恒益控股有限公司
HANG YICK HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1894

2022/23

ANNUAL REPORT

Contents

Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Articles"	the amended and restated articles of association of the Company adopted on 19 September 2018 with effect from the Listing Date, and as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Company" or "our Company"	Hang Yick Holdings Company Limited (恒益控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2018
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and in the context of our Company, means Mr. Lee Sr., Ms. Lau and HY Steel
"Director(s)"	the director(s) of our Company
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HK$" or "HK dollars" or "cents"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huizhou Hengyi"	Huizhou Hengyi Wujin Zhipin Limited* (惠州恒益五金製品有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of our Company
"Huizhou Yicun"	Huizhou Yicun Steel Structural Engineering Limited* (惠州市溢存鋼結構工程有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of our Company
"HY China"	HY China Investment Company Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of our Company
"HY Gate"	Hang Yick Gate Engineering Limited (恒益捲閘工程有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of our Company
"HY Metal"	HY Metal Company Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of our Company

“HY Steel”	HY Steel Company Limited, a company incorporated in the BVI with limited liability which is owned as to 70% by Mr. Lee Sr. and 30% by Ms. Lau, as one of our Controlling Shareholders
“Involved Former Directors”	Mr. Lee Sr., Ms. Lau and Mr. Lee Ka Ho
“Listing Date”	12 October 2018
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Mr. Lee Sr.”	Mr. Lee Pui Sun (李沛新先生), our former Chairman, former chief executive officer, former executive Director and Controlling Shareholder, the spouse of Ms. Lau
“Ms. Lau”	Ms. Lau Lai Ching (劉麗菁女士), our former executive Director and Controlling Shareholder, the spouse of Mr. Lee Sr.
“Nomination Committee”	the nomination committee of the Board
“PRC” or “China”	The People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	a share option scheme passed pursuant to a written resolution by the Shareholder on 19 September 2018
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of our Company with a nominal value of HK$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

The English names of marked with “” are unofficial English translations of the Chinese names of, among others, entities, laws or regulations or government authorities, that do not have official English names. If there is any inconsistency, the Chinese names shall prevail.*

This annual report is publish in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sin Kwok Chi Stephen *(Chief Executive Officer)* *(appointed as Chairman on 21 October 2022, ceased to be Chairman on 18 January 2023)*
Mr. Ho Chi Yuen *(appointed on 18 January 2023)*
Mr. Lee Pui Sun *(duties as Chairman and Chief Executive Officer suspended on 5 May 2021, resigned on 14 September 2022)*
Ms. Lau Lai Ching *(duties suspended on 5 May 2021, resigned on 14 September 2022)*
Mr. Lee Ka Ho *(duties suspended on 5 May 2021, resigned on 14 September 2022)*

Non-executive Director

Mr. Lee Ka Chun Benny *(appointed as interim Chairman on 5 May 2021, resigned on 21 October 2022)*

Independent Non-executive Directors

Mr. Cheung Chun Man Anthony
Mr. Leung Fuk Shun *(Chairman)* *(appointed on 18 January 2023 and appointed as Chairman on 18 January 2023)*
Mr. Law Chi Hung *(appointed on 10 February 2023)*
Mr. Au Yeung Wai Key *(resigned on 10 February 2023)*
Mr. Tse Ka Ching Justin *(resigned on 23 March 2023)*

AUDIT COMMITTEE

Mr. Law Chi Hung *(Chairman)*
Mr. Leung Fuk Shun
Mr. Cheung Chun Man Anthony

REMUNERATION COMMITTEE

Mr. Law Chi Hung *(Chairman)*
Mr. Cheung Chun Man Anthony
Mr. Ho Chi Yuen

NOMINATION COMMITTEE

Mr. Cheung Chun Man Anthony *(Chairman)*
Mr. Leung Fuk Shun
Mr. Law Chi Hung

COMPANY SECRETARY

Mr. Chui Man Lung Everett

AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE LISTING RULES)

Mr. Sin Kwok Chi Stephen
Mr. Chiu Man Lung Everett

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, Upper G/F
Stage 4 Yau Tong Industrial Building
18–20 Sze Shan Street
Yau Tong, Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

RSM Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Bank of China Huizhou Lilin Branch
Agricultural Bank of China Huizhou Lilin Branch

STOCK CODE

1894

COMPANY WEBSITE

http://www.hy-engineering.com

Chairman's Statement

Dear shareholders and investors,

On behalf of the board (the "Board") of directors (the "Director(s)") of Hang Yick Holdings Company Limited (the "Company"), I hereby present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2023.

The trading in the shares of the Company had been suspended since 22 April 2021 and the Group had undergone a business reform and disposed the chaotic PRC operation. It is fortunate that with the support from different parties and the unremitting efforts of all our staff and professional advisers, the Company fulfilled most of the resumption guidance and taking appropriate steps to fulfill the remaining condition.

In 2022, the global started to recover from the global pandemic while it was slowed down by the tension in global supply chain and the intensified political conflict in world, which lead to high inflation and slow growth across the globe. As a result, there were substantial economic and operating pressure. The management of the Company actively responded to it by taking appropriate measures such as technological transformation and cost reduction. Unfortunately, the shortage of labor and short-term volatility in material cost has offset the effort that the management took. Although the flight for inflation and shortage of labor is yet over, the rebound of our Nation's' manufacturing activity and the favorable Government policy will ease the situation and offer tremendous business opportunity for the Company.

Looking forward, the leadership of the management team and with its professional knowledge and strategic leadership, the Company will continuously enhance the working environment while improving manufacturing capabilities, and explore new construction technology to enhance efficiency, such that the Company can seek new profit growth points for its business and maximise returns to our shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our staff for their dedication and contribution, and to our valued shareholders, customers, suppliers and other business partners for their support and encouragement to the Company in the past year.

Mr. Leung Fuk Shun
Chairman of the Board

Hong Kong, 30 June 2023

Management Discussion and Analysis

BUSINESS REVIEW

Listing status of the Company

By way of letters dated 19 July 2021, the Stock Exchange imposed the following resumption guidance (the "Resumption Guidance") for the Company:

(i) conduct an appropriate independent investigation into the underlying incidents of the investigations, assess the impact on the Company's business operation and financial position, announce the findings of the above investigations (including the Forensic Review) and take appropriate remedial actions;

(ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules;

(iii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(iv) demonstrate compliance with Rule 13.24;

(v) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;

(vi) demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules; and

(vii) announce all material information for the Company's shareholders and other investors to appraise the Company's position.

KWU TUNG

— Steel and metal works

For details, please refer to the announcement made by the Company dated 21 July 2021.

The Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 21 October 2022. If the Company fails to remedy the issue causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 21 October 2022, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange (the "Listing Committee") to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume. On 19 October 2022, the Company submitted a resumption proposal to the Stock Exchange.

On 16 December 2022, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee, having considered that the Company had not met any of the Resumption Guidance, decided to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "Decision").

On 29 December 2022, the Company submitted an application requesting the Decision be referred to the Listing Review Committee of the Stock Exchange (the "Listing Review Committee") for review pursuant to Chapter 2B of the Listing Rules. The Listing Review Committee heard the application for the review on 24 March 2023.

On 4 April 2023, the Company received a letter from the Listing Review Committee indicating that the Decision was overturned and the Resumption Guidance have been substantially fulfilled, except for the Resumption Guidance (v) relating to management integrity, as concern remains over the possible influence of the Involved Former Directors through their equity interests held in HY Steel, being the controlling shareholders holding 66.9% of the issued share capital of the Company. The Listing Review Committee considered that the Resumption Guidance (v) could only be fully addressed when HY Steel has fully disposed of its equity interests in the Company. Therefore, the Listing Review Committee decided to extend the remedial period to 28 June 2023 for the Company to demonstrate that HY Steel completes the sale of 513,155,000 ordinary shares of the Company to independent third parties who, including their ultimate beneficial owner(s) if applicable, are independent of and not connected or associated with the Involved Former Directors or the Company's connected persons as defined under Chapter 14A of the Listing Rules, to the satisfaction of the Listing Division of the Stock Exchange by 28 June 2023, following which trading in the Company's shares may resume.

Please refer to the announcements of the Company dated 21 October 2022, 16 December 2022, 29 December 2022, 18 January 2023, 31 January 2023, 13 April 2023 and 21 April 2023 for details of the progress of the resumption.

The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

Voluntary winding up and de-consolidation of the PRC business

The Board of directors of the Company as of the date of this report (the "Newly-Constituted Board") advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the PRC business subsidiary, HY China and its subsidiaries (the "HY China Group") in 2020, who the Group were unable to contact after their departure, the Newly-Constituted Board had taken all reasonable steps to preserve and maintain the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "Basic Records"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. However, the Newly-Constituted Board used their best endeavor to locate more specific business records and supporting explanations of the HY China Group's accounting records, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records"), they were unable to access the Specific Records and was unable to determine whether these Specific Records were absent in the first place or they were updated due to the departure of the former management and the accounting staff.

The Newly-Constituted Board has resolved to voluntarily wind up HY China on 18 January 2023. Ms. Tracy Cook of R&H Restructuring (BVI) Limited and Ms. Janette Tsang of Polar Universal (Secretarial) Limited were appointed as the joint and several liquidators of HY China (the "HY China Liquidators"), pursuant to the written resolutions of the sole shareholder of HY China dated on 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest. Accordingly, HY China Group was therefore de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements. The operation of HY China Group was discontinued on the same date.

Overview

Over the past year, the progress of tendering of public projects in Hong Kong has inevitably been affected by the Coronavirus COVID-19 ("COVID-19") pandemic. However, with the Hong Kong government ("Hong Kong Government") strong commitment in increasing land supply for housing and the number of public housing units, the construction market remain promising.

Review of operations and business development

During FY2023, the Group secured the following major steel and metal works contracts (with contract sum of more than HK$10 million):

Project type	**Location**
Public Housing Development	Shek Pai Wan
Public Housing Development	Kwun Tong
Public Housing Development	Sheung Shui

Hong Kong

The Group's engineering services range from design, manufacture, supply to installation of steel and metal products such as roller shutters and metal doors for construction projects in Hong Kong. It serves customers including construction companies and engineering companies on a project-by-project basis.

During FY2023, the Group recorded a revenue approximately HK$184.9 million (2022: HK$203.6 million) and secured new contracts with aggregate contract sum of HK$110.1 million. The decrease in revenue was due to the delay in construction progress which was caused by the delay in design finalization process in sample flat of the projects which lead to less works carried in the second half of the year.

As at 31 March 2023, the total value of contracts on hand which the performance obligation that were unsatisfied (or partially unsatisfied) was HK$243.5 million.

PROSPECTS

Hong Kong

The construction industry in Hong Kong remains promising despite the COVID-19 pandemic and should benefit from the Hong Kong Government's unwavering commitment to housing issue. In view of the Hong Kong Government's stimulus plans in housing and infrastructure, the Group will focus on its construction business in Hong Kong in the coming years. As stated in the Chief Executive's 2022 Policy Address (the "Policy Address"), the Hong Kong Government is determined to resolve the housing issue with 330,000 public housing units to be built in coming ten-year period (i.e. from 2022–23 to 2031–32) which is two times the amount built in the last ten-year period (actual production was 156,000 from 2012–13 to 2022–23). The then Chief Executive was committed to further boosting public housing supply partly by invoking land resumption to resume certain private land. The Hong Kong Government has also been formulating policies to ensure the effective use of land resources, in particular, the construction of New Development Areas such as Kwu Tung North and Fanling North New Development Area providing approximately 350,000 housing units upon its full development, and the inclusion of land in Lau Fau Shan and Tsim Bei Tsui into the Hung Shui Kiu/Ha Tsuen New Development Area providing more than 47,000 residential units. Other growth opportunities are presented by policies including the development of Kau Yi Chau Artificial Islands as part of the Lantau Tomorrow Vision, the Tung Chung new town extension, the public housing development at Cha Kwo Ling Village and redevelopment of Yau Tong and Lei Yue Mun. All such government policies and strategies are positive signals to the construction industry. Accordingly, the demand for steel and metal products, metal gates, shutters and fire rated doors is expected to increase as they are essential components of new buildings.

As the Group mainly focus on the steel and metal engineering services for the public rental housing sector, such policy and determination of the Hong Kong Government would benefit the Group and be a strong incentive for the Group to focus on its core business.

Further, the constant need for renovation and refurbishment of public housing and facilities and renovation and fitting out works for commercial properties has also created stable demand for steel and metal engineering services, particularly metal gates, shutters and doors, staircase handrails, structural frames, louvre frames, brackets, fencing and ceiling tiles.

However, shortage of skilled labour, high construction cost and increasing competition still remain to be the major challenges for the construction industry. As such, cost control and new construction technique will be a key factor for success. The Group will remain innovative and strive to maintain its position in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks involved in the Group's operations, many of which are beyond the Group's control, including but not limited to those relating to the business and the industry. Some of the major risks the Group facing include the following:

- Our revenue relies on successful quotation or tenders of engineering services projects which are not recurrent in nature, and there is no guarantee that our customers will provide us with new business or that we will secure new customers;
- Reduction or termination of public sector projects in Hong Kong may adversely affect our revenue and results of operations;
- Failure to estimate the costs involved accurately in the implementation of the project and delay in completion of the project which may adversely affect our operating results and financial position; and
- We plan to expand our capacity by acquiring equipment and expanding manpower which may result in an increase in expense and staff costs which may adversely affect our operating results and financial position.

