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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)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

AUDITED ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company hereby announces its audited annual consolidated results (“Audited Results”) for the year ended 31 March 2023, together with the corresponding comparative figures for the year ended 31 March 2022 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (Re-presented)
Continuing operations			
Revenue	4	2,462,942	3,991,555
Cost of sales and services		<u>(2,450,160)</u>	<u>(3,876,598)</u>
Gross profit		12,782	114,957
Other income		10,614	2,565
Other gains		72	976
Allowance for trade receivables		(4,114)	—
Selling expenses		(8,769)	(11,843)
Administrative expenses		<u>(46,841)</u>	<u>(42,214)</u>
(Loss)/profit from operations		(36,256)	64,441
Finance costs	6	<u>(35,163)</u>	<u>(33,893)</u>
(Loss)/profit before tax		(71,419)	30,548
Income tax expenses	7	<u>(4,152)</u>	<u>(14,987)</u>
(Loss)/profit for the year from continuing operations	8	(75,571)	15,561
Discontinued operations			
Loss for the year from discontinued operations	9	<u>(9,866)</u>	<u>(30,978)</u>
Loss for the year		(85,437)	(15,417)
Other comprehensive income for the year, net of tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(12,105)	6,659
Exchange differences reclassified to profit or loss on deconsolidation of foreign operations		<u>(5,407)</u>	<u>—</u>
Other comprehensive income for the year, net of tax		<u>(17,512)</u>	<u>6,659</u>
Total comprehensive income for the year		<u>(102,949)</u>	<u>(8,758)</u>

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (Re-presented)
Loss for the year attributable to:			
Owners of the Company		(85,348)	(13,566)
Non-controlling interests		<u>(89)</u>	<u>(1,851)</u>
		<u>(85,437)</u>	<u>(15,417)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(102,860)	(6,907)
Non-controlling interests		<u>(89)</u>	<u>(1,851)</u>
		<u>(102,949)</u>	<u>(8,758)</u>
		2023	2022 (Re-presented)
(Loss)/earnings per share	<i>11</i>		
From continuing and discontinued operations			
Basic (HK cents per share)		<u>(22.31)</u>	<u>(3.84)</u>
Diluted (HK cents per share)		<u>(22.31)</u>	<u>(3.84)</u>
From continuing operations			
Basic (HK cents per share)		<u>(19.73)</u>	<u>4.93</u>
Diluted (HK cents per share)		<u>(19.73)</u>	<u>4.93</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,122	3,531
Goodwill		320	—
Right-of-use assets		<u>4,072</u>	<u>5,199</u>
		<u>5,514</u>	<u>8,730</u>
Current assets			
Inventories		32,850	79,806
Trade and other receivables	12	299,532	322,628
Contract assets		179,495	275,693
Amount due from a related party		19,591	—
Financial assets at fair value through profit or loss ("FVTPL")		—	1,083
Pledged bank deposits		60,997	59,832
Bank and cash balances		<u>66,278</u>	<u>132,908</u>
		<u>658,743</u>	<u>871,950</u>
Current liabilities			
Trade and other payables	13	334,010	396,814
Lease liabilities		2,004	3,108
Contract liabilities		3,203	41,486
Amounts due to related parties		11,945	17,479
Amount due to a director		2,330	2,680
Loans from a related party	14	102,124	218,878
Other loans		—	4,105
Current tax liabilities		<u>8,678</u>	<u>20,447</u>
		<u>464,294</u>	<u>704,997</u>
Net current assets		<u>194,449</u>	<u>166,953</u>
Total assets less current liabilities		<u>199,963</u>	<u>175,683</u>
Non-current liabilities			
Accruals and other payables	13	487	487
Lease liabilities		1,569	1,678
Loans from a related party	14	<u>105,000</u>	<u>—</u>
		<u>107,056</u>	<u>2,165</u>
NET ASSETS		<u><u>92,907</u></u>	<u><u>173,518</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	15	18,000	15,000
Reserves		<u>78,951</u>	<u>162,473</u>
		<u>96,951</u>	<u>177,473</u>
Non-controlling interests		<u>(4,044)</u>	<u>(3,955)</u>
TOTAL EQUITY		<u>92,907</u>	<u>173,518</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

Green Economy Development Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Company 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 1001, 10/F, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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).

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

The Group incurred a loss of HK\$85,437,000 and a net cash outflow of HK\$67,466,000 during the year ended 31 March 2023.

