subsidies, of which HK$7,813,000 relating to Employment Support Scheme provided by the Hong Kong government during the year ended 31 March 2021.

10. OTHER GAINS AND (LOSSES)

	2022 HK$'000	2021 HK$'000
Gain on disposals of property, plant and equipment	110	23
Fair value gains/(losses) on financial asset at FVTPL	23	(417)
Net foreign exchange gain/(loss)	866	(2,881)
Others	—	(601)
	999	(3,876)

11. SEGMENT INFORMATION

The Group has four (2021: four) operating segments as follows:

(a) Building construction and other construction related business

(b) Alterations, renovation, upgrading and fitting-out works

(c) Property maintenance

(d) Trading of materials

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated administrative expenses, certain other income, other gains and losses, finance costs and income tax expenses. Segment assets do not include financial assets at FVTPL, certain other receivables, pledged bank deposits and bank and cash balances. Segment non-current assets do not include certain property, plant and equipment and certain right-of-use assets. Segment liabilities do not include certain lease liabilities, amounts due to related parties, amount due to a director, loans from a related party, certain trade and other payables and current tax liabilities.

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

11. SEGMENT INFORMATION (Continued)

(i) Information about reportable segments profit or loss, assets and liabilities:

	Building construction and other construction related business HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Property maintenance HK$'000	Trading of materials HK$'000	Total HK$'000
Year ended 31 March 2022					
Revenue from external customers	**274,115**	**292,282**	**687,308**	**3,019,179**	**4,272,884**
Segment (loss)/profit	**(27,529)**	**(1,709)**	**97,731**	**10,236**	**78,729**
Interest revenue	**–**	**371**	**930**	**–**	**1,301**
Depreciation	**1**	**8**	**932**	**29**	**970**
Capital expenditure	**–**	**–**	**–**	**6**	**6**
At 31 March 2022					
Segment assets	**82,669**	**106,287**	**212,801**	**200,007**	**601,764**
Segment liabilities	**(105,270)**	**(73,991)**	**(151,085)**	**(91,400)**	**(421,746)**

	Building construction and other construction related business HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Property maintenance HK$'000	Trading of materials HK$'000	Total HK$'000
Year ended 31 March 2021					
Revenue from external customers	173,133	285,983	639,764	4,137,996	5,236,876
Segment (loss)/profit	(9,769)	4,610	53,671	10,708	59,220
Interest revenue	3	461	3,856	–	4,320
Depreciation	–	–	950	24	974
Capital expenditure	–	–	2,803	10	2,813
At 31 March 2021					
Segment assets	88,130	69,205	224,237	266,507	648,079
Segment liabilities	(69,767)	(69,091)	(163,748)	(104,843)	(407,449)

11. SEGMENT INFORMATION (Continued)

(ii) Reconciliations of reportable segments:

Revenue and profit or loss:

	2022 HK$'000	2021 HK$'000
Revenue		
Consolidated revenue	**4,272,884**	5,236,876
Profit or loss		
Total profit of reportable segments	**78,729**	59,220
Unallocated amounts:		
Other income	**8,419**	25,498
Other gains and (losses)	**999**	(3,876)
Administrative expenses	**(54,645)**	(57,210)
Finance costs	**(33,932)**	(12,243)
Consolidated (loss)/profit before tax	**(430)**	11,389

Assets and liabilities:

	2022 HK$'000	2021 HK$'000
Assets		
Total assets of reportable segments	**601,764**	648,079
Unallocated amounts:		
Unallocated head office and corporate assets	**278,916**	210,767
Consolidated total assets	**880,680**	858,846
Liabilities		
Total liabilities of reportable segments	**421,746**	407,449
Unallocated amounts:		
Unallocated head office and corporate liabilities	**285,416**	299,342
Consolidated total liabilities	**707,162**	706,791

11. SEGMENT INFORMATION (Continued)

(iii) Geographical information:

The Group's revenue from external customers by locations of operations was disclosed in note 8 to the consolidated financial statements.