FINANCIAL REVIEW

Revenue from continuing operations

The revenue of the Group has decreased by approximately 9.2% from approximately HK$203.6 million in FY2022 to approximately HK$184.9 million in FY2023.

The decrease in revenue was driven by the delay in design finalization process in sample flat of the projects which lead to less works carried in the second half of the year.

In order to counter the construction delays, the Group accepted small quantity orders and short terms projects which have lower gross profit margin than the long term projects.

Direct costs from continuing operations

Our direct costs primarily consist of direct material costs, direct labour costs, installation service fees, sub-contracting costs and other costs.

The direct costs increased by approximately 1.4% from approximately HK$160.3 million in FY2022 to approximately HK$162.5 million in FY2023. The increase was mainly attributable to 1) lower profit margin for sales of steel and metal products and 2) revenue certified by the customers was comparatively lower than the actual costs incurred in the early stage of the project.

Gross profit and gross profit margin from continuing operations

The gross profit of the Group decreased by approximately 48.4% from approximately HK$43.3 million in FY2022 to approximately HK$22.4 million in FY2023 and the gross profit margin decreased from approximately 21.3% for FY2022 to approximately 12.0% for FY2023.

The decrease in gross profit margin was driven by 1) the delay in design finalization process in sample flat; and 2) the increased transportation cost as a result of the cross-border transportation restrictions between Hong Kong and PRC during FY2023.

Other income and other gains and losses from continuing operations

Other income and other gains and losses of the Group has decreased from approximately HK$5.1 million in FY2022 to approximately HK$2.4 million in FY2023.

The other income and other gains and losses for FY2023 mainly comprise of the government subsidies of HK$3.5 million while offset by the net foreign exchange losses of HK$1.5 million.

The other income and other gains and losses for FY2022 mainly comprise of the recovery of loss on the Incident Transactions of HK$3.0 million and net foreign exchange gains of HK$0.7 million.

Finance costs from continuing operations

Finance cost decreased from approximately HK$0.3 million in FY2022 to approximately HK$0.1 million in FY2023. The decrease was primarily associated with the decrease in bank interest expenses arising from the decrease in average bank loan balances.

Administrative expenses from continuing operations

Administrative expenses decreased by approximately 19.4% from approximately HK$26.9 million in FY2022 to approximately HK$21.7 million in FY2023. The decrease was driven by the decrease in legal and professional fees.

Income tax expense from continuing operations

The income tax expense decreased from approximately HK$3.4 million in FY2022 to approximately HK$1.2 million in FY2023. The decrease in tax expense was in line with the decrease in the operating profits.

Profit from continuing operations

The Group recorded profit for the year from continuing operations amounted to approximately HK$1.8 million for the year ended 31 March 2023 as compared to profit for the year for continuing operations amounted to approximately HK$17.8 million for the year ended 31 March 2022.

The decrease mainly due to the delay of construction progress which lead to decrease in orders and the extraordinary increase in construction cost as a result of supply chain disruption and labor shortage.

(Loss)/profit for the year from discontinued operation

The discontinued operation recorded a loss of HK$21.2 million in FY2023 while recorded a profit of HK$3.2 million in FY2022. The decrease was mainly arise from the loss on de-consolidation of subsidiaries of HK$27.0 million.

(Loss)/profit attributable to the owners of the Company

As a result of the loss on de-consolidation from discontinued operation, the Group recorded loss of approximately HK$21.7 million in FY2023 as against a profit attributable to the owners of the Company of approximately HK$19.7 million in FY2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2023, the Group had total cash and cash equivalents of approximately HK$79.4 million (2022: HK$54.9 million), total assets of approximately HK$189.5 million (2022: HK$193.1 million) and total interest-bearing debts of approximately HK$3.7 million (2022: HK$4.0 million).

The gearing ratio of the Group, calculated based on the total interest-bearing debts (including bank borrowings) divided by the total equity attributable to owners of the Group as at the end of the respective years and multiplied by 100%, was approximately 2.2% (2022: approximately 2.4%). The Group considers the use of debt financing as one of the key funding sources for business expansion after considering the current market interest rate level.

Cash and cash equivalents

There was an increase in the balance of cash and cash equivalents of approximately HK$24.5 million from approximately HK$54.9 million as at 31 March 2022 to approximately HK$79.4 million as at 31 March 2023.

During FY2023, the Group has a net cash inflow of approximately HK$27.5 million in its operating activities, a net cash outflow of approximately HK$2.7 million in its investing activities (mainly due to net cash outflow on purchase of properly, plant and equipment, and de-consolidation of subsidiaries), and a net cash outflow of approximately HK$0.6 million in its financing activities (mainly due to repayment of bank borrowing and lease liabilities).

Borrowing

The major source of debt financing of the Group was mainly borrowing from a bank. As at 31 March 2023, the Group had bank borrowing of approximately HK$3.7 million (2022: HK$4.0 million). During both years, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowing with an aggregate amount of approximately HK$3,740,000 (2022: HK$3,960,000). The bank borrowing was at floating rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.8% per annum (2022: HIBOR plus 0.8–2.0% per annum). The bank borrowing was fully repaid on 15 May 2023.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2023, the investment in life insurance contract of the key management of the Group of approximately HK$5.5 million (2022: HK$5.3 million) was pledged to the bank to secure the general facility granted to the Group.

LITIGATION, CLAIMS AND NON-COMPLIANCES

For FY2023, the Group was not engaged in any material litigation or arbitration and no material litigation or claim is known to the Directors to be pending or threatened against the Group.

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollars against Renminbi.

The Group has not used any derivative contracts to hedge against its exposure to currency risk. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

INTEREST RATE RISK

The Group is exposed to interest rate risk primary to the bank facilities with floating interest rate. For FY2022 and FY2023, the Group did not have any interest rate hedging policy. However, the management will continue to closely monitor the Group's interest risk exposure and will consider hedging interest rate risk when necessary.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

For FY2023, the Group has contributed approximately HK$2.0 million in the acquisition of property, plant and equipment. The contributions are mainly for the expansion of our production capacity, of which approximately HK$1.8 million was financed by the net proceeds from the Listing of the Shares of the Company on the Stock Exchange.

As at 31 March 2023, the Group had approximately HK$0.4 million expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain plant and equipment (2022: HK$0.6 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2022 and 31 March 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As disclosed in the annual report of FY2022 and the description of voluntary winding up and de-consolidation of the PRC business as set out in the section headed "Business Review" in this annual report, the Newly-Constituted Board has resolved to voluntarily wind up HY China and HY China Group were de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint venture by the Group during the year ended 31 March 2023.

SIGNIFICANT INVESTMENT

As at 31 March 2023, the Group had no significant investment with a value of 5% or more of the Group's total assets.

Report of the Directors

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group provides steel and metal engineering services ranging from design, manufacture, supply and installation of steel and metal products for construction projects in Hong Kong. The Group also sells its steel and metal products to customers, which the Group is not required to provide installation works and after-sale services. Details of the principal activities of the principal subsidiaries are set out in note 41 of the consolidated financial statements of the Group in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 March 2023 and the discussion on the Group's future business development are set out in the section headed "Management Discussion and Analysis" in this annual report. The description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis" on pages 6 to 13 of this annual report.

The environmental policies and performance, and relationships with employees are set out in the Environmental, Social and Governance Report on pages 41 to 42 of this annual report.

Relationships with employees, customers and suppliers

The Group's success also depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regarded as important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing performance appraisal system, and to promote career development and progression by offering training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are construction companies in Hong Kong who subcontract the steel and metal engineering works of their projects to us, as well as small and medium size contracts and engineering companies. The Group provides professional and quality services whilst maintaining long term profitability and business growth.

Suppliers

We firmly believe that our suppliers are equally important in cost control and increasing our bargaining power on procurement of materials, which further secures our competitive position when bidding for tenders. We proactively communicate with our subcontractors and suppliers to ensure they are committed to delivering high-quality and sustainable products and services. Unless the customers require us to engage subcontractors and suppliers nominated by them, we will select subcontractors and suppliers from our pre-qualified lists of subcontractors and suppliers. In addition, during the continuance of the contracts with our subcontractors, we will supply them with our internal guidelines on safety and environmental issues and require them to follow.

During the year ended 31 March 2023, there was no material dispute or disagreement between the Group and its employees, customers or suppliers.

Compliance with the relevant laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. So far as the Directors is aware, the Group has complied in all material respects with the relevant laws and regulations that have significant impact on the business of the Group.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 63 to 64 of this annual report.

The Board did not recommended the payment of final dividend for the year ended 31 March 2023.

USE OF PROCEEDS

The Company has raised gross proceeds of approximately HK$161.5 million through the global offering upon the Listing. After deducting the listing expenses, the net proceeds (the "Net Proceeds") amounted to approximately HK$130.0 million. Such net proceeds are intended to be applied in the same manner and the same proportion as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 28 September 2018 (the "Prospectus"), the below table sets out the proposed application and the status of utilisation.

As at 31 March 2023, the net proceeds from the global offering had been applied as follows:

	Planned (HK$'000)	**Net Proceeds Utilised as at 31 March 2022** (HK$'000)	**Net Proceeds Utilised during the year ended 31 March 2023** (HK$'000)	**Net Proceeds Utilised as at 31 March 2023** (HK$'000)	**Unutilised** (HK$'000)	**Estimated Schedule** (Note)
Acquiring machines to replace and enhance the Group's production capacity	51,200	15,537	1,766	17,303	33,897	2023–2024
Expanding the Group's workforce in Hong Kong and the PRC	33,700	21,766	9,873	31,639	2,061	2023–2024
Renovation and re-design of the Group's existing production facilities	24,100	903	—	903	23,197	2023–2024
Purchasing delivery trucks	5,000	2,853	—	2,853	2,147	2023–2024
Upgrading the Group's information technology system and equipment	3,500	3,500	—	3,500	—	Fully utilised
General working capital	12,500	12,500	—	12,500	—	Fully utilised
	130,000	57,059	11,639	68,698	61,302	

Note: The estimated schedule for utilising the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

As at 31 March 2023, the Group had not yet utilised the proceeds for (a) expanding the Group's workforce in Hong Kong and the PRC, and (b) the renovation and re-design of the Group's existing production facilities as planned. The delay in utilisation of the proceeds was due to COVID-19 pandemic which significantly affected the timeline and cost of the construction.

For the balance over acquiring machines to replace and enhance the Group's production capacity, the Net Proceeds utilised as at 31 March 2023 included an amount of HK$9.5 million related to the Involved Former Directors who were alleged to have conspired to use bogus transactions to embezzle funds of the Company. The Group will continue to take action to recover the outstanding amount.

The Group will continue to apply the Net Proceeds in accordance with the disclosure in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the five financial years is set out on page 140 of this annual report. This summary does not form part of the Group's consolidated financial statements.

DONATIONS AND CONTRIBUTIONS

During the year, the Group did not make donations and contributions.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 March 2023 are set out in note 31 to the consolidated financial statements in this annual report.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

DISTRIBUTABLE RESERVES

At 31 March 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$116,170,000 (2022: approximately HK$119,764,000).

DIRECTORS

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

Executive Directors

Mr. Sin Kwok Chi Stephen *(Chief Executive Officer) (appointed as Chairman on 21 October 2022, ceased to be Chairman on 18 January 2023)*
Mr. Ho Chi Yuen *(appointed on 18 January 2023)*
Mr. Lee Pui Sun *(duties as Chairman and Chief Executive Officer suspended on 5 May 2021, resigned on 14 September 2022)*
Ms. Lau Lai Ching *(duties suspended on 5 May 2021, resigned on 14 September 2022)*
Mr. Lee Ka Ho *(duties suspended on 5 May 2021, resigned on 14 September 2022)*

Non-executive Director

Mr. Lee Ka Chun Benny *(appointed as Interim Chairman on 5 May 2021, resigned on 21 October 2022)*

Independent Non-executive Directors

Mr. Cheung Chun Man Anthony
Mr. Leung Fuk Shun *(Chairman) (appointed on 18 January 2023 and appointed as Chairman on 18 January 2023)*
Mr. Law Chi Hung *(appointed on 10 February 2023)*
Mr. Au Yeung Wai Key *(resigned on 10 February 2023)*
Mr. Tse Ka Ching Justin *(resigned on 23 March 2023)*

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sin Kwok Chi Stephen

Sin Kwok Chi Stephen (冼國持) ("Mr. Sin"), aged 51, joined our Group in February 2004 and appointed as an executive Director and chief executive officer of our Group since 9 June 2021. He oversees the strategic direction and supervision of the engineering department.