As at 31 March 2023, the Group had bank and cash balances of approximately HK\$66,278,000, while loans from Mr. Wong Law Fai (“Mr. Wong”), a director of certain subsidiaries of the Company, amounted to approximately HK\$207,124,000, of which approximately HK\$102,124,000 and HK\$105,000,000 were originally due on 18 September 2023 and 18 September 2024, respectively.

These events and conditions indicate the existence of a material uncertainty 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.

Nevertheless, the directors of the Company had adopted the going concern basis in the preparation of these consolidated financial statements of the Group based on the measures including but not limited to the following:

- (a) on 28 June 2023, the Group entered into agreements with Mr. Wong to extend the maturity date of the aforesaid loans from Mr. Wong for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans are extended to 31 October 2024 and 30 September 2025, respectively; and
- (b) the Group has available unutilised banking facilities of approximately HK\$56,704,000 as at 31 March 2023 that is subject to annual review by the banks.

The directors of the Company have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2024. 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 2024. Accordingly, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Notwithstanding, material uncertainty exists as to whether the Group will be able to continue as a going concern would depend upon the following:

- (a) whether the Group can continue to renew or extend the loans from Mr. Wong when the loans fall due on the extended maturity dates; and
- (b) whether the Group can drawdown loans from available banking facilities provided by the banks as and when needed and whether the Group can continuously fulfil the loan covenants.

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 early adopted Amendments to HKFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021" during the year ended 31 March 2022.

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

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

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

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

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

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

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

4. REVENUE

(a) Disaggregation of revenue

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

	2023 HK\$'000	2022 HK\$'000 (Re-presented)
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	5,140	4,915
— Alterations, renovation, upgrading and fitting-out works	260,297	280,153
— Property maintenance	595,639	687,308
— Transportation service income	2,181	—
— Trading of materials	<u>1,599,685</u>	<u>3,019,179</u>
	<u><u>2,462,942</u></u>	<u><u>3,991,555</u></u>

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		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Transportation service income		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Re-presented)
Primary geographical markets												
Hong Kong	5,140	4,915	260,297	280,153	595,639	687,308	38,075	—	—	—	899,151	972,376
The People's Republic of China (the "PRC") except Hong Kong	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,561,610</u>	<u>3,019,179</u>	<u>2,181</u>	<u>—</u>	<u>1,563,791</u>	<u>3,019,179</u>
Revenue from external customers	<u><u>5,140</u></u>	<u><u>4,915</u></u>	<u><u>260,297</u></u>	<u><u>280,153</u></u>	<u><u>595,639</u></u>	<u><u>687,308</u></u>	<u><u>1,599,685</u></u>	<u><u>3,019,179</u></u>	<u><u>2,181</u></u>	<u><u>—</u></u>	<u><u>2,462,942</u></u>	<u><u>3,991,555</u></u>
Timing of revenue recognition												
Goods and services transferred at a point in time	—	—	—	—	—	—	1,599,685	3,019,179	—	—	1,599,685	3,019,179
Services transferred over time	<u>5,140</u>	<u>4,915</u>	<u>260,297</u>	<u>280,153</u>	<u>595,639</u>	<u>687,308</u>	<u>—</u>	<u>—</u>	<u>2,181</u>	<u>—</u>	<u>863,257</u>	<u>972,376</u>
Total	<u><u>5,140</u></u>	<u><u>4,915</u></u>	<u><u>260,297</u></u>	<u><u>280,153</u></u>	<u><u>595,639</u></u>	<u><u>687,308</u></u>	<u><u>1,599,685</u></u>	<u><u>3,019,179</u></u>	<u><u>2,181</u></u>	<u><u>—</u></u>	<u><u>2,462,942</u></u>	<u><u>3,991,555</u></u>

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

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

	Construction contracts	
	2023	2022
	HK\$'000	HK\$'000
Within one year	846,365	1,243,183
More than one year but not more than two years	338,739	737,350
More than two years	32,859	282,937
	<u>1,217,963</u>	<u>2,263,470</u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for trading of materials and transportation services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts trading of materials and transportation services that had an original expected duration of one year or less.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 such that the Group need not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

5. SEGMENT INFORMATION

As at 31 March 2023, the Group has five (2022: four) reportable 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
- (e) Transportation service

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.

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.