Information about the Group's non-current assets by location of assets are detailed below:

	Non-current assets	
	2022 **HK$'000**	2021 HK$'000
Hong Kong	**6,450**	4,503
The PRC except Hong Kong	**29**	50
Singapore	**2,251**	3,108
Consolidated total	**8,730**	7,661

(iv) Revenue from major customers:

	2022 **HK$'000**	2021 HK$'000
Trading of materials segment		
Customer A #	**–**	829,567
Customer B #	**–**	775,798
Customer D	**748,826**	–
Customer E	**462,426**	–
Building construction and other construction related business and property maintenance segments		
Customer C	**700,384**	771,457

Revenue from these customers amounted to less than 10% of the total revenue of the Group for the year ended 31 March 2022.

12. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Interest expenses on loans from a related party	**33,453**	9,234
Interest expenses on bank loans and other loans	**301**	2,825
Interest expenses on lease liabilities (note 20)	**178**	184
	33,932	12,243

13. INCOME TAX EXPENSES

Income tax has been recognised in profit or loss as follows:

	2022 HK$'000	2021 HK$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	**12,431**	4,326
Under-provision in prior years	**80**	13
	12,511	4,339
Current tax — PRC Enterprise Income Tax		
Provision for the year	**2,157**	1,388
Under-provision in prior years	**319**	555
	2,476	1,943
	14,987	6,282

Pursuant to the rules and regulations of the Cayman Islands, Republic of Seychelles and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in these regions.

Under the two-tiered profits tax regime, profits tax rate for the first HK$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% (2021: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profit Tax has been provided at a rate 16.5% (2021: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2021: 25%).

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

13. INCOME TAX EXPENSES (Continued)

The reconciliation between the income tax expenses and the product of (loss)/profit before tax multiplied by the applicable tax rates is as follows:

	2022 HK$'000	2021 HK$'000
(Loss)/profit before tax	**(430)**	11,389
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**496**	2,897
Tax effect of income that is not taxable	**(229)**	(1,275)
Tax effect of expenses that are not deductible	**9,121**	4,469
Tax effect of tax losses not recognised	**5,145**	738
Tax effect on two-tiered profits tax regime	**(165)**	(165)
Tax effect of temporary difference	**259**	(192)
Tax reduction	**–**	(20)
Utilisation of tax losses not previously recognised	**(39)**	(738)
Under-provision in prior year	**399**	568
Income tax expenses	**14,987**	6,282

At the end of the reporting year the Group has unused tax losses of HK$72,624,000 (2021: HK$42,460,000) available for offset against future profits. No deferred tax asset has been recognised in respect of HK$73,585,000 (2021: HK$42,460,000) due to the unpredictability of future profit streams.

14. (LOSS)/PROFIT FOR THE YEAR

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration	**1,780**	1,700
Cost of services provided	**1,186,512**	1,054,880
Cost of inventories sold	**2,997,100**	4,101,593
Depreciation of property, plant and equipment	**1,654**	1,977
Depreciation of right-of-use assets	**3,849**	3,892
Net foreign exchange (gain)/loss	**(866)**	2,881
Gain on disposals of property, plant and equipment	**(110)**	(23)
Gain on disposals of right-of-use assets	**–**	(4)
Expenses relating to short-term lease and leases of low value assets	**1,139**	1,497

15. EMPLOYEE BENEFITS EXPENSE

	2022 HK$'000	2021 HK$'000
Staff costs (including directors' emoluments)		
— Salaries, bonuses and allowances	**132,410**	116,863
— Retirement benefit scheme contributions	**6,125**	4,954
— Severance payments	**1,183**	—
— Equity-settled share-based payments	**1,746**	—
	141,464	121,817

Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2021: one) director whose emoluments are reflected in the analysis presented in note 16. The emoluments of the remaining four (2021: four) individuals are set out below:

	2022 HK$'000	2021 HK$'000
Basic salaries, bonuses and allowances	**7,337**	8,420
Retirement benefit scheme contributions	**72**	72
	7,409	8,492

The emoluments fell within the following band:

	Number of individuals	
	2022	2021
HK$1,000,000 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**	1
HK$2,500,001 to HK$3,000,000	**—**	—
HK$3,000,001 to HK$3,500,000	**—**	1

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director is set out below:

	For the year ended 31 March 2022				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payment HK$'000	Total HK$'000
Name of director					
Executive directors					
Mr. Chau Chit	–	2,400	3	–	2,403
Mr. Zhu Xiaodong	–	1,200	–	–	1,200
Mr. Fung Ka Lun (note (a))	761	–	–	873	1,634
Independent non-executive directors					
Mr. Tam Tak Tei, Raymond	228	–	–	–	228
Mr. Wong Kai Tung, Simon (note (b))	23	–	–	–	23
Mr. Wong Wai Kwan	228	–	–	–	228
Dr. Wong Lee Ping (note (c))	205	–	–	–	205
Total for 2022	1,445	3,600	3	873	5,921

	For the year ended 31 March 2021				
	Fees HK$'000	Salaries, bonuses and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of director					
Executive directors					
Mr. Chau Chit	–	2,400	–	18	2,418
Mr. Xie Xiaotao (note (d))	–	250	–	–	250
Mr. Zhu Xiaodong	–	1,200	–	–	1,200
Independent non-executive directors					
Mr. Tam Tak Tei, Raymond	203	–	250	–	453
Mr. Wong Kai Tung, Simon	203	–	250	–	453
Mr. Wong Wai Kwan	204	–	250	–	454
Total for 2021	610	3,850	750	18	5,228

Notes:

(a) Mr. Fung Ka Lun was appointed on 13 August 2021.

(b) Mr. Wong Kai Tung, Simon resigned on 7 May 2021.

(c) Dr. Wong Lee Ping was appointed on 7 May 2021.

(d) Mr. Xie Xiaotao resigned on 27 August 2020.

Neither the chief executive nor any of the director waived any emoluments during the year (2021: Nil).

16. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

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

Save for those disclosed in note 42 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2022 (2021: Nil).

18. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	2022 HK$'000	2021 HK$'000
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(13,566)**	7,216
Number of shares	**'000**	'000 (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**7,060,699**	6,206,897

The weighted average number of ordinary shares for current and prior years have been adjusted retrospectively to reflect the effect of rights issue as disclosed in note 35.

As the effect of the Company's outstanding share options were anti-dilutive, the Company did not include the effect of such dilutive potential ordinary shares arising from the outstanding share options in the weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earning per share during the year ended 31 March 2022.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixture and equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2020	2,411	4,589	2,828	6,371	16,199
Additions	—	251	1,415	1,930	3,596
Disposals	—	—	—	(1,028)	(1,028)
Exchange differences	47	211	6	98	362
At 31 March 2021 and 1 April 2021	2,458	5,051	4,249	7,371	19,129
Additions	—	327	211	587	1,125
Disposals	—	—	—	(508)	(508)
Written off	—	(172)	—	—	(172)
Exchange differences	—	1	4	—	5
At 31 March 2022	2,458	5,207	4,464	7,450	19,579
Accumulated depreciation					
At 1 April 2020	2,100	4,049	2,553	4,866	13,568
Charge for the year	282	171	676	848	1,977
Disposals	—	—	—	(768)	(768)
Exchange differences	46	204	2	42	294
At 31 March 2021 and 1 April 2021	2,428	4,424	3,231	4,988	15,071
Charge for the year	17	308	589	740	1,654
Disposals	—	—	—	(508)	(508)
Written off	—	(172)	—	—	(172)
Exchange differences	—	1	2	—	3
At 31 March 2022	2,445	4,561	3,822	5,220	16,048
Carrying amount					
At 31 March 2022	**13**	**646**	**642**	**2,230**	**3,531**
At 31 March 2021	30	627	1,018	2,383	4,058

20. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 April 2020	4,917
Additions	2,724
Disposals	(181)
Depreciation	(3,892)
Exchange differences	35
At 31 March 2021 and 1 April 2021	3,603
Additions	6,191
Lease modification	(744)
Depreciation	(3,849)
Exchange differences	(2)
At 31 March 2022	5,199

	2022 HK$'000	2021 HK$'000
Depreciation expenses on right-of-use assets	**3,849**	3,892
Interest expenses on lease liabilities (included in finance costs)	**178**	184
Expenses relating to short-term lease (included in cost of sales and services and administrative expenses)	**1,080**	1,445
Expenses relating to leases of low value assets (included in cost of sales and services and administrative expenses)	**59**	52
COVID-19 Related Rent Concessions received	**–**	61

Details of total cash outflow for leases is set out in note 39(b).