Mr. Sin obtained a diploma in mechanical engineering from Haking Wong Technical Institute (currently known as The Hong Kong Institute of Vocational Education (Haking Wong)) in August 1991. He also obtained a higher certificate in mechanical engineering and a bachelor's degree in building services engineering, from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) and Hong Kong Polytechnic University in November 1993 and November 2002, respectively.

Mr. Sin has more than 20 years' experience in the gate engineering industry. Prior to joining our Group, Mr. Sin was employed by Sanwa Shutter (HK) Limited from November 1993 to June 2003 with his last position as senior engineer manager.

Mr. Ho Chi Yuen (appointed on 18 January 2023)

Mr. Ho Chi Yuen (何志遠), aged 50, was appointed as an executive Director on 18 January 2023 and has over 20 years of experience in the construction industry. He is responsible for project estimation and procurement management of the Group. Prior to joining the Group, Mr. Ho worked in a number of main contractors and construction consultancy firms in Hong Kong since 1996 and he started his own business in 2016.

Mr. Ho obtained a bachelor's degree in civil engineering from Hong Kong Polytechnic University in November 1996. Mr. Ho has been a member of Institution of Structural Engineers since 2001 and a member of the Hong Kong Institution of Engineering since 2002.

Independent Non-Executive Directors

Mr. Leung Fuk Shun (appointed on 18 January 2023)

Mr. Leung Fuk Shun (梁福順), aged 74, was appointed as an independent non-executive Director and the chairman of our Board on 18 January 2023. He is responsible for supervising and providing independent advice to our Board. Mr. Leung has over 40 years of experience in the construction industry and worked in the Hong Kong Housing Department of the government, an executive arm of the Housing Authority which is responsible for the management of public housing in Hong Kong, for 35 years with his last position as Chief Technical Officer (Building Works).

Mr. Cheung Chun Man Anthony

Mr. Cheung Chun Man Anthony (張俊文), aged 49, was appointed as an independent non-executive Director and a member of the Audit Committee and the Remuneration Committee on 31 March 2021 and has approximately 18 years of experience in financial industry, including providing asset management services and advising on securities. Mr. Cheung is currently a licensed person and a responsible officer to carry out type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the "SFO"). From April 2003 to May 2009, Mr. Cheung worked at Karl Thomson Investment Consultants Limited and was a registered representative for type 4 (advising on securities) (from April 2003 to May 2009) and type 9 (asset management) (from April 2005 to May 2009) regulated activities under the SFO. From May 2009 to June 2016, he worked at Karl Thomson Securities Company Limited and was a registered representative for type 1 (dealing in securities) (from May 2009 to June 2016) and type 9 (asset management) (from May 2009 to June 2016). From July 2016 to February 2017, he worked at Kaisa Asset Management Limited and a responsible officer for type 4 (advising on securities) (from July 2016 to February 2017) and type 9 (asset management) (from July 2016 to February 2017) regulated activities under the SFO. From July 2018 to September 2018, he worked at COFCO Asset Management (International) Company Limited and a registered representative for type 9 (asset management) (from July 2018 to September 2018). Since March 2019, Mr. Cheung has been working at Hill Ocean Capital Limited and is a director and a responsible officer (since March 2019) for type 9 (asset management) regulated activities under the SFO.

Mr. Law Chi Hung (appointed on 10 February 2023)

Mr. Law Chi Hung (羅智鴻) ("Mr. Law"), aged 39, has been appointed as an independent non-executive Director, the chairman and a member of the remuneration committee and a member of each of the audit committee and the nomination committee with effect from 10 February 2023.

Mr. Law has over 15 years of experience in providing accounting, auditing and taxation services. Mr. Law worked in accounting firms in Hong Kong from November 2005 to May 2014. Since March 2017, he has also served as a director of CLG CPA Limited, a CPA firm in Hong Kong.

Mr. Law has also served as an independent non-executive director of SEEC Media Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 205), since June 2015 and served as an independent non-executive director of Silver Tide Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1943), from July 2019 to October 2022.

Senior Management

Mr. Lai Kam Fai

Mr. Lai Kam Fai (黎錦輝) ("Mr. Lai"), aged 50, joined our Group in March 2019 and is the technical director of our Group. He is primarily responsible for overseeing the engineering and technical aspects of various projects of our Group. Mr. Lai obtained a bachelor's degree in civil engineering from the University of Southern California in the United States in 1996 and a postgraduate diploma in Construction Law and Arbitration in 2003. Mr. Lai has been a member of Institution of Civil Engineers since 2002, a member of the Hong Kong Institution of Engineers since 2004 and a Registered Professional Engineer under the Hong Kong Engineers Registration Board since 2005. Mr. Lai has over 20 years' experience in handling civil engineering projects in Hong Kong and Macau.

Mr. Lee Ming To

Mr. Lee Ming To (利銘滔) ("Mr. M.T. Lee"), aged 48, joined the Group in March 2004, is currently a project manager of the Group and is responsible for the project management, quality control and construction in sites.

Mr. M.T. Lee has over 25 years of experience in the construction industry. He obtained a bachelor's degree in building services engineering from Hong Kong Polytechnic University in 2004.

Mr. Chui Man Lung Everett

Mr. Chui Man Lung Everett (徐文龍) ("Mr. Chui"), aged 57, is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and member of the Institute of Chartered Accountants in England and Wales. Mr. Chui qualified as a Professional Accountant with KPMG, Hong Kong in 1990 and left KPMG in 1993. He was in charge of audits of banks, fashion retailers and manufacturers listed on the Main Board of the Stock Exchange and initial public offering ("IPO") audit for a major national corporation, and also participated in the restructuring of two banking groups.

Mr. Chui holds a Bachelor of Social Sciences (Hons) Degree in Business Economics & Accounting awarded by the University of Southampton in the United Kingdom.

DIRECTORS' SERVICE CONTRACTS

The executive Directors and the non-executive Director have entered into service agreements with the Company and each of the independent non-executive Directors signed an appointment letter with the Company. All Directors were appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles.

None of the Directors has a service contract with the Company or any of its subsidiaries which is of a duration exceeding three years or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligations.

DEED OF NON-COMPETITION

The Company entered into a deed of non-competition with the Controlling Shareholders namely, Mr. Lee Sr., Ms. Lau and HY Steel on 19 September 2018 so as to better safeguard the Group from any potential competition and to formalise the principles for the management of potential conflicts between them and to enhance our corporate governance in connection with the Listing on 12 October 2018.

The independent non-executive Directors have reviewed compliance by the Controlling Shareholders and confirmed that based on the confirmation and information provided by each of the Controlling Shareholders, they were in compliance with the deed of non-competition during the year ended 31 March 2023.

EMOLUMENT POLICY

The Group has a total of 274 employees in Hong Kong and China as at 31 March 2023. The total salaries and related costs granted to employees amounted to approximately HK$70.4 million for the year ended 31 March 2023. The remuneration packages of employees are determined based on their qualifications, position and experience. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotion.

The remuneration of the Directors is decided by the Board upon the recommendation from the Remuneration Committee after considering the relevant Director's qualifications, experience, responsibilities, duties and performance. The Company has adopted a Share Option Scheme as an incentive to eligible participants, details of which are set out below in the section headed "Share Option Scheme" in this report. The Group has also participated in the mandatory provident fund retirement benefit scheme in Hong Kong, and the central pension scheme operated by the local municipal government in China.

Details of the emoluments of the Directors and the highest paid individuals as well as the retirement benefit schemes are set out in notes 10(a), 10(b) and 35 to the consolidated financial statements, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" below, none of the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during or at the end of the year ended 31 March 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 March 2023.

CONNECTED TRANSACTIONS

The Group entered into certain related party transactions, which constituted fully exempted continuing connected transactions of the Group, during the year ended 31 March 2023, details of which are set out in note 37 to the consolidated financial statements of this annual report.

These transactions are de minimis transactions under Rule 14A.76(1) of the Listing Rules and therefore all of them are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

THE MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION

The Auditor gave a disclaimer opinion on the consolidated financial statements for the year ended 31 March 2023 in relation to a) Issues arising from certain subsidiaries of the Group, and b) Opening balances and the comparative information. The Board considered that these were factual descriptions in nature as set out in detail in note 2 to the consolidated financial statements. Despite the effort made by the Company to address the concern, the Auditor issued the disclaimer of opinion. The Board has considered the Auditor's rationale and understood their consideration in arriving the disclaimer of opinion.

Set out below the basis for the disclaimers of opinion/conclusion issued by the Auditor on the consolidated financial statements of the Company for the year ended 31 March 2023, and actions taken/to be taken by the Company to address each of the basis for the disclaimers of opinion/conclusion:

	Disclaimer of opinion/conclusion	**Basis of disclaimer**	**Actions taken/to be taken**
a)	Issue arising from certain subsidiaries of the Group	As stated in section entitled "Suspension of trading in shares of the Company and Investigation" in note 2(a) to the consolidated financial statements, the "Newly-Constituted Board was of the opinion that certain payments of prepayments, deposits and advances ("PPDA") transactions (also known as "Incident Transactions") occurred during the years ended 31 March 2019 and 2020, involving HY China Investment Company Limited ("HY China"), a wholly-owned subsidiary of the Company and its subsidiaries (the "HY China Group") were considered to be suspicious and may not have been entered into under normal commercial arrangement. As further explained in the section entitled "Voluntary winding up and de-consolidation of the PRC business" in note 2(c) to the consolidated financial statements, the Newly-Constituted Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the HY China Group in 2020, whom the Group were unable to contact after their departure, the Company has retained the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentations (collectively referred to as the "Basic Records"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible.	Matters relating to disclaimer of issues arising from certain subsidiaries of the Group were resolved upon the formal appointment of HY China Liquidators at which the Group ceased to have control over HY China Group, which was de-consolidated from the Group with effect from 24 February 2023. Based on the discussion with the Auditor, in view of the above de-consolidation happened during the year ended 31 March 2023, it is expected that — a qualified opinion will be issued on the consolidated financial statements of the remaining subsidiaries which engaged in provision of steel and metal engineering services and sales of steel and metal products (the "Retained Group") for the year ending 31 March 2024 as a result of the disclaimer opinion on the comparative figures and for the year ended 31 March 2023 and unqualified opinion will be issued for the consolidated financial statements for the year ending 31 March 2025.

Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
	The Basic Records were not considered to be of a sufficient level for audit purposes. More specific business records and supporting explanations of the HY China Group's accounting records were needed for audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; and (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records"). In the absence of the Specific Records of the HY China Group following the departure of certain former key management personnel in 2020, the Newly-Constituted Board considered that they could only use their best endeavor to preserve the books and records that were left behind by the former key management personnel and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records. The Newly-Constituted Board has resolved to voluntarily wind up HY China on 18 January 2023. The joint and several liquidators (the "HY China Liquidators") were appointed to HY China, pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest. Accordingly, HY China Group were de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. The operation of HY China Group was discontinued on the same date. The result of the discontinued operation, including the recovery of loss on Incident Transactions and the loss on the de-consolidation of the HY China Group is presented as a single amount in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.	

Disclaimer of opinion/conclusion	Basis of disclaimer	Actions taken/to be taken
	As a result of the above matters, the Auditor have not been able to obtain sufficient appropriate audit evidence to ascertain whether the result for the year from discontinued operation and other related disclosure notes in relation to the HY China Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements. Accordingly, the Auditor were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2023.	
b) Opening balances and the comparative information	As described in the preceding paragraphs, due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to the Newly-Constituted Board from the former management of the Group in respect of the Incident Transactions and HY China Group, the Auditor was unable to obtain sufficient appropriate audit evidence over the account balances as at 31 March 2022 and the profit or loss, cash flows, change in equity and notes to financial statements of the Group and Company for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 March 2022 and 1 April 2022 would have a consequential effect on the Group's 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 ended 31 March 2023.	Matters relating to the disclaimer of opinion in relation to the opening balance and the comparative information, which relate to the Incident Transactions and HY China Group were resolved following the de-consolidation of the HY China Group as explained in item a) above. Based on the discussion with the Auditor, in view of the above de-consolidation with effect from 24 February 2023, — a qualified opinion will be issued on the consolidated financial statements of the Retained Group for the year ending 31 March 2024 as a result of the disclaimer opinion on the comparative figures for the year ended 31 March 2023 and unqualified opinion will be issued for the consolidated financial statements for the year ending 31 March 2025.

The Auditor agreed that in the absence of the unforeseen circumstances, the consolidated financial statements of the Company for the year ending 31 March 2024 will not carry the audit modifications except for the qualification over the comparative figures for the profit and loss and cash flow statement for the year ended 31 March 2023.

THE AUDIT COMMITTEE'S VIEW TOWARDS THE DISCLAIMER OF OPINION

The members of the Audit Committee had critically reviewed the disclaimer of opinion, and the management's position, view and assessment concerning the disclaimer. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving its opinion. After careful deliberation, the Audit Committee agreed with the management's position based on the reasons above. Moreover, the Audit Committee requested the management to take all necessary actions to address the effect on the disclaimer so that no such Disclaimer will be issued in the forthcoming audited financial statements.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 March 2023, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of 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, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be noticed the Company and the Stock Exchange, pursuant to the Model Code, were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding in the Company
Mr. Sin Kwok Chi Stephen	Beneficial owner	350,000(L) (Note 2)	0.05%

Notes:

1. The letter "L" denotes the director's long position in the Shares.

2. These interests represented share option granted to Mr. Sin Kwok Chi Stephen on 11 January 2019 under the Share Option Scheme which are exercisable during 11 January 2022 to 10 January 2024. Details of the Share Option Scheme are set out in the section below headed "Share Option Scheme".