(i) **Information about reportable segments profit or loss, assets and liabilities from continuing operations:**

	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	Transportation service HK\$'000	Total HK\$'000
Year ended 31 March 2023						
Revenue from external customers	5,140	260,297	595,639	1,599,685	2,181	2,462,942
Segment profit/(loss)	6,611	(32,822)	52,659	(26,814)	265	(101)
Interest revenue	—	677	3,434	—	1	4,112
Depreciation	—	18	792	20	—	830
Allowance for trade receivables	—	—	—	4,114	—	4,114
Capital expenditure	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,092</u>	<u>—</u>	<u>2,092</u>
At 31 March 2023						
Segment assets	—	44,235	208,796	252,589	7,434	513,054
Segment liabilities	<u>(4,904)</u>	<u>(70,312)</u>	<u>(126,769)</u>	<u>(118,368)</u>	<u>(1,008)</u>	<u>(321,361)</u>

	Building construction and other construction related business <i>HK\$'000</i> (Re-presented)	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i> (Re-presented)	Property maintenance <i>HK\$'000</i> (Re-presented)	Trading of materials <i>HK\$'000</i> (Re-presented)	Total <i>HK\$'000</i> (Re-presented)
Year ended 31 March 2022					
Revenue from external customers	4,915	280,153	687,308	3,019,179	3,991,555
Segment (loss)/profit	(237)	(3,316)	97,732	10,236	104,415
Interest revenue	—	371	930	—	1,301
Depreciation	1	8	932	29	970
Capital expenditure	<u>—</u>	<u>—</u>	<u>—</u>	<u>6</u>	<u>6</u>
At 31 March 2022					
Segment assets	6,610	104,412	212,667	200,007	523,696
Segment liabilities	<u>(10,310)</u>	<u>(73,356)</u>	<u>(151,085)</u>	<u>(91,400)</u>	<u>(326,151)</u>

(ii) **Reconciliations of segment revenue and profit or loss from continuing operations:**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
Revenue		
Consolidated revenue from continuing operations	<u>2,462,942</u>	<u>3,991,555</u>
Profit or loss		
Total profit or loss of reportable segments	(101)	104,415
Unallocated amounts:		
Other income	10,614	1,264
Other gains	72	976
Administrative expenses	(46,841)	(42,214)
Finance costs	<u>(35,163)</u>	<u>(33,893)</u>
Consolidated (loss)/profit before tax from continuing operations	<u>(71,419)</u>	<u>30,548</u>

Reconciliation of segment assets and liabilities:

	2023	2022
	HK\$'000	HK\$'000
Assets		
Total assets of reportable segments	513,054	523,696
Unallocated amounts:		
Assets relating to discontinued operations	—	78,068
Unallocated head office and corporate assets	<u>151,203</u>	<u>278,916</u>
Consolidated total assets	<u>664,257</u>	<u>880,680</u>
Liabilities		
Total liabilities of reportable segments	321,361	326,151
Unallocated amounts:		
Liabilities relating to discontinued operations	—	95,595
Unallocated head office and corporate liabilities	<u>249,989</u>	<u>285,416</u>
Consolidated total liabilities	<u>571,350</u>	<u>707,162</u>

(iii) Geographical information:

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

	Non-current assets	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	5,187	6,450
The PRC except Hong Kong	327	29
Singapore	<u>—</u>	<u>2,251</u>
Consolidated total	<u>5,514</u>	<u>8,730</u>

(iv) Revenue from major customers:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trading of materials segment		
Customer B	359,929	—
Customer C [#]	—	748,826
Customer D	445,229	462,426
Building construction and other construction related business and property maintenance segments		
Customer A	<u>606,635</u>	<u>700,384</u>

[#] Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 March 2023.

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Interest expenses on loans from a related party	35,042	33,453
Interest expenses on bank loans and other loans	4	301
Interest expenses on lease liabilities	<u>117</u>	<u>139</u>
	<u>35,163</u>	<u>33,893</u>

7. INCOME TAX EXPENSES

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	2023	2022
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	4,316	12,431
Under-provision in prior years	<u>3</u>	<u>80</u>
	4,319	12,511
Current tax — PRC Enterprise Income Tax		
Provision for the year	157	2,157
(Over)/under-provision in prior years	<u>(324)</u>	<u>319</u>
	(167)	2,476
	4,152	14,987

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, the first HK\$2 million of assessable profits of qualifying group entity established in Hong Kong will be taxed at 8.25% (2022: 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% (2022: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2022: 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.