As disclosed in note 3(a), the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions, and applied the practical expedient introduced by the Amendments to all eligible rent concessions received by the Group during the period.

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term from 2 to 3 years (2021: 2 to 3 years), but may have termination options to terminate the lease contract of properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

21. INTERESTS IN SUBSIDIARIES

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

Name	Place of incorporation/ registration and business/kind of legal entity	Issued/ registered and paid up capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			Direct	Indirect	
Prosper Ace Investments Limited	BVI/Company limited by shares	US$10,000	100%	—	Investment holding
Wan Chung Construction Company Limited	Hong Kong/Limited liability company	HK$88,000,000	—	100%	(note (i))
Wan Chung Engineering (Macau) Company Limited	Macau/Limited liability company	MOP25,000	—	100%	Inactive
Wan Chung Construction (Singapore) Pte. Limited	Singapore/Limited liability company	SGD14,700,000	—	100%	(note (i))
Wan Chung Engineering Company Limited	Hong Kong/Limited liability company	HK$11,010,000	—	100%	(note (ii))
Ki Ngai Construction Engineering Limited	Hong Kong/Limited liability company	HK$10,000	—	51%	Provision of property maintenance services
Vision Foundation Pte. Ltd	Singapore/Limited liability company	SGD500,000	—	100%	Provision of foundation and building construction works
Great Genius Ventures Limited	BVI/Company limited by shares	US$1	—	100%	Investment holding
Hong Kong Dakyun International Trade Company Limited	Hong Kong/Limited liability company	HK$100	—	100%	Inactive
江蘇允順供應鏈管理有限公司 Jiangsu Yun Shun Supply Chain Management Co., Ltd	The PRC/(note (iii))	RMB 100,000,000	—	100%	Trading of iron ores, cast iron and coal
Glorious Cosmos Limited	Republic of Seychelles/ Company limited by shares	US$1	—	100%	Inactive

21. INTERESTS IN SUBSIDIARIES (Continued)

Notes:

(i) The principal activities of these subsidiaries consisted of the provision of property maintenance services, building construction works, and alterations, renovation, upgrading and fitting-out works.

(ii) The principal activities of this subsidiary consisted of the provision of building construction works and alterations, renovation, updating and fitting-out works.

(iii) Wholly-foreign-owned enterprises under laws of the PRC.

22. INVENTORIES

	2022 HK$'000	2021 HK$'000
Trading inventories	**79,806**	44,107

23. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**218,275**	151,487
Prepayments	**81,920**	153,840
Deposits and other receivables (note)	**22,433**	10,141
	104,353	163,981
	322,628	315,468

Note: As at 31 March 2022, approximately HK$8,485,000 (2021: HK$7,585,000) of deposits were pledged to certain insurance companies to secure the performance bonds.

The Group's trading terms with other customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

23. TRADE AND OTHER RECEIVABLES (Continued)

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2022 HK$'000	2021 HK$'000
0 to 90 days	**214,033**	151,440
91 to 180 days	**739**	—
181 to 365 days	**3,499**	—
Over 365 days	**4**	47
	218,275	151,487

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**40,173**	35,462
SGD	**14,936**	13,249
RMB	**163,166**	102,776
Total	**218,275**	151,487

24. CONTRACT ASSETS

	2022 HK$'000	2021 HK$'000
Arising from performance under		
— Alterations, renovation, upgrading and fitting-out works	**62,837**	8,154
— Building construction	**183,388**	61,072
— Property maintenance	**9,298**	186,881
	255,523	256,107
Retention receivables	**20,170**	25,874
	275,693	281,981

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones.

24. CONTRACT ASSETS (Continued)

No revenue was recognised during the year from performance obligations satisfied (or partially satisfied) in previous period.

The amount of contract assets that is expected to be recovered after more than one year is HK$15,796,000 (2021: HK$10,798,000).

25. FINANCIAL ASSETS AT FVTPL

	2022 **HK$'000**	2021 HK$'000
Listed equity investments, analysed as current assets	**1,083**	1,059

The carrying amounts of the above financial assets are mandatorily measured at FVTPL in accordance with HKFRS 9.