Save as disclosed above, as at 31 March 2023, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 were taken or deemed to have under such provisions of the SFO), or as 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were record in the register required to be kept under section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding in the Company
HY Steel (Note 2)	Beneficial owner	513,155,000(L)	66.85%

Notes:

1. The letter "L" denotes the substantial shareholder's long position in the Shares.

2. HY Steel is owned by Mr. Lee Sr. and Ms. Lau as to 70% and 30%, respectively.

Save as disclosed above, as at 31 March 2023, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme pursuant to a written resolution passed by its shareholder on 19 September 2018. The Share Option Scheme became unconditional upon the Listing Date. Summary of the principal terms of the Share Option Scheme is as follows:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise the contributions that participants have made or may make to the Group with a view to achieve the following objectives, (a) motivate participants to optimise their performance and efficiency for the benefit of the Group, and (b) attract and retain or otherwise maintain ongoing business relationship with the participants whose contributions are, will or expected to be beneficial to the Group.

(ii) Participants

The Board may at its discretion grant options to the following persons as it thinks fit: (a) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"); or (b) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (c) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

(iii) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 76,000,000 Shares, being 10% of the shares in issue as at the Listing Date. 24,000,000 share options had been granted by the Company under the Share Option Scheme up to the date of this annual report. Therefore, the number of Shares available for issue under the Share Option Scheme is 52,000,000 Shares, representing approximately 6.77% of the issued shares capital of the Company as at the date of this annual report.

(iv) Maximum entitlement of each participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each participant under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being.

(v) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of termination thereof.

(vi) Minimum period

The Board at its discretion may impose such terms and conditions of the offer of grant on a case-by-case basis including but not limited to the minimum period for which an option must be held.

(vii) Payment on acceptance of option

A consideration of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company is payable by the participant who accepts the grant of an option in accordance with the terms of the Share Option Scheme on acceptance of the grant of an option.

(viii) Basis of determining the exercise price

The exercise price of the share option will be determined at the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be on a day on which the Stock Exchange is open for the business of dealing in securities; (b) an amount equivalent to the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the relevant option; and (c) the nominal value of a Share on the date of grant.

(ix) The remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years, after which no further options may be issued but the provisions of the Share Option Scheme shall remain in force in all other respects.

The movements of share options during the year ended 31 March 2023 were as follows:

Category of grantees	Date of grant	Exercisable period	Exercise price per Share (HK$)	Granted	As at 31 March 2022	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 March 2023
Director, senior management and other employees	11 January 2019	11 January 2022 to 10 January 2024	1.53	4,400,000	3,850,000	—	—	—	(320,000)	3,530,000
		11 January 2023 to 10 January 2024	1.53	4,400,000	3,850,000	—	—	—	(320,000)	3,530,000

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2023, the aggregate revenue from the Group's largest customer and five largest customers accounted for approximately of 31.4% and 74.2% of the total revenue, respectively. Purchases from the Group's largest supplier and five largest suppliers accounted for approximately of 7.5% and 31.2% of the total purchases for the year ended 31 March 2023, respectively.

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

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

MATERIAL EVENT AFTER THE REPORTING PERIOD

Save as disclosed in the "Listing status of the Company" as set out in the "Management Discussion and Analysis" of this annual report, the Group had no other significant event requiring disclosure subsequent to 31 March 2023 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

During the year ended 31 March 2023, a permitted indemnity provision as required by the Companies Ordinance (Chapter 622, the Laws of Hong Kong) was in force for the benefits of all Directors.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on 4 September 2023 ("2023 AGM"). A notice convening the AGM will be issued and sent to the shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from 30 August 2023 to 4 September 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 29 August 2023.

AUDITOR

Following the resignation of Messrs. Deloitte Touche Tohmatsu ("Deloitte") as the auditor of the Company on 18 December 2020, Baker Tilly Hong Kong Limited ("Baker Tilly") was appointed as the auditor of the Company to fill the casual vacancy arising from the resignation of Deloitte.

On 12 August 2021, Baker Tilly resigned and Elite Partners CPA Limited ("Elite Partners") was appointed as the auditor of the Company to fill the casual vacancy arising from the resignation of Baker Tilly. Elite Partners subsequently resigned on 8 December 2022.

On 15 December 2022, RSM Hong Kong ("RSM") was appointed as the auditor of the Company to fill the casual vacancy arising from the resignation of Elite Partners.

Save as disclosed above, there were no other changes in auditors of the Company during the past three years. The consolidated financial statements for the year ended 31 March 2023 have been audited by RSM who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Leung Fuk Shun
Chairman

Hong Kong, 30 June 2023

Corporate Governance Report

This Corporate Governance Report covered the year ended 31 March 2023 is prepared by the current Directors of the Company as at the date of this annual report based on the available information.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to protect the interest of its Shareholders and to place importance on its corporate governance system.

During the year ended 31 March 2023, in the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the deviation as mentioned below:

	Code Provision	**Deviation**	**Considered Reason for Deviation**
C.2.1	The roles of chairman and chief executive officer should be separated and should not be performed by the same individual.	Mr. Sin Kwok Chi Stephen ("Mr. Sin") is the chairman and chief executive officer of the Company between 21 October 2022 to 18 January 2023.	Mr. Sin is mainly responsible for overseeing the overall operation and management, strategic planning and major decision making of the Group, and he has considerable experience in strategic planning and monitoring day to day business of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long term business strategics and executing business plans. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. Since 18 January 2023, the position of chairman has been held by Mr. Leung Fuk Shun and chief executive officer has been held by Mr. Sin, which is in compliance with the code provision.
C.1.8	The Company should arrange appropriate insurance cover in respect of legal action against the Directors.	The Company has not arranged for appropriate insurance cover in respect of legal action against its directors during the year.	The Company is in the course of arranging renewal of the Director's and Officers liability insurance with the insurance company in accordance with the requirement under the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

All the Directors confirmed, upon specific enquiry made, that they have complied with the Model Code during the year ended 31 March 2023 and up to the date of this report.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Group, and delegates day-to-day operations to the management team of the Group. The Board provides directions to the management team by laying down strategies and plans, and then oversees the implementation performed by the management team. The Board also timely monitors the Group's operational and financial performance through monthly reports prepared by the management team of the Group. The Board also reviews the compensation policies, succession planning, internal control system and risk management system regularly through various committee established under the Board.

Composition

As at 31 March 2023, the Board comprises two executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Sin Kwok Chi Stephen *(Chief Executive)*
Mr. Ho Chi Yuen *(appointed on 18 January 2023)*

Independent Non-executive Directors

Mr. Cheung Chun Man Anthony
Mr. Leung Fun Shun *(appointed on 18 January 2023)*
Mr. Law Chi Hung *(appointed on 10 February 2023)*

The relationships among members of the Board have been disclosed in the sub-section headed "Biographies of Directors and Senior Management" in this annual report. During the year ended 31 March 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

Independence of the independent non-executive Directors

The Company has received annual written confirmations from all independent non-executive Directors with regard to their independence, and therefore the Company still consider, based on the guidelines set out in Rule 3.13 of the Listing Rules, that all independent non-executive Directors to be independent.

Continuous professional development

During the year ended 31 March 2023, all of the Directors participated in continuous professional development by either attending external seminars and conferences, or reading materials relating corporate governance practices, directors' duty and the Listing Rules.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

All Directors completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

Appointment & re-election of Directors

The procedures and process of appointment and re-election of the Directors are laid down in the Articles. Pursuant to the Articles, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by the Shareholders.

All the directors will retire from office as Directors at the forthcoming annual general meeting and they, being eligible, offer themselves for re-election.

Indemnity of Directors

The Company is in the course of arranging renewal of the Director's and Officers liability insurance with the insurance company in accordance with the requirement under the CG Code.

Board Committees

The Board has established three Board committees, being the Audit Committee, the Nomination Committee and the Remuneration Committee, to oversee different areas of the Company's affairs. The terms of reference of the Board committees are published on the Company's website and the website of the Stock Exchange.

Audit Committee

Our Company established the Audit Committee on 19 September 2018 with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise our financial reporting process, internal control and risk management system, nominate and monitor external auditors, provide advice on the corporate governance function as required under the CG Code, and comments to the Board on matters related to corporate governance and perform other duties and responsibilities as assigned by the Board.

The Audit Committee is currently chaired by Mr. Law Chi Hung and the other members of the Audit Committee were Mr. Leung Fuk Shun and Mr. Cheung Chung Man Anthony. All members of the Audit Committee are independent non-executive Directors.

The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process reviewed and recommended the Board to adopt certain corporate governance policies including the Anti-Corruption Policy and Whistleblowing Policy; and internal controls.

The annual results for the year ended 31 March 2023 was reviewed by the current Audit Committee on 30 June 2023 before recommending them to the Board for approval on the same date. Therefore, the management's position, view and assessment on the disclaimer of opinion and the Audit Committee's view towards the disclaimer of opinion are further elaborated in the report of the directors for this year.

Remuneration Committee

Our Company established the Remuneration Committee on 19 September 2018 with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on our Company's policy for human resource management as well as establish and review policies and structure in relation to remuneration for our Directors and senior management.

The Remuneration Committee was made up of the two INEDs, namely Mr. Law Chi Hung and Mr. Cheung Chun Man Anthony and one executive director, namely Mr. Ho Chi Yuen. Mr. Law Chi Hung was the chairman of the Remuneration Committee.

The work performed by the Remuneration Committee during the year ended 31 March 2023 comprises the followings:

— reviewed the remuneration of Directors and senior management; and

— assessed performance of executive Directors and approved the terms of executive Directors' service contracts.

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration paid to the senior management by band for the year ended 31 March 2023 is set out below:

Remuneration bands	**Number of individual(s)**
HK$1,000,001 to HK$2,000,000	1
Below HK$1,000,000	4*

Details of remuneration of the Directors and the five highest paid individuals are set out in notes 10(a) and 10(b) to the consolidated financial statements in this annual report, respectively.

* One senior manager resigned on 31 January 2023.

Nomination Committee

The Company established the Nomination Committee on 19 September 2018 with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee are, among other things, to make recommendations to the Board on the appointment of Directors, to review the composition of the Board, and to assess the independence of independent non-executive Directors.

The Nomination Committee is currently chaired by Mr. Cheung Chun Man Anthony and the other members of the Nomination Committee were Mr. Leung Fuk Shun and Mr. Law Chi Hung. All members of the Nomination Committee are independent non-executive Directors.

The work performed by the Nomination Committee during the year ended 31 March 2023 comprises the following:

— reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

— made recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;

— assessed the independence of independent non-executive Directors in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations; and

— reviewed the board diversity policy, developed and reviewed measurable objectives for implementing the board diversity policy and monitoring the progress on achieving these objectives.

Board Diversity Policy

The Board recognises the importance of diversity in the Board composition and has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, selection of candidates has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has considered and reviewed the composition and diversity of the Board. All the executive Directors and non-executive Director possess extensive and diversified experience in management and industrial experience. The three independent non-executive Directors possess professional knowledge in management, finance, accounting and legal aspects. Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members.

To enhance board diversity, the Company targets to reach 12.5% female board members by 31 December 2024 and continues to maintain a diverse board. The Nomination Committee will review the board diversity policy, as appropriate, to ensure its effectiveness.

Details of gender ratio of the workforce (including senior management) for the year ended 31 March 2023 are set out in the "Environmental, Social and Governance Report" in this annual report.

The Nomination Policy

The nomination policy of the Company sets out the criteria and procedures for nominating candidates for election as Directors. The Nomination Committee of the Company shall nominate suitable candidates to the board of directors of the Company for it to consider and make recommendations to shareholders of the Company for election as Directors at general meetings or appoint as Directors to fill casual vacancies. The Nomination Committee in assessing the suitability of a proposed candidate would consider the factors, among others, reputation for integrity; experience in the industry; the perspectives and skills; commitment in respect of available time and relevant interest; diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and any other factors that the Board deem appropriate.

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

The Nomination Committee:

i. may take measures that is appropriate in identifying or selecting suitable candidates, with due consideration given to prescribed selection criteria and broad range of candidates who are in and outside of the Board's circle of contacts;

ii. may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks and third-party reference check;

iii. will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package; and thereafter make recommendation to the Board;

iv. the Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

v. all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the relevant regulatory authorities, if required.