8. (LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2023	2022
	HK\$'000	HK\$'000
		(Re-presented)
Auditor's remuneration	1,780	1,780
Cost of services provided	836,543	879,498
Cost of inventories sold	1,613,617	2,997,100
Depreciation of property, plant and equipment	1,161	1,303
Depreciation of right-of-use assets	2,093	2,968
Net foreign exchange gain	(60)	(866)
Gain on disposals of property, plant and equipment	—	(110)
Expenses relating to short-term lease and leases of low value assets	115	121

9. DISCONTINUED OPERATIONS

On 13 September 2022, Samba Sky Investments Limited ("Samba Sky"), an indirect wholly-owned subsidiary of the Company, informed Wan Chung Construction (Singapore) Pte. Ltd. ("Wan Chung Singapore", a direct wholly-owned subsidiary of Samba Sky and an indirect wholly-owned subsidiary of the Company) that it authorised the directors of Wan Chung Singapore to proceed to take steps to place Wan Chung Singapore in liquidation (the "Liquidation") and to appoint liquidator of Wan Chung Singapore. On 19 September 2022, the board of directors of Wan Chung Singapore passed the resolutions to appoint the provisional liquidators of Wan Chung Singapore.

On 18 October 2022, an extraordinary general meeting of Wan Chung Singapore regarding resolution for creditors' voluntary winding-up has been passed and a meeting of the creditors of Wan Chung Singapore being held for the purposes of the Liquidation. As such, the Group lost its control on Wan Chung Singapore since 18 October 2022. The analysis of the results of discontinued operations is as follows:

	2023	2022
	HK\$'000	HK\$'000
Loss for the year from discontinued operations:		
Revenue — Contracts with customers	102,035	281,329
Cost of services	(151,052)	(307,014)
Other income	4,018	7,154
Other (losses) and gains, net	(857)	23
Administrative expenses	(6,360)	(12,431)
Provision for compensation [#]	(139,746)	—
Finance costs	(4)	(39)
	<u>(191,966)</u>	<u>(30,978)</u>
Gain on deconsolidation of subsidiaries (<i>note 16</i>)	<u>182,100</u>	<u>—</u>
Loss for the year from discontinued operations (attributable to owners of the Company)	<u>(9,866)</u>	<u>(30,978)</u>

[#] The provision for compensation represented compensation to customers regarding the non-performance of on-going incomplete projects prior to the Liquidation.

10. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2023 (2022: Nil).

11. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the following:

	2023	2022
	HK\$'000	HK\$'000
Loss for the purpose of calculating basic and diluted loss per share	<u>(85,348)</u>	<u>(13,566)</u>
Number of shares	'000	'000 (Re-presented)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>382,602</u>	<u>353,035</u>

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 per share during the years ended 31 March 2023 and 2022.

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share for both years presented have been adjusted for the approved share re-organisation mentioned in note 17(a). Basic and diluted loss per shares for the year ended 31 March 2022 has been re-presented.

From continuing operations

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

	2023 HK\$'000	2022 HK\$'000
(Loss)/earnings		
Loss for the purpose of calculating basic earnings per share	(85,348)	(13,566)
Loss for the year from discontinued operations	<u>9,866</u>	<u>30,978</u>
 (Loss)/earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	 <u><u>(75,482)</u></u>	 <u><u>17,412</u></u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted (loss)/earnings per share are the same as those detailed above the calculation of the basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted loss per share from the discontinued operations is HK2.58 cents per share (2022: HK8.77 cents per share) and based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK\$9,866,000 (2022: approximately HK\$30,978,000) and the denominators used are the same as those as those detailed above the calculation of the basic and diluted loss per share from continuing and discontinued operations.

12. TRADE AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	194,656	218,275
Less: allowance	<u>(4,091)</u>	<u>—</u>
	190,565	218,275
Prepayments	92,773	81,920
Deposits and other receivables (<i>note</i>)	<u>16,194</u>	<u>22,433</u>
	<u><u>108,967</u></u>	<u><u>104,353</u></u>
	<u><u>299,532</u></u>	<u><u>322,628</u></u>

Note: As at 31 March 2023, approximately HK\$3,131,000 (2022: HK\$8,485,000) 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.