The fair value of the listed equity investment is based on current bid prices.

26. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	2022 **HK$'000**	2021 HK$'000
Bank and cash balances	**107,108**	100,594
Time deposits at bank mature within three months	**25,800**	48,207
	132,908	148,801
Pledged bank deposits	**59,832**	59,769

As at 31 March 2022, the Group's time deposits and pledged deposits borne fixed interest rates ranging from 0.3% to 0.43% and with fixed maturity which expose the Group to fair value interest rate risk.

26. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES (Continued)

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**101,326**	114,340
RMB	**1,054**	12,042
SGD	**30,309**	22,136
Others	**219**	283
	132,908	148,801

All pledged bank deposits are denominated in HK$.

As at 31 March 2022, the bank and cash balances of the Group denominated in RMB amounted to HK$1,052,000 (2021: HK$12,039,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**137,706**	142,889
Retention payables	**59,134**	50,418
	196,840	193,307
Accruals and other payables	**200,461**	193,105
Less: non-current portion	**(487)**	(487)
	199,974	192,618
	396,814	385,925

27. TRADE AND OTHER PAYABLES (Continued)

The aging analysis of trade payables based on the date of receipt of goods or services consumed, is as follows:

	2022 HK$'000	2021 HK$'000
0 to 90 days	**134,889**	140,942
91 to 180 days	**40**	388
181 to 365 days	**683**	223
Over 365 days	**2,094**	1,336
	137,706	142,889

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**67,508**	61,283
SGD	**44,012**	23,350
RMB	**26,186**	20,377
US$	**—**	37,879
Total	**137,706**	142,889

28. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Within one year	**3,230**	3,142	**3,108**	3,075
More than one year, but not exceeding two years	**1,697**	610	**1,678**	608
	4,927	3,752	**4,786**	3,683
Less: Future finance charges	**(141)**	(69)	**N/A**	N/A
Present value of lease obligations	**4,786**	3,683	**4,786**	3,683
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(3,108)**	(3,075)
Amount due for settlement after 12 months			**1,678**	608

The weighted average incremental borrowing rates applied to lease liabilities range from 2.12% to 7.00% (2021: from 2.00% to 7.00%).

Lease liabilities are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**4,197**	1,944
SGD	**589**	1,739
	4,786	3,683

29. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Contract liabilities		
— Construction services	**27,025**	12,861
— Delivery of materials	**14,461**	19,654
	41,486	32,515

Contract liabilities relating to construction services and delivery of materials are related short-term advances received to render construction services and receipts in advance from customers for purchasing iron ores, cast iron and coal.

Movements in contract liabilities:

	2022 HK$'000	2021 HK$'000
Balance at 1 April	**32,515**	192,159
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	**(32,515)**	(192,159)
Increase in contract liabilities as a result of billing in advance of delivery of materials/construction services	**41,486**	32,515
Balance at 31 March	**41,486**	32,515

30. AMOUNTS DUE TO RELATED PARTIES

	2022 HK$'000	2021 HK$'000
Mega Start Limited ("Mega Start") (note (i))	**2,600**	24,000
Mr. Wong (note (ii))	**14,879**	784
	17,479	24,784

Notes:

(i) The amount represents the principal amount of a convertible bond held by Mega Start, which is a substantial shareholder and a company wholly owned by Mr. Chau Chit (being the chairman and an executive director of the Company). On maturity date, the Company and Mega Start agreed to transfer the principal amount of HK$24,000,000 convertible bond to due to a related party. HK$21,400,000 has been settled during the year ended 31 March 2022. The amount is unsecured, interest-free and repayable on demand.

(ii) Included in balance of HK$6,201,000 represents the interest expenses on loans from Mr. Wong, a director of certain subsidiaries of the Company, as set out in note 32.

The remaining balance of HK$8,678,000 is unsecured, interest-free and repayable on demand.

31. AMOUNT DUE TO A DIRECTOR

The balance is unsecured, interest-free and has no fixed repayment term.