The Nomination Committee will recommend to the Board for the re-election of a Director in accordance with the following procedure and process:

i. the Nomination Committee will review the overall contribution and service, and the level of participation and performance of the retiring Director during the period of service;

ii. the Nomination Committee will review and determine whether the retiring Director continues to meet the criteria as set out above;

iii. the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such candidates; and

iv. the Nomination Committee will then, on the basis of the recommendation made by the Nomination Committee and Remuneration Committee, make recommendation to Shareholders in respect of the proposed re-election of Director at the following general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the following general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant following general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Board and Board committee meetings

Code provision A.1.1 of the Corporate Governance Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

The attendance of each Director for the Board meetings and Board committee meetings held during the year ended 31 March 2023 is set out in the following table:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration committee**	**General meeting**
Executive Directors (Note)					
Mr. Sin Kwok Chi Stephen	3/3	N/A	N/A	N/A	0/0
Mr. Ho Chi Yuen *(appointed on 18 January 2023)*	1/1	N/A	N/A	N/A	0/0
Independent non-executive Directors					
Mr. Au Yeung Wai Key *(resigned on 10 February 2023)*	3/4	2/2	1/1	1/1	0/0
Mr. Cheung Chu Man Anthony	4/4	2/2	1/1	1/1	0/0
Mr. Tse Ka Ching Justin *(resigned on 23 March 2023)*	4/4	2/2	1/1	1/1	0/0
Mr. Leung Fuk Shun *(appointed on 18 January 2023)*	1/1	N/A	N/A	N/A	0/0
Mr. Law Chi Hung *(appointed on 10 February 2023)*	N/A	N/A	N/A	N/A	N/A

Note:

Mr. Ho Chi Yuen and Mr. Leung Fuk Shun were appointed on 18 January 2023.

Mr. Law Chi Hung was appointed on 10 February 2023.

AUDITOR'S REMUNERATION

During the reporting period, the fees paid or payable to external auditor are set out as follows:

Services rendered	**Remuneration paid/payable** (HK$'000)
Audit services	1,711
Non-audit services	42
	1,753

The fees attributable to the non-audit services above mainly include the tax compliance service.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2023 that give a true and fair view of the state of affairs of the Group in accordance with HKFRSs. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The reporting responsibilities of the Company's auditor with regards to the consolidated financial statements of the Group are set out in the independent auditor's report as contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Such risks would include, amongst others, material risks relating to Environmental, Social and Governance.

The Group does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The Board and the Audit committee will review the need for an internal audit function from time to time. During the year ended 31 March 2023, the Board confirms that it has conducted a review of the risk management and internal control systems of the Group by the external internal control consultant. The Board concludes, based on the result of the review, that the risk management and internal control system currently in place are adequate and effective for the year ended 31 March 2023.

COMPANY SECRETARY

Mr. Chui Man Lung Everett has been engaged by the Company as company secretary on a part time basis. The biographical details of Mr. Chui are set out under the section headed "Biographies of Directors and Senior Management" in this annual report.

During the year ended 31 March 2023, the company secretary has taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

WHISTLEBLOWING POLICY

In line with the commitment to achieve and maintain the highest standard of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice within the Group. In this regard, the Company has adopted the Whistleblowing Policy. The policy aims to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them against unfair dismissal or victimisation for any genuine reports made. The Board delegated the authority to the Audit Committee which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to send enquiries

Shareholders may at any time raise enquiries to the Board. The enquiries must be in writing with contact information of the Shareholder(s) and deposited at the principal place of the business of the Company in Hong Kong at Unit B, Upper G/F, Stage 4, Yau Tong Industrial Building, 18–20 Sze Shan Street, Yau Tong, Kowloon, Hong Kong for the attention of the company secretary of the Company.

Procedure for convening an extraordinary general meeting

Any one or more duly registered holder of the Shares holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Dividend policy

The Company may declare and distribute dividends to allow Shareholders to participate in the Company's profits and for the Company to retain adequate reserves for further growth. In deciding whether to recommend the payment of dividend to Shareholders, the Board shall take into account, among others, the general financial condition of the Group, the Group's actual and future operations and liquidity position, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios and the debt level, retained earnings and distributable reserves, the general market conditions and any other factors that the Board deems appropriate. The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion and the Board will review the dividend policy of the Company on a regular basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with shareholders and in particular, through AGMs and other extraordinary general meetings.

During the Reporting Period, the Company has adopted a Shareholders' communication policy, which has helped the Company to ensure that the Shareholders will have equal and timely access to the information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. The Board reviewed the policy during the Reporting period and considered that the implementation of the policy was effective.

At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. The Company maintains a website at www.hy-engineering.com as a communication platform with the shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

CONSTITUTIONAL DOCUMENTS

For the year ended 31 March 2023, there has been no significant change in the constitutional documents of the Company. The Articles are available on the websites of the Stock Exchange and the Company. Subject to obtaining Shareholders' approval by way of a special resolution, new memorandum and Articles of Association will be adopted by the Company at the forthcoming annual general meeting, with the primary objectives (a) to bring the Articles in line with the amendments made to the applicable laws of the Cayman Island and Listing Rules, in particular to conform with the core shareholder protection standards as set out in Appendix 3 to the Listing Rules.

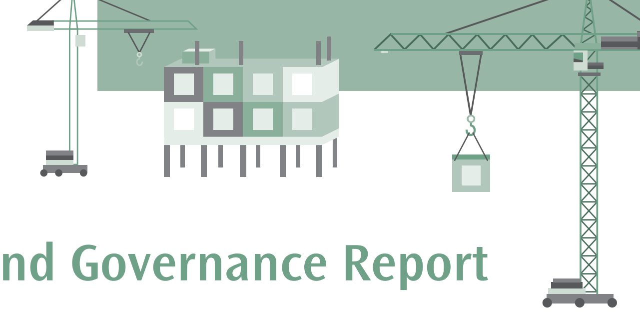
Corporate purpose, values and culture

The Group's purpose is to deliver services that customers needs, underpinned by the business values of excellence, teamwork and integrity.

Guided by the Group's core value, the Board sets the tone and shapes the corporate culture of the Company to ensure all businesses across the Group are aligned around the same purpose. The desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the Code of Ethics and group policies), as well as staff safety, well-being and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

Corporate strategy

The principle objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the financial strength and stability of the Group. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors of geographies where the Group has management experience and resources. The Chairman's Statement, Management Discussion and Analysis and the Operations Review contained in this Annual Report include discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value in the longer term and delivers the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the Group's sustainability report contained in this Annual Report.



Environmental, Social and Governance Report

REPORTING PRINCIPLES

To achieve sustainable development and improve our practices on ethical and transparent management style, the Group, throughout the year ended 31 March 2023, implemented various measures in relation to environment, social and governance into our daily operation. Though difficulties were present in the year under the COVID-19 pandemic, the Group is pleased to present this Environmental, Social and Governance Report (the "ESG Report") to provide an overview of the Group's measures and policies in relation to environment, social and governance, as well as the results achieved. This ESG Report's primary coverage includes the environmental, social and governance aspects of the Group's principal business, i.e. steel and metal engineering services and the sales of steel and metal products; while it is supplemented with information of the recent addition of our construction section.

The information disclosed in this ESG Report is derived from the Group's public information, official documents, and internal statistics, referring to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules as well.

The ESG Report comprises and explains the relevant information for the year ended 31 March 2023 quantitatively, in a consistent and material manner. Relevant comparison is made with information from the previous year. The ESG Report, as well as the information contained in the ESG Report, have been approved by the Board of Directors and management of the Group.

STAKEHOLDERS' FEEDBACK

The Group understands ESG issues are sufficiently important to our shareholders as well as other stakeholders. To ensure strong corporate governance, the Group continues to collect feedbacks from different stakeholders to continually improve its ESG approach and its sustainability performance.

Major stakeholders	**Demands and expectations**	**Communication channels**
Shareholders and investors	• Sustainable profitability • Prevention of operational risks	• Company announcements • Annual report and interim report • Annual general meetings
Government and regulatory bodies	• Regulatory compliance • Pollution conservation	• Supervision and evaluation • ESG Report • Inspection
Customers	• High standard of services • Quality control • Information security	• Business communication • Customer feedback
Employees	• Corporate governance on employee rights and interests • Improvement on employee remuneration and welfare • Career development	• Staff meetings and activities • Staff training • Recruitment

Major stakeholders	Demands and expectations	Communication channels
Media	• Transparent information • Corporate sustainability	• Company's website • News monitoring
Communities	• Higher community involvement • Supporting public welfare activities	• Charity activities

MATERIALITY ASSESSMENT

During the year ended 31 March 2023, the Company conducted a comprehensive materiality assessment to identify and prioritise the potential environmental, social and governance concerns brought by the Group's business.

The Group is aware that emissions from the Group's operation would bring pollution to the environment and is working on improving its operation to minimise such pollution.

OUR ENVIRONMENTAL POLICY

During the year ended 31 March 2023, the Group strictly complied with all the relevant rules and regulations on national and regional levels, in accordance to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Guangdong Province Environmental Protection Regulation, as well as the laws and regulations in Hong Kong in relation to environmental protection.

Although climate-change-related issues do not impact the Group's business operation particularly; the Group makes its best effort in achieving environmental efficiency in its business development so as to minimise negative impacts to the environment. Beyond compliance, the Group strives to control environmental pollution by adopting an Environmental Management System (EMS), and to monitor, manage and evaluate its performance towards pollution control and waste reduction at the same time. The EMS implemented in our main manufacturing facilities in Huizhou, Guangdong Province, has been certified to the ISO 14001:2015 international standard.

For the year ended 31 March 2023, the Group recorded four areas of environmental impact involved in its production: the management of air and gas emission, noise levels, sewage discharge and solid waste. Due to limitations in recording all items of consumptions and emissions, the following figures demonstrate the consumption data recorded from our offices, production facilities and vehicles.

Emissions and Wastes

Greenhouse Gases and Key Air Pollutants Emissions

	For the year ended 31 March 2023	
	Emission in tonnes of CO_2 equivalent	Emission intensity per million Hong Kong dollars in revenue
Total GHG emissions (with direct removals)	**810.02**	**4.38**
Scope 1 — Direct GHG emissions	**296.76**	**1.60**
Scope 2 — Energy indirect GHG emissions	**499.30**	**2.70**
Scope 3 — Other indirect GHG emissions	**15.11**	**0.08**

The Group's emissions of greenhouse gas in carbon dioxide (CO2) equivalent mainly attribute to its electricity consumption and fuel consumption during production and operating activities involve welding fumes, electricity consumption and transportation of material. In order to minimise undesirable impacts on the environment, the Group planted 50 no. of trees during the year ended 31 March 2023. The total GHG emissions is decreased by 7.5% compare with the previous year.

Compared to the year ended 31 March 2022, emissions of greenhouse gases and other key air pollutants had decreased during the year resulting from the decrease in fuel consumption, electricity, water consumption, and packaging used. Alongside our business footprints, we always stay alert on the balance between business achievements and energy efficiency, so as to sustain our business development with controllable energy consumption. The Group will continue to monitor and revise our energy usage and logistic plans so as to minimise the emissions in the future. Ventilation and filtering systems were also adopted to reduce the concentration of pollutants in our production facility.

Water Sourcing

There have been no issues for the Group to source water for its production for the year ended 31 March 2023.

Hazardous Sewage Discharge and Treatment

Sewage discharged from our production process contains hazardous waste. Following the regulatory guidelines issued by the local department of environmental protection in Mainland China, our amount and source of discharge from our production facility attained its required standard. The Group controls our usage strictly in each production stage.

Treatment steps:

Evaluation of the Group's hazardous sewage discharge → Report to the relevant agencies → Environmental Protection Bureau Approval → Waste declaration → Appointed Huizhou Dongjiang Environmental Protection Technology Limited as the third party → Wastes treated by Huizhou Dongjiang Environmental Protection Technology Limited → Transfer hazardous waste

	For the year ended 31 March 2023	
Source of sewage	**Sewage discharged (tonnes)**	**Discharge destination**
Huizhou Hengyi	1	Dong River

Contaminants are then removed from the hazardous discharges in the course of sewage treatment. Meanwhile, general sewage is gathered for safe disposal into the city's water treatment system.

Non-hazardous Waste

Our non-hazardous solid wastes consist of papers and other general wastes which are treated by Huizhou Dongjiang Environmental Protection Technology Limited. During the year ended 31 March 2023, our total non-hazardous waste amounted to 15.19 tonnes. We encourage our production staff to minimise and recycle all solid wastes.

Noise Levels

Due to the use of heavy machinery in our operation, our production process creates noise. To minimise the level of noise generated, production machines are inspected regularly to ensure they remain in optimal conditions. Meanwhile, we also have adopted sound-proofing designs and structures in the construction of production facilities.