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

	2023	2022
	HK\$'000	HK\$'000
0 to 90 days	165,299	214,033
91 to 180 days	1,658	739
181 to 365 days	1,167	3,499
Over 365 days (<i>note</i>)	22,441	4
	<u>190,565</u>	<u>218,275</u>

Note: Amount of HK\$22,114,000 have been subsequently settled up to the date of authorising of consolidated financial statements.

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK\$'000	HK\$'000
Trade payables	125,488	137,706
Retention payables	23,429	59,134
	<u>148,917</u>	<u>196,840</u>
Accruals and other payables	185,580	200,461
Less: non-current portion	(487)	(487)
	<u>185,093</u>	<u>199,974</u>
	<u>334,010</u>	<u>396,814</u>

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

	2023	2022
	HK\$'000	HK\$'000
0 to 90 days	101,968	134,889
91 to 180 days	—	40
181 to 365 days	7,365	683
Over 365 days	16,155	2,094
	<u>125,488</u>	<u>137,706</u>

14. LOANS FROM A RELATED PARTY

As at 31 March 2022, the loans from a related party were advanced by Mr. Wong, a director of certain subsidiaries of the Company, to the Company's wholly-owned subsidiaries, namely Magic Choice Holdings Limited ("Magic Choice") and Wan Chung Construction Company Limited ("Wan Chung"). The loans were unsecured and bear interest at 3.8% per annum and repayable in September 2021. In the event of default of repayment, the amounts in default were interest bearing at 2% per month.

On 19 September 2022, Wan Chung repaid approximately HK\$42,041,000 to Mr. Wong as settlement of part of the principal sum and the default interest of the aforementioned outstanding loans.

On the same date, Magic Choice, Wan Chung and Mr. Wong entered into the new agreements to refinance the balances of the aforementioned outstanding loans, under which Mr. Wong agreed to grant new loans in the amounts of approximately HK\$102,124,000 and HK\$105,000,000 to Magic Choice and Wan Chung, respectively. The applicable interest rate for each of the aforesaid loans is 9.8% per annum. The maturity dates of loans to Magic Choice and Wan Chung are 18 September 2023 and 18 September 2024, respectively. The interests on both loans are repayable on the 18th day of each and every month (or the immediate following business day if such day is not a business day) until the maturity date of the loans.

On 28 June 2023, Magic Choice, Wan Chung and Mr. Wong entered into agreements to extend the maturity date of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2024 and 30 September 2025, respectively.

15. SHARE CAPITAL

	2023 HK\$'000	2022 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.002 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
8,999,998,994 ordinary shares of HK\$0.002 each (2022: 7,499,999,994 ordinary shares of HK\$0.002 each)	<u>18,000</u>	<u>15,000</u>

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

	Number of shares issued	Nominal value of shares issued HK\$'000
At 1 April 2021	6,000,000,000	12,000
Shares issued on right issue (<i>note (a)</i>)	<u>1,499,999,994</u>	<u>3,000</u>
At 31 March 2022 and 1 April 2022	7,499,999,994	15,000
Shares issued (<i>note (b)</i>)	<u>1,499,999,000</u>	<u>3,000</u>
At 31 March 2023	<u>8,999,998,994</u>	<u>18,000</u>

Note:

- (a) 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.
- (b) On 10 February 2023, the Company and the subscribers entered into a subscription agreement in respect of the placement of 1,499,999,000 ordinary shares of HK\$0.002 each at a price of HK\$0.015 per share. The placement was completed on 23 February 2023 and the premium on the issued shares, amounting to approximately HK\$19,350,000 net of share issue expenses of approximately HK\$150,000, was credited to the Company’s share premium account and approximately HK\$3,000,000 was credited to share capital.

16. LOSS OF CONTROL OF SUBSIDIARIES

As referred to in note 9, on 18 October 2022 the Group discontinued Wan Chung Singapore at the time of the appointment of liquidator to process the Liquidation.