32. LOANS FROM A RELATED PARTY

The loans from a related party represent loans from Mr. Wong, a director of certain subsidiaries of the Company. The loans are unsecured, interest bearing at 3.8% per annum and repayable on 30 September 2021. In the event of default of repayment, the amount in default is interest bearing at 2% per month.

33. OTHER LOANS

The loans are borrowed from three independent third parties. They are unsecured, interest bearing at 8% per annum with maturity dates between 1 September 2022 to 1 February 2023.

34. BANKING FACILITIES

As at 31 March 2022, the Group had available banking facilities of approximately HK$109,500,000 (2021: HK$153,500,000), which were utilised to the extent of approximately HK$23,648,000 (2021: HK$14,092,000). These banking facilities are related to overdraft, revolving term loan, letter of credit, trust receipts and performance bond, and are secured by pledged bank deposits of a subsidiary and guarantees provided by the Company and Mr. Wong, a director of certain subsidiaries of the Company.

35. SHARE CAPITAL

	2022 HK$'000	2021 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.002 each	**20,000**	20,000
Issued and fully paid:		
7,499,999,994 ordinary shares of HK$0.002 each (2021: 6,000,000,000 ordinary shares of HK$0.002 each)	**15,000**	12,000

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued '000	Nominal value of shares issued HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	6,000,000	12,000
Shares issued on rights issue (Note)	1,500,000	3,000
At 31 March 2022	7,500,000	15,000

Note: On 1 June 2021, the Company announced a proposed rights issue (the "2021 Rights Issue") on the basis of one new ordinary share (each, a "Rights Share") for every four existing shares in issue at a subscription price of HK$0.02 per Rights Share to raise up to HK$30 million before related expenses by issuing 1,500,000,000 Rights Shares to the qualifying shareholders. The 2021 Rights Issue was completed on 4 August 2021 and the number of shares in issue of the Company was increased by 1,499,999,994. As such, resulting in a credit to share capital and share premium by HK$3,000,000 and HK$25,475,000, after netting of the related cost of approximately HK$1,525,000.

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

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

35. SHARE CAPITAL (Continued)

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt comprises borrowings, trade and other payables, loans from a related party, amounts due to related parties and a director and lease liabilities (2021: borrowings, trade and other payables, contract liabilities, loans from a related party, amounts due to related parties and a director and lease liabilities). Adjusted capital comprises all components of equity (i.e. share capital, accumulated losses and other reserves) plus net debt.

	2022 **HK$'000**	2021 HK$'000
Total debt	**645,229**	695,358
Less: bank and cash balances	**(132,908)**	(148,801)
pledged bank deposits	**(59,832)**	(59,769)
Net debt	**452,489**	486,788
Total equity	**173,518**	152,055
Debt-to-adjusted capital ratio	**72%**	76%

The debt-to-adjusted capital ratio decreased from 76% to 72% resulted primarily from the decrease in loans and amounts due to related parties caused by partial settlement made.

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

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 March 2022 and 2021.

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

(a) Statement of financial position of the Company

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Investments in subsidiaries		**–**	–
Current assets			
Prepayments and deposits		**437**	4
Amounts due from subsidiaries		**109,995**	135,669
Bank and cash balances		**13**	47
		110,445	135,720
Current liabilities			
Other payables		**9,405**	4,813
Amount due to a director		**2,680**	1,700
Amount due to a related party		**2,600**	24,000
Amounts due to subsidiaries		**58,981**	58,989
Other loans		**4,105**	3,255
		77,771	92,757
Net current assets		**32,674**	42,963
NET ASSETS		**32,674**	42,963
Capital and reserves			
Share capital		**15,000**	12,000
Reserves	36(b)	**17,674**	30,963
TOTAL EQUITY		**32,674**	42,963

Approved by the Board of Directors on 29 July 2022 and are signed on its behalf by:

Chau Chit *Director*	**Fung Ka Lun** *Director*

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

(b) Reserve movement of the Company

	Share premium account HK$'000 (note 37(b)(i))	Share option reserve HK$'000 (note 38)	Equity component of a convertible bond HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	300,824	—	11,746	(266,489)	46,081
Transfer equity component of a convertible bond to accumulated losses upon maturity	—	—	(11,746)	11,746	—
Loss for the year	—	—	—	(15,118)	(15,118)
At 31 March 2021 and 1 April 2021	300,824	—	—	(269,861)	30,963
Loss for the year	—	—	—	(40,510)	(40,510)
Issuance of shares on rights issue (note 35)	25,475	—	—	—	25,475
Recognition of share-based payments	—	1,746	—	—	1,746
At 31 March 2022	326,299	1,746	—	(310,371)	17,674

37. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law, Cap. 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b) to the consolidated financial statements.