Use of Resources

Fuel Consumption

Fuel	For the year ended 31 March 2023
LPG (L)	12,693.00
Diesel (L)	89,437.92
Unleaded petrol (L)	7,552.75
Total (L)	109,683.67

Consumption of Resources

	For the year ended 31 March 2023	
Resources	Consumption	Consumption intensity per million Hong Kong dollars in revenue
Electricity (kWh)	750,498	4,058.85
Water (m^3)	7,061	38.19
Paper (tonnes)	2.24	0.01
Plastic packaging (tonnes)	0.4	<0.01
Wooden packaging (tonnes)	11.5	0.06

The Group's consumption of resources was attributable to electricity, water, paper, as well as packaging with plastic, and wooden materials. During the year ended 31 March 2023, the Group's total fuel consumption including LPG, diesel, and unleaded petrol consumption decreased by approximately 160,588 litres as compared to that for the year ended 31 March 2022, and the consumption of electricity, paper and packaging also slightly decreased. During the year ended 31 March 2023, our paper consumption were reduced from 2,289 kg to 2,240 kg. The implementation of Energy Management System has helped the Group in achieving energy efficiency by reducing the electricity consumption of air conditioners in office buildings and dormitories, and gradually replacing the old air conditioners to the ones with Grade 1 energy-label. We put up signs and often remind staff to save water through internal communication groups.

EMPLOYMENT AND LABOUR PRACTICE

To safeguard our employees' lawful rights and well-being, we ensure strict compliance with the applicable laws and regulations in Hong Kong and Mainland China, including but not limited to Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), General Principles of the Civil Law of the People's Republic of China (《中華人民共和國民法通則》). Hence, a range of internal policies has been executed by the department of human resources under the supervision of the corporate governance team; while we include the updated policies in our internal publications to keep our employees well-informed. For instance, the employment contract for new staff must be approved by the director. In case of extra production needs in peak season, we would arrange the manpower according to the maximum working hours and minimum hourly wages, and such arrangement should be approved by the management.

For the year ended 31 March 2023, employee statistics of the Group categorised by job function, gender, age group, and employment location are shown below:

	For the year ended 31 March 2023
By Job Function	
Executive Directors and Senior Management	3
Project Management and Supervision	26
Finance and Accounting	5
Administrative and Human Resources	11
Production Workers	115
Site Workers	101
Warehouse and Logistics	13
By Gender	
Male	248
Female	26
By Age Group	
≤30	35
31–40	46
41–50	97
51–60	71
≥61	25
By Employment Location	
Mainland China	135
Hong Kong	139
Total	274

Employment Standards

The Group is committed to the principle of equal employment to protect employees and job applicants from discrimination of gender, age, family status, ethnicity or religion, where none of these factors but personal merit and vocational competence are considered in our recruitment, evaluation, or promotion processes. For the year ended 31 March 2023, the Group has not received any complaints regarding unequal employment. The Group strives to attain employee's diversity from different background, age group, and gender; yet gender diversity is a particular challenge in the construction industry with its labour-intensive work nature.

We highly respect human rights and prohibit any form of child labour or forced labour. The human resources department of the Group checks the identification documents of the job applicants to ensure that they meet the minimum working age requirements of local laws and regulations, and they hold legally authorised working permits. Internal guidelines and procedures are set to avoid ambiguity; it is every employee's obligation to report potential, suspected or actual violations of illegal labour. The management of each department could issue warnings, and we encourage all of our general employees to report to their managers under such situation. Any major issues must be reported to the board of directors. Any director or employee who violates the disciplinary code will be subject to disciplinary action, including termination of his/her duties. Criminal offences would be referred to the related law enforcement agencies.

In regard to insurance and benefits provision, the Group provides all mandatory insurances and retirement contributions for our employees, which include employees' compensation insurance and Mandatory Provident Fund that are implemented in Hong Kong, whilst social insurance is implemented in the Mainland China. Eligible employees are entitled to take maternity leaves as well as paternity leaves.

The Group provides a fair competing environment for career development and progression, where internal training opportunities are also open to employees of different ranks. The details of the Group's internal training will be discussed in the "Development and Training" section.

To reward and retain our employees, we implemented salary adjustment and merit point system for our production staff in Mainland China during the year ended 31 March 2023. The salary level of the production workers has been steadily increasing in recent years owing to changes in labour law and the local labour market trends. They are also eligible for birthday gifts, bonuses, and certificates of commendations. We encourage a healthy work-life balance by aiming to reduce working hours; hence, the Group has the internal rule of not working overtime for more than 20 hours per month. Moreover, we organised a variety of extra-circular activities during the year. Such extra-circular activities include morning and evening exercises, quarterly galas, sports days, and reward trips for management staff. We also participated in an Invitational 7-a-side Soccer Tournament which was organised by one of our customers to promote the sense of belonging.

During the year ended 31 March 2023, Happiness at Work Promotional Scheme was implemented at our Hong Kong office to boost employees' satisfaction and happiness at the workplace. The Group received the Happy Company Award from the Promoting Happiness Index Foundation. We organised annual dinner, attended charitable events with staff, and implemented flexible work arrangements to show our care to employees' work-life balance. Under the pleasant working environment, the turnover rate for the year dropped from 40.3% to 27.9%.

Below are headcounts for the year ended 31 March 2023:

	Mainland China	Hong Kong	Total
Beginning of year	136	149	285
Recruits	28	39	67
Resignees	29	49	49
End of year	135	139	274

The table below sets out the employee turnover rate by gender, age group and geographical region for the year ended 31 March 2023:

	Employee turnover rate (%) for the year ended 31 March 2023
By gender	
Male	24.1
Female	58.1
By age group	
≤30	51.4
31–40	42.1
41–50	23.5
51–60	13.3
≥61	23.5
By geographical region	
Mainland China	21.4
Hong Kong	34.0
Total	27.9

Health and Safety

Considering the relatively high risk the construction industry poses to its frontline workers' safety and health, the Group is committed to protecting them as much as possible by improving its daily operation, particularly, safety standards of our workplace. During the year ended 31 March 2023, with the effort of our management team and supervisors of frontline workers, we managed to comply in material respects with all applicable laws and regulations in relation to health and safety, which include but not limited to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》), and the Provisions on Fire Control Safety Education and Training (《社會消防安全教育培訓規定》).

As for employees' health protection, medical insurance coverage is provided, as well as annual health check-ups to encourage our production staff to monitor their health conditions. Caring for its employees, not only physical but also mental health is on top of the Group's concern; as such, we promote a healthy lifestyle at work by initiating daily morning exercise routines to boost morality.

As an employer, the Group provides adequate health and safety information to our employees on workplace hazards to raise their awareness. For the new workers at the Group's production sites, safety awareness trainings are provided before they start on-site works, to ensure our employees are with the knowledge on how to avoid accidents by identifying occupational hazards at the workplace. To raise our staff's consciousness, we promote safety production in everyday morning assembly and regularly share occupational health and safety information with our employees via internal communication systems and on social media platforms. We encourage them to attend occupational safety and health seminars held by the Labour Department, and we also share relevant information such as Site Safety Handbook, Occupational Health Handbook for Office Workers released by the Labour Department and guidelines on prevention of COVID-19.

In our human resources policies, detailed safety guidelines and accident reporting procedures are stated clearly. We developed occupational safety measures such as protective clothing, working instructions, and in-house safety rules to prevent harm and injury as well as to minimise their safety risks at the workplace. Workers of the Group are required to wear protective equipment including masks, gloves, earplugs, safety helmets, and other safety production items. Safety drills are practised twice a year to prepare our employees for emergencies.

During the year ended 31 March 2023, no serious or fatal incidents occurred in the Group's operations. There were 12 work-related injury cases and a total of 400 lost workdays. The injured workers are covered with medical insurance provided by the Group. The Group has an evaluation system when work-related injury cases occur, in order to prevent workplace injuries and continually improve the work environment.

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Number of injured employees involved in occupational accidents	**12**	3	7
Number of deaths due to occupational accidents or occupational diseases	**0**	0	0
Number of workdays lost due to occupation injury	**400**	466	880

Development and Training

Our employees, from frontline and back-office staff, to our Directors, receive relevant training regularly. For example, we provided our frontline workers with trainings on occupational safety and technical skills, while management team and Directors attended courses on corporate governance, financial reporting, investor relations and public relations.

The table below summarises training statistics for the year ended 31 March 2023:

	For the year ended 31 March 2023
Number of employees trained	**192**
Total training hours of employees trained	**1,795.75**
Average number of training hours per employee	**9.35**

	For the year ended 31 March 2023	
	Number of employees trained	Average training hours for employees in relevant categories
Employees trained, by gender		
Male	160	9.36
Female	32	9.32
Employees trained, by job categories		
Executive Directors and senior management	5	4.00
Project management and supervision	19	10.45
Finance and accounting	9	7.33
Administrative and human resources	5	12.05
Manufacturing	133	8.00
Warehouse and Logistics	12	8.00
Labourer	9	32.33

ATTENDANCE CERTIFICATE

CIC POWER TALK

Ng Hoi Ying

had attended the CIC Power Talk: Drive Green Transformation of Construction Industry - SFCS

on 02 December 2022

Institution of Civil Engineers, Hong Kong Association

Hong Kong Institute of Construction Adjudicators (HKICAdj)

Certificate of Attendance

This is to certify that

CATHY NG

has attended

ICE HKA & HKICAdj Joint webinar

on "What lies beneath and who bears the risk?"

Conducted on

15 Nov 2022

18:30 – 20:00

Civil Engineers: Shaping the World

ice.org.uk/hongkong

OPERATING PRACTICES

We adhere to fair and transparent operating practices by adopting internal policies which set out the selection and assessment procedures for suppliers and subcontractors according to the criteria that should be taken into account. Furthermore, we try to avoid engaging suppliers or subcontractors with questionable environmental practices or ethical standards.

Supply Chain Management

The long-term relationship established with our suppliers is one of our greatest strengths throughout the years. The table below summarises the number of suppliers for the year ended:

	For the year ended 31 Mar 2023
Number of suppliers in the PRC	125
Number of suppliers in Hong Kong	8
Number of suppliers in Korea	1

We maintain an approved list of suppliers and service providers. The potential suppliers and service providers must fulfil our assessment criteria before they are put into our approved list, and the criteria include, among others, price, quality, reputation in the industry, financial performance, delivery time, services as well as commitment to environmental and social responsibilities. With a growing database of suppliers, the Group demands strict regulations on procurement process. From time to time, our responsible staff will assess the performance of the suppliers and services providers, including, among others, cost competitiveness, ability to meet the delivery schedules, response to the instructions, quality of goods or services received. If the suppliers or service providers do not meet our assessment, they will be removed from our approved list.

Product Responsibility

We tailor-make products for clients, emphasising the importance of customisation and quality control. We strictly follow rules and regulations such as the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong). We obtained ISO9001:2015 Quality Management System Certificate in recognition of our endeavour in producing the best possible products in strict standards. Our production line covers a wide range of procedures, from choosing the right material, metal-cutting, to meticulous final polishing, to safeguard the highest quality and standard of our products.

During the year ended 31 March 2023, the Group did not have any product recalls due to safety and health reasons, nor have we received any product and service-related complaints. To the best of the Group's knowledge, the Group did not commit any breach of intellectual property rights or consumer data protection and privacy policies.

Privacy

The Group strictly complies with relevant privacy provisions, and regards customer privacy protection as a vital matter. Therefore, the Group strives to protect confidential data of its customers as well as suppliers, which are forbidden from unauthorised access or disclosure.

Anti-corruption

The Group has established and implemented a sound Anti-Corruption policy which clearly defines the anti-corruption supervision and management process. In our corporate culture, accepting gifts from business partners is generally discouraged. Any form of corruption is strictly prohibited, including but not limited to bribery, extortion, fraud, money laundering or misappropriation of public funds. In case of acceptance of gifts, employees must report to their department heads if they receive gifts valued above HK$300; for gifts valued above HK$5,000, they shall report to the Directors to avoid possible conflicts of interest. To achieve our anti-corruption goals, we set up internal channels for anonymous reporting of incompliance of rules and have issued internal memo to raise awareness on anti-corruption. The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning bribery, extortion, fraud and money laundering during the year.

COMMUNITY INVESTMENT

The Group is committed to its social responsibilities and supports our local community where our business rooted. During the year ended 31 March 2023, the Group's representatives participated the blood donation day organised by Hip Seng Group of Companies and showing our support to save lives. With the arrangement of Promoting Happiness Index Foundation and Yang Memorial Methodist Social Service, Hang Yick's Volunteer Team brought Mid-Autumn gift bags to visit the elderly, and delivered our love and blessing to them.

The Group sponsored a few social and charitable events. We sponsored a women's football team aiming not only to promote an active lifestyle, but also to support the group of girls in the football team to achieve their ambitions, and more importantly, to raise our voice for women's rights and gender equality.