Aggregated net liabilities at the date of loss of control was as follows:

	Total <i>HK\$’000</i>
Property, plant and equipment	556
Right-of-use assets	119
Financial assets at FVTPL	752
Trade and other receivables	31,523
Contract assets	1,670
Bank and cash balances	18,804
Lease liabilities	(122)
Contract liabilities	(19,852)
Trade and other payables	(70,397)
Provision for compensation	<u>(139,746)</u>
Net liabilities disposed of	(176,693)
Release of foreign currency translation reserve	(5,407)
Gain on deconsolidation of subsidiaries (<i>note 9</i>)	<u>182,100</u>
Total consideration	<u><u>—</u></u>
Consideration satisfied by	
Cash	<u><u>—</u></u>

17. EVENT AFTER REPORTING PERIOD

- (a) On 17 February 2023, the board of directors proposed to implement: (i) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 (“Existing Share”) each to be consolidated into one (1) consolidated shares at par value of HK\$0.04 (“Consolidated Share”); (ii) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares; (iii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; (iv) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK\$0.01 each. The aforesaid proposed changes can be implemented are subject to shareholder’s approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. The proposed changes (i), (ii) and (iii) have been implemented up to the date of authorising the consolidated financial statements for issue.

- (b) On 28 June 2023, Magic Choice, Wan Chung and Mr. Wong entered into agreements to extend the maturity date of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% per annum with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2024 and 30 September 2025, respectively.

18. COMPARATIVE FIGURES

The comparative result from discontinued operations in the consolidated statement of profit or loss and other comprehensive income have been re-presented to conform to the presentation of those operations as discontinued in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group

Referring to “Material Acquisitions, Disposals or Loss of Control of Subsidiaries and Associated Companies” in the below section, the Group lost its control on Wan Chung Singapore for the financial year ended 31 March 2023. As such, the revenue and financial results of Wan Chung Singapore before the loss of control during the year ended 31 March 2023 as well as for the financial year ended 31 March 2022 were reclassified into loss for the year from discontinued operations amounting to approximately HK\$9.9 million for the current year and approximately HK\$31.0 million for the previous year respectively.

Continuing operations

The Group recorded total turnover from continuing operations of approximately HK\$2,463 million for the financial year ended 31 March 2023 (“Fy2023”), compared to turnover of approximately HK\$3,992 million for the financial year ended 31 March 2022 (“Fy2022”). There was decrease in gross profit of approximately HK\$102 million, from approximately HK\$115 million in Fy2022 to approximately HK\$13 million in Fy2023.

The decrease in gross profit resulted in a loss from operations of approximately HK\$36 million in Fy2023 compared to a profit from operations of approximately HK\$64 million in Fy2022.

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

Basic loss per share from continuing operations for Fy2023 is approximately HK19.73 cent (Fy2022: basis earnings per share of approximately HK4.93 cent).

The Board does not recommend any payment of dividends for Fy2023 (Fy2022: Nil).

Results of Operations

(i) *Building Construction*

Revenue for the building construction segment in Fy2023 was approximately HK\$5.1 million (Fy2022: approximately HK\$4.9 million).

Segment result changed from segment loss approximately HK\$0.2 million for Fy2022 to segment profit approximately HK\$6.6 million for Fy2023. The change was contributed by favourable result of a large scale project in Fy 2023.

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

Revenue for the A&A works segment in the Fy2023 was approximately HK\$260.3 million (Fy2022: approximately HK\$280.2 million) and segment loss was approximately HK\$32.8 million (Fy2022: segment loss approximately HK\$3.3 million).

The decrease in the segment revenue from A&A works was mainly 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 the Fy2022.

Segment loss increased from the Fy2022 to Fy2023 was mainly attributable to additional construction costs in the Fy2023 for operation of several large scale A&A works projects.

(iii) Property Maintenance

Revenue for the property maintenance segment decreased from approximately HK\$687.3 million in the Fy2022 to approximately HK\$595.6 million in the Fy2023 and segment profit decreased from approximately HK\$97.7 million in the Fy2022 to approximately HK\$52.7 million in the Fy2023.

The property maintenance projects included maintenance works for public sectors. The decrease in segment revenue was mainly attributable to large scale long term property maintenance contracts had contributed less segment revenue in the Fy2023.

The decrease in segment profit was mainly attributable to less contribution of segment profit of the abovementioned large scale long term property maintenance projects in Fy2023.

(iv) Trading of Materials

Revenue for this segment for Fy2023 included sales of materials of approximately HK\$1,599.7 million (Fy2022: HK\$3,019.2 million).

During the year, the Group mainly conducted trading of iron ores and cast iron.

Segment loss was approximately HK\$26.8 million (Fy2022: segment profit of approximately HK\$10.2 million).

(v) Transportation service

Revenue for this segment for Fy2023 included transportation of materials of approximately HK\$2.1 million (Fy2022: Nil).