(iii) Capital reserve

Capital reserve comprises the following in prior years:

— Wan Chung acquired the entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK$2,776,000 which was deemed to be capital contribution from the owners of the Company.

— Wan Chung recovered indemnified taxation of approximately HK$866,000 from its former shareholder pursuant to the deed of indemnity which was deemed to be capital contribution from the owners of the Company.

(iv) Legal reserve

In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders. No transfer was made in current and prior years as the subsidiary incurred a loss for both years.

(v) Statutory surplus reserve

The statutory surplus reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiary under the applicable laws and regulations in the PRC.

(vi) Other reserve

Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganisation in preparation for the listing of the Company's shares on the Stock Exchange in January 2012.

38. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 19 December 2011, the Company adopted a share option scheme (the "Scheme") to attract and retain the best available personnel, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

Eligible participants of the Scheme include employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, and business partners or service providers of the Group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the directors of the Company may determine, which shall not exceed ten years from the date of grant. The exercise price is determined by the directors of the Company, and will be at least higher than (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 30 September 2021, an ordinary resolution was passed to terminate the 2011 Scheme. A new share option scheme (the "2021 Scheme") become in force for ten years.

As at 31 March 2022, there are 149,999,998 share options of the Company granted under the 2021 Scheme, representing approximately 2% of the issued share capital of the Company. Unless otherwise determined by the Directors, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised. The remaining life of the New Scheme is approximately 10 years and to be expired on 29 September 2031.

Details of specific categories of options are as follows:

Year	Date of grant	Vesting period	Exercise period	Exercise price
2021	13 August 2021	N/A	13 August 2021 to 12 August 2026	HK$0.03

If the option remain unexercised after a period of 5 years from the date of grant, the option expires. Options are forfeited if the employees leaves the Group after 3 months.

38. SHARE OPTION SCHEME (Continued)

Option type	Outstanding at 1 April 2021	Granted during period	Outstanding at 31 March 2022
2021	—	149,999,998	149,999,998
Exercisable at the end of the period			149,999,998
Weighted average exercise price	N/A	HK$0.03	HK$0.03

The options outstanding at the end of the period have a weighted average remaining contractual life of 4.37 years.

Options were granted on 13 August 2021. The estimated fair values of the options granted on that date is HK$1,746,000.

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

Date of issue	13 August 2021
Share price	HK$0.029
Exercise price	HK$0.030
Expected volatility	72.168%
Expected life	5 years
Risk-free rate	0.656%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. 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 behavioural considerations.

The Group recognised the total expense of HK$1,746,000 for the year ended 31 March 2022 in relation to share options granted by the Company.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2021 HK$'000	Addition of leased properties HK$'000	Derecognition of lease liabilities HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange differences HK$'000	31 March 2022 HK$'000
Lease liabilities	3,683	6,191	(744)	(4,559)	178	37	4,786
Amounts due to related parties	24,784	–	–	(40,758)	33,453	–	17,479
Amount due to a director	1,700	–	–	980	–	–	2,680
Loans from a related party	243,009	–	–	(24,131)	–	–	218,878
Other loans	3,255	–	–	556	294	–	4,105
	276,431	6,191	(744)	(67,912)	33,925	37	247,928

	1 April 2020 HK$'000	Addition of leased properties HK$'000	Derecognition of lease liabilities HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Non-cash movements HK$'000	Exchange differences HK$'000	31 March 2021 HK$'000
Lease liabilities	5,003	2,724	(185)	(4,079)	184	–	36	3,683
Convertible bond	21,434	–	–	–	2,566	(24,000)	–	–
Amounts due to related parties	337	–	–	(8,787)	9,234	24,000	–	24,784
Amount due to a director	1,000	–	–	700	–	–	–	1,700
Loans from a related party	243,009	–	–	–	–	–	–	243,009
Other loans	–	–	–	2,996	259	–	–	3,255
	270,783	2,724	(185)	(9,170)	12,243	–	36	276,431