AWARDS AND CERTIFICATIONS

During the year ended 31 March 2023, the Group received several awards and certifications from various organisations for our charitable efforts and professional performances:

- *Certificate of Happy Company* by Promoting Happiness Index Foundation
- *Environmental Management System — Certificate of Approval* for meeting the requirements of GB/T 24001–2016/ISO 14001:2015 by DAS Certification
- *Quality Management System — Certificate of Approval* for meeting the requirements of GB/T 19001–2016/ISO 9001:2015 by DAS Certification

Independent Auditor's Report

RSM Hong Kong

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

T +852 2598 5123
F +852 2598 7230

www.rsmhk.com

羅申美會計師事務所

香港銅鑼灣恩平道二十八號
利園二期二十九字樓

電話 +852 2598 5123
傳真 +852 2598 7230

www.rsmhk.com

TO THE SHAREHOLDERS OF HANG YICK HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liabilities)

We were engaged to audit the consolidated financial statements of Hang Yick Holdings Company Limited (the "Company"), and its subsidiaries (the "Group") set out on pages 63 to 139, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

UNMODIFIED OPINION ON THE CONSOLIDATED FINANCIAL POSITION

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

DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL PERFORMANCE AND CONSOLIDATED CASH FLOWS

Because of the significance of the matters described in the "*Basis for Unmodified Opinion on the Consolidated Financial Position and Basis for Disclaimer of Opinion on the Consolidated Financial Performance and Consolidated Cash Flows*" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2023. Accordingly, we do not express an opinion on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2023.

BASIS FOR UNMODIFIED OPINION ON THE CONSOLIDATED FINANCIAL POSITION AND BASIS FOR DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL PERFORMANCE AND CONSOLIDATED CASH FLOWS

As stated in section entitled "*Suspension of trading in shares of the Company and Investigation*" in note 2(a) to the consolidated financial statements, the board of directors of the Company as of the date of this report (the "Newly-Constituted Board") was of the opinion that certain payments of prepayments, deposits and advances ("PPDA") transactions (also known as "Incident Transactions") occurred during the years ended 31 March 2019 and 2020, involving HY China Investment Company Limited ("HY China"), a wholly-owned subsidiary of the Company and its subsidiaries (the "HY China Group") were considered to be suspicious and may not have been entered into under normal commercial arrangement.

As further explained in the section entitled "*Voluntary winding up and de-consolidation of the PRC business*" in note 2(c) to the consolidated financial statements, the Newly-Constituted Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the HY China Group in 2020, whom the Group were unable to contact after their departure, the Company has retained the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentations (collectively referred to as the "Basic Records"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the HY China Group's accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; and (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records").

In the absence of the Specific Records of the HY China Group following the departure of certain former key management personnel in 2020, the Newly-Constituted Board considered that they could only use their best endeavor to preserve the books and records that were left behind by the former key management personnel and the accounting department and they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

The Newly-Constituted Board has resolved to voluntarily wind up HY China on 18 January 2023. The joint and several liquidators (the "HY China Liquidators") were appointed to HY China, pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest. Accordingly, HY China Group were de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023. The operation of HY China Group was discontinued on the same date. The result of the discontinued operation, including the recovery of loss on Incident Transactions and the loss on the de-consolidation of the HY China Group is presented as a single amount in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

BASIS FOR UNMODIFIED OPINION ON THE CONSOLIDATED FINANCIAL POSITION AND BASIS FOR DISCLAIMER OF OPINION ON THE CONSOLIDATED FINANCIAL PERFORMANCE AND CONSOLIDATED CASH FLOWS — continued

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the result for the year from discontinued operation and other related disclosure notes in relation to the HY China Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 March 2023.

Opening balances and the comparative information

As described in the preceding paragraphs, due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to Newly-Constituted Board from the former key management personnel of the Group in respect of the Incident Transactions and HY China Group, we were unable to obtain sufficient appropriate audit evidence over the account balances as at 31 March 2022 and the profit or loss, cash flows, changes in equity and notes to financial statements of the Group and the Company for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 March 2022 and 1 April 2022 would have a consequential effect on the Group's 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 ended 31 March 2023.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. As described above, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of change in equity and the consolidated statement of cash flows of the Group for the year ended 31 March 2023. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial position of the Group as at 31 March 2023.

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated statement of financial position. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our unmodified audit opinion on the Group's consolidated financial position.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables and contract assets	
We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period. As at 31 March 2023, the Group's net trade receivables and contract assets amounting to approximately HK$12,054,000 and HK$46,518,000 respectively, which represented approximately 6.3% and 24.5% of total assets of the Group respectively.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: — obtaining an understanding of how the management estimates the credit loss allowance for trade receivables and contract assets, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of the inherent risk factors; — evaluating the design and implementation of key controls over the management assessment process; — evaluating the outcome of prior period assessment of ECL of trade receivables and contract assets to assess the effectiveness of management's estimation process; — testing the accuracy of information used by the management to assess ECL, including trade receivables ageing analysis as at 31 March 2023, on a sample basis, by comparing individual items in the analysis with the relevant certificates on progress payments of contract works;

Key Audit Matters	How our audit addressed the Key Audit Matter

Impairment assessment of trade receivables and contract assets — continued

As disclosed in note 4(x) to the consolidated financial statements, the management of the Group assesses the ECL of trade receivables and contract assets arising from the provision of steel and metal engineering services or credit-impaired individually. The management of the Group estimates the amount of lifetime ECL of the remaining trade receivables based on the provision matrix through the grouping of various debtors that have similar loss patterns, after considering the internal credit ratings of trade debtors and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information. The loss allowance amount of the credit impaired trade receivables and contract assets is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As disclosed in note 6(c) to the consolidated financial statements, the Group’s lifetime ECL on trade receivables and contract assets as at 31 March 2023 amounting to approximately HK$2,223,000 in aggregate.

Our procedures in relation to impairment assessment of trade receivables and contract assets included: — continued

— challenging management’s basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 March 2023 with the assistance of our internal valuation expert, including:

- their identification of credit-impaired trade receivables and contract assets which are assessed for ECL individually;
- the estimation of loss rate for debtors arising from the provision of steel and metal engineering services which are assessed individually;
- the reasonableness of management’s grouping of the remaining trade receivables into different categories in the provision matrix by internal credit ratings of trade debtors and/or past due status of respective trade receivables; and
- the basis of estimated loss rates applied in each category in the provision matrix.

— Evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic condition against public available information.

OTHER INFORMATION

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

As described in the "*Basis for Unmodified Opinion on the Consolidated Financial Position and Basis for Disclaimer of Opinion on the Consolidated Financial Performance and Consolidated Cash Flows*" section above, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Group's consolidated financial performance and consolidated cash flows. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Our unmodified audit opinion on the Group's consolidated statement of financial position does not cover other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Tak Man, Stephen.

Certified Public Accountants
30 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000 (Re-presented)
Continuing operations			
Revenue	8	184,904	203,598
Direct costs		(162,547)	(160,289)
Gross profit		22,357	43,309
Other income and other gains and losses	11	2,381	5,081
Administrative expenses		(21,696)	(26,919)
Profit from operations		3,042	21,471
Finance costs	12	(122)	(285)
Profit before taxation	13	2,920	21,186
Income tax expense	14	(1,162)	(3,391)
Profit for the year from continuing operations		1,758	17,795
Discontinued operation			
(Loss)/profit for the year from discontinued operation	15	(21,161)	3,173
(Loss)/profit for the year		(19,403)	20,968
Other comprehensive income for the year, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		(3,387)	663
Translation reserve reclassified to profit or loss on de-consolidation of subsidiaries		911	—
		(2,476)	663
Total comprehensive income for the year		(21,879)	21,631

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000 (Re-presented)
(Loss)/profit for the year attributable to:			
Owners of the Company		(21,707)	19,678
Non-controlling interests		2,304	1,290
		(19,403)	20,968
(Loss)/profit for the year attributable to owners of the Company arises from:			
Continuing operations		1,758	17,795
Discontinued operation	15	(23,465)	1,883
		(21,707)	19,678
Total comprehensive income for the year attributable to:			
Owners of the Company		(24,431)	20,507
Non-controlling interests		2,552	1,124
		(21,879)	21,631
Total comprehensive income for the year attributable to owners of the Company arises from:			
Continuing operations		(2,250)	18,874
Discontinued operation		(22,181)	1,633
		(24,431)	20,507
(Loss)/earnings per share	17		
Basic and diluted			
From continuing and discontinued operations		HK$(2.8) cents	HK$2.6 cents
From continuing operations		HK$0.2 cents	HK$2.3 cents

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment	18	12,566	14,793
Right-of-use assets	19	3,943	3,786
Financial asset at fair value through profit or loss	20	5,545	5,343
Deposits	23	27	379
Deferred tax assets	30	85	—
		22,166	24,301
Current assets			
Inventories	21	22,831	34,879
Trade receivables	22	12,054	20,943
Other receivables, deposits and prepayments	23	3,974	5,777
Contract assets	24	46,518	50,234
Current tax assets		2,567	2,075
Cash and cash equivalents	25	79,386	54,923
		167,330	168,831
Current liabilities			
Trade and other payables and accruals	26	14,276	26,143
Contract liabilities	24	518	260
Lease liabilities	28	300	66
Bank borrowing	27	3,740	3,960
Current tax liabilities		8	380
		18,842	30,809
Net current assets		148,488	138,022
Total assets less current liabilities		170,654	162,323

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Provisions	29	**161**	161
Lease liabilities	28	**395**	—
Deferred tax liabilities	30	**—**	79
		556	240
NET ASSETS		**170,098**	162,083
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	31	**7,676**	7,676
Reserves		**162,422**	186,853
		170,098	194,529
Non-controlling interests		**—**	(32,446)
TOTAL EQUITY		**170,098**	162,083

The consolidated financial statements on pages 63 to 139 were approved and authorised for issue by the board of directors on 30 June 2023 and are signed on its behalf by:

Mr. Sin Kwok Chi Stephen
Director

Mr. Ho Chi Yuen
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Statutory surplus reserve** HK$'000	**Share option reserve** HK$'000	**Other reserve** HK$'000	**Translation reserve** HK$'000	**Retained profits** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
		(note 33(b)(i))	(note 33(b)(ii))	(note 33(b)(iii))		(note 33(b)(iv))				
At 1 April 2021	7,676	154,701	663	5,124	10	1,768	4,080	174,022	(33,570)	140,452
Profit for the year	—	—	—	—	—	—	19,678	19,678	1,290	20,968
Exchange difference arising on translation of foreign operations	—	—	—	—	—	829	—	829	(166)	663
Total comprehensive income for the year	—	—	—	—	—	829	19,678	20,507	1,124	21,631
At 31 March 2022 and 1 April 2022	7,676	154,701	663	5,124	10	2,597	23,758	194,529	(32,446)	162,083
(Loss)/profit for the year	—	—	—	—	—	—	(21,707)	(21,707)	2,304	(19,403)
Exchange difference arising on translation of foreign operations	—	—	—	—	—	(3,635)	—	(3,635)	248	(3,387)
Translation reserve reclassified to profit or loss on de-consolidation of subsidiaries (note 36(c))	—	—	—	—	—	911	—	911	—	911
Total comprehensive income for the year	—	—	—	—	—	(2,724)	(21,707)	(24,431)	2,552	(21,879)
De-consolidation of subsidiaries (note 36(c))	—	—	—	—	—	—	—	—	29,894	29,894
Change in equity for the year	—	—	—	—	—	(2,724)	(21,707)	(24,431)	32,446	8,015
At 31 March 2023	7,676	154,701	663	5,124	10	(127)	2,051	170,098	—	170,098

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000 (Re-presented)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation			
Continuing operations		2,920	21,186
Discontinued operation		(21,161)	3,173
		(18,241)	24,359
Adjustments for:			
Depreciation of property, plant and equipment	13	3,294	3,353
Depreciation of right-of-use assets	13	485	445
Amortisation of intangible assets	15	—	1,233
Gain on disposal of property, plant and equipment	13	(225)	(450)
Fair value gain on financial asset at fair value through profit or loss	11	(202)	(164)
Loss on de-consolidation of subsidiaries	36(c)	27,001	—
Finance costs	12	122	285
Interest income		(47)	(52)
Reversal of impairment loss under expected credit loss model on trade receivables and contract assets, net	11	—	(30)
Provisions for long service payments		—	114
Operating profit before working capital changes		12,187	29,093
Decrease in trade receivables		8,863	912
Decrease in other receivables, deposits and prepayments		1,092	609
Decrease/(increase) in inventories		9,559	(15,714)
Decrease/(increase) in contract assets		3,742	(746)
(Decrease)/increase in trade and other payables and accruals		(5,992)	2,897
Increase in contract liabilities		258	220
Cash generated from operations		29,709	17,271
Income tax paid		(2,164)	(2,043)
Interest on lease liabilities		(27)	(7)
NET CASH GENERATED FROM OPERATING ACTIVITIES		27,518	15,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		47	52
Withdrawal of pledged bank deposits		—	40,218
Purchases of property, plant and equipment		(1,666)	(5,401)
Deposits paid for acquisition of property, plant and equipment		—	(357)
De-consolidation of subsidiaries	36(c)	(1,435)	—
Proceeds from disposal of property, plant and equipment		370	450
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(2,684)	34,962

	Notes	2023 HK$'000	2022 HK$'000 (Re-presented)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interests paid		**(95)**	(278)
Repayments of bank borrowings		**(220)**	(40,220)
Principal elements of lease payments	36(b)	**(282)**	(257)
NET CASH USED IN FINANCING ACTIVITIES		**(597)**	(40,755)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**24,237**	9,428
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**54,923**	45,894
Effect of foreign exchange rate changes		**226**	(399)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**79,386**	54,923
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**79,386**	54,923

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

1. GENERAL INFORMATION

Hang Yick Holdings Company Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 March 2018 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading in the shares of the Company has been suspended since 22 April 2021.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 41. The address of the Company's registered office and principal place of business are disclosed in the corporate information section of the annual report.