Segment profit was approximately HK\$0.3 million (Fy2022: Nil).

BUSINESS OVERVIEW AND PROSPECT

Construction related businesses

The competition of construction market is still very keen although the industry growth rate in 2023 might be encouraging.

The Group holds an optimistic but cautious outlook to the immediate future as Hong Kong progresses towards a path of recovery.

The continuing labour shortage and rising interest rate are the two major challenges to the construction business. Due to the soaring construction costs, the Group would put more effort in operation costs control so as to keep the Group competitive in the market.

Apart from that, the Group would explore other construction business opportunities in order to diversify our business and reduce our risk.

Following the commencement of the creditors' voluntary winding-up of Wan Chung Singapore, the Group has ceased to have construction business and operation in Singapore.

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.

In the long run, the trading business will continue 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 2023.

Transportation business

The Group commenced transportation service business during the year and expects the continuing development of the business would generate constable revenue and profit to the Group.

Liquidity and Financial Resources

As at 31 March 2023, the current assets and current liabilities were stated at approximately HK\$658.7 million (as at 31 March 2022: approximately HK\$872.0 million) and approximately HK\$464.3 million (as at 31 March 2022: approximately HK\$705.0 million), respectively. The current ratio maintained at 1.42 times as at 31 March 2023 (as at 31 March 2022: 1.24 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 2023, the Group had total cash and bank deposits of approximately HK\$127.3 million (as at 31 March 2022: approximately HK\$192.7 million).

As at 31 March 2023, total interest-bearing loans amounted to approximately HK\$207.1 million (as at 31 March 2022: approximately HK\$223.0 million). The Group's net cash balance as at 31 March 2023 (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\$25.2 million (as at 31 March 2022: net cash deficit of approximately HK\$30.2 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2023, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK\$69.5 million (31 March 2022: approximately HK\$110 million) and approximately HK\$12.8 million (31 March 2022: approximately HK\$23.6 million) of the credit facilities has been utilized.

As at 31 March 2023, the gearing ratio of the Group was approximately 31.1% (as at 31 March 2022: approximately 25.3%). 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 2023 in this announcement.

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 2023 HK\$'000	31 March 2022 HK\$'000
Pledged for securing the Group’s banking facilities and performance bond		
Other receivables	3,131	8,485
Bank deposits	<u>60,997</u>	<u>59,832</u>
Total	<u><u>64,128</u></u>	<u><u>68,317</u></u>

Material Acquisitions, Disposals or Loss of Control of Subsidiaries and Associated Companies

Pursuant to the Company’s announcement dated 30 September 2022, on 13 September 2022, Samba Sky Investments Limited (“Samba Sky”), an indirect wholly-owned subsidiary of the Company, informed Wan Chung Construction (Singapore) Pte. Ltd. (“Wan Chung Singapore”, a direct wholly-owned subsidiary of Samba Sky and an indirect wholly-owned subsidiary of the Company) that it authorised the directors of Wan Chung Singapore to proceed to take steps to place Wan Chung Singapore in liquidation (the “Liquidation”) and to appoint liquidator of Wan Chung Singapore. On 19 September 2022, the board of directors of Wan Chung Singapore passed the resolutions to appoint the provisional liquidators of Wan Chung Singapore.

On 18 October 2022, an extraordinary general meeting of Wan Chung Singapore regarding resolution for creditors' voluntary winding-up has been passed and a meeting of the creditors of Wan Chung Singapore being held for the purposes of the Liquidation. As such, the Group lost its control on Wan Chung Singapore.

Save as disclosed above, there was no material acquisition, disposal or loss of control of subsidiaries or associated companies by the Group in FY2023.

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

- (i) 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.

Contingent Liabilities

Compensation to banks or insurance companies due to satisfactory performance to customers

Performance bonds amounting to approximately HK\$28,411,000 (2022: approximately HK\$116,153,000) 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 Group under any of the above guarantees. The maximum liability of the Group at the end of the reporting period under such guarantees is the outstanding amount at that date.

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.