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	2022 HK$'000	2021 HK$'000
Within operating cash flows	**1,139**	1,497
Within financing cash flows	**4,559**	4,079
	5,698	5,576

These amounts relate to the following:

	2022 HK$'000	2021 HK$'000
Lease rental paid	**5,698**	5,576

40. CONTINGENT LIABILITIES

(a) Compensation to banks or insurance companies due to satisfactory performance to customers

Performance bonds amounting to approximately HK$116,153,000 (2021: approximately HK$94,216,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and these customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers. At the end of the reporting period, the directors do not consider it will be probable that a claim will be made against the Company under any of the above guarantees. The maximum liability of the Company at the end of the reporting period under such guarantees is the outstanding amount at that date.

(b) Possible Default Interest arising from loans owing to Mr. Wong

Possible default interest ("Possible Default Interest"), based on the best estimate of the Company's management, is in the amount of approximately HK$17,137,000 for the period from 1 April 2021 to 30 September 2021 arising from the Wan Chung Outstanding Loan of HK$201 million. It was stated in the Demand Letter that an event of default occurred under the Wan Chung Loan Agreements due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021, whose resignation would become effective on 1 April 2021. Possible Default Interest was therefore calculated based on the default interest rates stated in the Wan Chung Loan Agreements. The Group has been in negotiation with Mr. Wong in respect of the aforesaid, and would strive to procure the extension of loans and avoidance/waiver of any default interest arising therefrom. After taking into account the analysis given by the Company's lawyer, the directors are in the opinion that the Possible Default Interest should not be accrued in preparing the consolidated financial statements of the Group for the year ended 31 March 2022.

Apart from as disclosed above, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each cases and with reference to legal advice.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices, equipment, motor vehicles and staff quarters. As at 31 March 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20. As at 31 March 2022, the outstanding lease commitments relating to these offices, equipment, motor vehicles and staff quarters amounted to HK$324,000 (2021: HK$296,000).

42. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2022 HK$'000	2021 HK$'000
Interest expenses paid to a related party (note (i))	**33,453**	9,234
Interest expenses on convertible bond (note (ii))	**—**	2,566

Notes:

(i) The amount represents the interest expenses attributable to the loans from a related party, Mr. Wong, a director of certain subsidiaries of the Company.

(ii) The amount represents the interest expenses to Mega Start, in relation to subscription of a convertible bond in a principal amount of HK$24,000,000.

The related party transactions above also constitute connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules, and the Group has compiled with the requirement in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel

The details of remuneration of the directors of the Company paid during the year and are set out in note 16(a).

The remuneration of directors and other members of key management during the year was as follow:

	2022 HK$'000	2021 HK$'000
Short-term benefits	**11,041**	10,379
Share-based payments	**1,746**	—
	12,787	10,379

(c) Performance bond of approximately HK$44,354,000 (2021: HK$31,773,000) was guaranteed by Mr. Wong.

(d) Mr. Wong provided a back-to-back guarantee of HK$57,885,000 (2021: HK$57,880,000) to the certain subsidiaries of the Group in relation to financial guarantee of certain construction projects.

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Revenue	1,209,103	1,237,444	6,246,513	5,236,876	**4,272,884**
Profit/(loss) before taxation	(18,760)	(142,220)	(4,394)	11,389	**(430)**
Income tax expense	(3,612)	(3,231)	(14,571)	(6,282)	**(14,987)**
Profit/(loss) attributable to:					
Owners of the parent	(22,372)	(145,451)	(18,965)	7,216	**(13,566)**
Non-controlling interests	—	—	—	(2,109)	**(1,851)**

CONSOLIDATED ASSETS AND LIABILITIES

	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Total assets	837,655	733,226	1,038,986	858,846	**880,680**
Total liabilities	(523,608)	(581,943)	(907,162)	(706,791)	**(707,162)**
Total equity	314,047	151,283	131,824	152,055	**173,518**