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

	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Guarantees in respect of performance bonds in favor of its clients	<u>12,796</u>	<u>116,153</u>

Movement of incomplete contracts for the year ended 31 March 2023

	31 March 2022 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	31 March 2023 HK\$'000
Building Construction	1,277,968	—	(1,277,968)	—
Property Maintenance	2,381,168	—	(4,059)	2,377,109
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>477,974</u>	<u>89,522</u>	<u>(289,380)</u>	<u>278,116</u>
	<u>4,137,110</u>	<u>89,522</u>	<u>(1,571,407)</u>	<u>2,655,225</u>

Employees and Remuneration Policies

As at 31 March 2023, the Group employed a total of 211 staff (as at 31 March 2022: 450 staff) which included Hong Kong and Mainland China employees. The total remuneration for staff was approximately HK\$87.0 million for Fy2023 (Fy2022: approximately HK\$141.5 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

The Board does not recommend the payment of final dividend in respect of the year ended 31 March 2023 (2022: Nil). No interim dividend was declared for the six months ended 30 September 2022 (30 September 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICE

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 2023, 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 2023, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

Code Provision C.1.6

Under code provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, two of the independent non-executive directors were unable to attend the Company's annual general meeting held on 30 September 2022.

Roles of the chairman and the chief executive

Under the code provision C.2.1, the roles of chairman and CEO 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, Mr. Chau Chit during the year.

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

The Company has engaged internal control consultant to conduct internal control reviews, 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.

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 2023.

EVENT AFTER THE REPORTING PERIOD

- (a) On 17 February 2023, the board of directors proposed to implement: (i) share consolidation on the basis that every twenty (20) issued and unissued ordinary shares at par value of HK\$0.002 (“Existing Share”) each to be consolidated into one (1) consolidated shares at par value of HK\$0.04 (“Consolidated Share”); (ii) to change the lot size of trading on the Stock Exchange from existing 2,000 Existing Shares into 10,000 Consolidated Shares; (iii) to reduce the share premium account to offset the accumulated losses at the share consolidation effective date; (iv) capital reduction by every one (1) Consolidated Share to sub-divided into four (4) shares at par value of HK\$0.01 each. The aforesaid proposed changes can be implemented are subject to shareholder’s approval and certain conditions as disclosed in the announcement on 17 February 2023 and 24 February 2023.

Extraordinary general meeting was held on 6 April 2023 and above proposed changes were approved. The proposed changes (i), (ii) and (iii) have been implemented up to the annual result announcement date.

- (b) On 28 June 2023, Magic Choice, Wan Chung and Mr. Wong entered into agreements to extend the maturity date of loans to Magic Choice and Wan Chung for further one year at interest rate of 13% with immediate effect. The maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2024 and 30 September 2025, respectively.

Save as disclosed above, there is no other event after the reporting period that should be notified to the shareholders of the Company.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company’s auditor, RSM Hong Kong, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

EXTRACT OF AUDITOR’S REPORT (EMPHASIS OF MATTER)

Opinion

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

Materiality uncertainty regarding going concern

We draw attention to note 2 to the consolidated financial statements, which indicated that, the Group incurred a loss of HK\$85,437,000 and a net cash outflow of HK\$ HK\$67,466,000 during the year ended 31 March 2023.

As at 31 March 2023, the Group had bank and cash balances of approximately HK\$66,278,000, while loans from a related party amounted to approximately HK\$207,124,000, of which approximately HK\$102,124,000 and HK\$105,000,000 were originally due on 18 September 2023 and 18 September 2024, respectively.

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.

Our opinion is not modified in respect of this matter.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2024. 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 2024, as the maturity dates of the loans to Magic Choice and Wan Chung are extended to 31 October 2024 and 30 September 2025, respectively. After taking into account of the Group's bank deposits and cash balances amounting to HK\$66,278,000 as at 31 March 2023, the Group's ability to generate operating cashflow and the extension arrangements with Mr. Wong, the directors therefore considered it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (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 2022 and the consolidated financial statements and annual results for the year ended 31 March 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.greeneconomy.com.hk>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The 2023 Annual Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites on or before 31 July 2023.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, business partners, bankers and other business associates for their trust and support.

* *For identification purpose only*

By Order of the Board
Green Economy Development Limited
CHAU CHIT
Chairman and Chief Executive Officer

Hong Kong, 30 June 2023

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Chau Chit, Mr. Fung Ka Lun, Dr. Zhu Dashu, Mr. Zhu Kai and Mr. Zhu Xiaodong; and three independent non-executive directors, namely Dr. Wong Lee Ping, Mr. Wong Wai Kwan and Mr. Zhang Shengman.