In the opinion of the directors of the Company, as at 31 March 2023, HY Steel Company Limited ("HY Steel"), a company incorporated in the British Virgin Islands ("BVI") and owned as to 70% equity interest held by Mr. Lee Pui Sun ("Mr. Lee Sr.") and 30% equity interest held by Ms. Lau Lai Ching ("Ms. Lau"), the spouse of Mr. Lee Sr. (collectively, the "Controlling Shareholders"), is the immediate and ultimate parent of the Company.

2. BASIS OF PREPARATION

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

2. BASIS OF PREPARATION — continued

(a) Suspension of trading in shares of the Company and Investigation

As described in detail in the consolidated financial statements for the year ended 31 March 2022, Mr. Lee Sr., Ms. Lau and Mr. Lee Ka Ho (the "Involved Former Directors") were arrested for or requested to assist for investigation on suspected market misconduct and fraud by certain authorities in Hong Kong during 2021. The Involved Former Directors were alleged to have conspired to use bogus transactions to embezzle funds of the Company (the "Alleged Bogus Transactions").

Trading of the Company's shares has been suspended with effect from 22 April 2021 (the "Suspension").

Each of the Involved Former Directors has resigned from his or her position as executive director of the Company with effect from 14 September 2022, and new directors were appointed to form a newly constituted board of the Company (the "Newly-Constituted Board").

An independent investigation was conducted on the Alleged Bogus Transactions (the "Investigation") and upon consideration of the findings of the Investigation, the Special Investigation Committee (as defined in note 2(a) to the Group's consolidated financial statements for the year ended 31 March 2022) identified that the Alleged Bogus Transactions and certain payments of prepayments, deposits and advances ("PPDA") transactions that occurred during the years ended 31 March 2019 and 2020 (collectively, the "Incident Transactions") related to irregularities which involved the Involved Former Directors, a former director, a former employee and/or their business associates.

The Newly-Constituted Board was of the opinion that the Incident Transactions were suspicious and may not have been entered into under normal commercial arrangements.

The Newly-Constituted Board took into account the findings of the Investigation, considered the relevant information and supporting evidence available and used their best effort to estimate the relevant financial impact of the matters identified in the Investigation. Accordingly, an aggregate amount of the specific provision made on the Incident Transactions of approximately HK$111,983,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021 and recognised a recovery of loss on the Incident Transactions of approximately HK$7,344,000 and HK$6,547,000 for the years ended 31 March 2022 and 2023 respectively, on the basis of the cash refunded.

2. BASIS OF PREPARATION — continued

(a) Suspension of trading in shares of the Company and Investigation — continued

The details of the recovery of loss on the Incident Transactions are as follows:

	2023 HK$'000	2022 HK$'000
Alleged Bogus Transactions	—	—
The PPDA transactions	6,547	7,344
	6,547	7,344
Recovery of loss on the Incident Transactions arises from:		
Continuing operations (note 11)	—	3,000
Discontinued operation (note 15)	6,547	4,344
	6,547	7,344

(b) Listing status of the Company

By way of letters dated 19 July 2021, the Stock Exchange imposed the following resumption guidance (the "Resumption Guidance") for the Company:

(i) conduct an appropriate independent investigation into the underlying incidents of the investigations, assess the impact on the Company's business operation and financial position, announce the findings of the above investigations (including the Forensic Review) and take appropriate remedial actions;

(ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules;

(iii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(iv) demonstrate compliance with Rule 13.24;

2. BASIS OF PREPARATION — continued

(b) Listing status of the Company — continued

(v) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;

(vi) demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer and fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules; and

(vii) announce all material information for the Company's shareholders and other investors to appraise the Company's position.

For details, please refer to the announcement made by the Company dated 21 July 2021.

The Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 21 October 2022. If the Company fails to remedy the issue causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 21 October 2022, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange (the "Listing Committee") to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume. On 19 October 2022, the Company submitted a resumption proposal to the Stock Exchange.

On 16 December 2022, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee, having considered that the Company had not met any of the Resumption Guidance, decided to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "Decision").

2. BASIS OF PREPARATION — continued

(b) Listing status of the Company — continued

On 29 December 2022, the Company submitted an application requesting the Decision be referred to the Listing Review Committee of the Stock Exchange (the "Listing Review Committee") for review pursuant to Chapter 2B of the Listing Rules. The Listing Review Committee heard the application for the review on 24 March 2023.

On 4 April 2023, the Company received a letter from the Listing Review Committee indicating that the Decision was overturned and the Resumption Guidance have been substantially fulfilled, except for the Resumption Guidance (v) relating to management integrity, as concern remains over the possible influence of the Involved Former Directors through their equity interests held in HY Steel, being the controlling shareholders holding 66.9% of the issued share capital of the Company. The Listing Review Committee considered that the Resumption Guidance (v) could only be fully addressed when HY Steel has fully disposed of its equity interests in the Company. Therefore, the Listing Review Committee decided to extend the remedial period to 28 June 2023 for the Company to demonstrate that HY Steel completes the sale of 513,155,000 ordinary shares of the Company to independent third parties who, including their ultimate beneficial owner(s) if applicable, are independent of and not connected or associated with the Involved Former Directors or the Company's connected persons as defined under Chapter 14A of the Listing Rules, to the satisfaction of the Listing Division of the Stock Exchange by 28 June 2023, following which trading in the Company's shares may resume.

Please refer to the announcements of the Company dated 21 October 2022, 16 December 2022, 29 December 2022, 18 January 2023, 31 January 2023, 13 April 2023 and 21 April 2023 for details of the progress of the resumption.

The Company will keep its shareholders and public informed of the developments in this regard by making further announcements as and when appropriate.

(c) Voluntary winding up and de-consolidation of the PRC business

The Newly-Constituted Board advised that since the departure of certain former key management personnel who were responsible for the operational, financial and accounting matters of the People's Republic of China, excepted Hong Kong (the "PRC") business subsidiary, HY China Investment Company Limited ("HY China"), a wholly-owned subsidiary of the Company and its subsidiaries (the "HY China Group") in 2020, whom the Group were unable to contact after their departure, the Newly-Constituted Board had taken all reasonable steps to preserve and maintain the basic business records of the HY China Group, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "Basic Records"), that were left behind by the former key management personnel and accounting departments of the HY China Group as far as possible. However, the Newly-Constituted Board used their best endeavor to locate more specific business records and supporting explanations of the HY China Group's accounting records, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; and (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records"), they were unable to access the Specific Records and was unable to determine whether these Specific Records were absent in the first place or they were updated due to the departure of the former key management personnel and the accounting staff.

2. BASIS OF PREPARATION — continued

(c) Voluntary winding up and de-consolidation of the PRC business — continued

The Newly-Constituted Board has resolved to voluntarily wind up HY China on 18 January 2023. Ms. Tracy Cook of R&H Restructuring (BVI) Limited and Ms. Janette Tsang of Polar Universal (Secretarial) Limited were appointed as the joint and several liquidators of HY China (the "HY China Liquidators"), pursuant to the written resolutions of the sole shareholder of HY China dated 23 February 2023. The HY China Liquidators are empowered to, inter alia, preserve the assets of HY China and take control of and exercise all rights which HY China may have in relation to entities in which HY China holds an interest. Accordingly, HY China Group was therefore de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023 in accordance with the requirements of HKFRS 10 Consolidated Financial Statements. The operation of HY China Group was discontinued on the same date.

Details of the financial results of HY China Group for the years ended 31 March 2023 and 2022, and the loss on de-consolidation of HY China Group are disclosed in note 15 to the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

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

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

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

3. ADOPTION OF NEW AND REVISED HKFRSs — continued

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

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2022. 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 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 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 HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
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
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

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 (i.e. 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 to the consolidated financial statements.

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

4. SIGNIFICANT ACCOUNTING POLICIES — continued

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) 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 is 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 assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities. 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

(c) 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 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 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.

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment 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.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(d) Property, plant and equipment — continued

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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:

Owned properties	Over the shorter of the lease terms, or 10–19 years
Leasehold improvement	Over the shorter of the lease terms, or 5 years
Plant and machinery	10%–20%
Office equipment, furniture and fixtures	20%–50%
Motor vehicles	20%–30%

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

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

(e) Leases — the Group as a lessee

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.

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. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(e) Leases — the Group as a lessee — continued

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. 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.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Hang Yick Gate Engineering Limited ("HY Gate"), which does not have recent third-party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(e) Leases — the Group as a lessee — continued

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

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

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(g) 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 loss ("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

(h) Recognition and derecognition of financial instruments

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

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 fair value through profit or loss ("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.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(i) Financial assets — continued

Debt instruments

Debt instruments 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. Typically trade receivables, other receivables, bank and cash balances are classified in this category.

— Fair value through other comprehensive income ("FVTOCI") — recycling, if the contractual cash flows of the instrument 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.

(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.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently 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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(l) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(m) Financial liabilities and equity instruments

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

(n) 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(p) Equity instruments

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

(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.

The Group provides engineering services on steel and metal works under long-term contracts with customers. Such contracts are entered into before the engineering services begin. Under the terms of the contracts, the Group is contractually restricted from redirecting the steel and metal works to another customer and has an enforceable right to payment for work completed to date. Revenue from provision of steel and metal engineering services is therefore recognised over time using output method, i.e. based on surveys of steel and metal work completed by the Group to date as certified architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the work completed by the Group. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15").

Revenue from the sales of steel and metal products is recognised when control of the goods has transferred, being when the goods have been delivered 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 the sales of scrap materials is recognised when control of the scrap materials has transferred to the customer, being at the point the scrap materials are delivered to the customer.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost 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

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on an assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

When share options are cancelled, the amount that would otherwise have been recognised for services received over the remainder of the vesting period is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(t) Borrowing costs

All borrowing costs other than those directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

(u) Government subsidies

A government subsidy 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 subsidies 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(v) Taxation — continued

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 unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. 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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(w) Impairment of non-financial assets — continued

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.

(x) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost including trade receivables, contract assets, deposits, other receivables and cash and cash equivalents. 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 and contract assets. Trade receivables and contract assets that are arising from the provision of steel and metal engineering services or credit-impaired are assessed for ECL individually. The ECL on remaining trade receivables and contract assets are estimated by applying simplified approach 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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(x) Impairment of financial assets and contract assets — continued

Significant increase in credit risk — continued

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(x) Impairment of financial assets and contract assets — continued

Significant increase in credit risk — continued

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 "low risk". Low risk means that the counterparty has a low risk of default and does not have any 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(x) Impairment of financial assets and contract assets — continued

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 assets, the ECL are 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

(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

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

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

Critical 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) 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.

The Group has recognised revenue from provision of steel and metal engineering services over time, using output method, to measure progress towards complete satisfaction of the service because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. Under output method, revenue is recognise based on direct measurements of the value of units delivered or surveys of work performed. This method involves the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required and direct measurements of the value of units delivered or surveys of work performed.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES — continued

Critical judgements in applying accounting policies — continued

(b) Significant increase in credit risk

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

Key sources of estimation uncertainty

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

(a) Revenue and profit recognition

As explained in policy note 4(q), revenue from provision of steel and metal engineering services 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 the work was considered to be 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 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, approximately HK$162,907,000 (2022: HK$186,914,000) of revenue from provision of steel and metal engineering services was recognised.

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, approximately HK$1,162,000 (2022: HK$3,391,000) of income tax was charged to profit or loss based on the estimated profit from continuing operations.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES — continued

Key sources of estimation uncertainty — continued

(c) Impairment assessment on trade receivables and contract assets

The management of the Group assesses ECL of trade receivables and contract assets individually for those arising from the provision of steel and metal engineering services or balances that are credit-impaired. The management of the Group estimates the amount of lifetime ECL of the remaining trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The loss allowance amount of the trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The assessment of credit risk of trade receivables and contract assets involves high degree of estimation uncertainty.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates.

As at 31 March 2023, the carrying amount of trade receivables was approximately HK$12,054,000, net of allowance for credit losses of HK$967,000 (2022: HK$20,943,000, net of allowance for credit losses of HK$941,000), and carrying amount of contract assets was approximately HK$46,518,000, net of allowance for credit losses of HK$1,256,000 (2022: HK$50,234,000, net of allowance for credit losses of HK$1,282,000).

Details of the Group's assessment of ECL and the Group's trade receivables and contract assets are disclosed in notes 6(c)(i), 22 and 24 to the consolidated financial statements respectively.

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the years ended 31 March 2023 and 2022.

6. FINANCIAL RISK MANAGEMENT

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

(a) Categories of financial instruments at 31 March

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at FVTPL	**5,545**	5,343
Financial assets at amortised cost	**91,646**	76,627
Financial liabilities		
Financial liabilities at amortised cost	**18,016**	30,103

(b) Market risk

(i) 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 the functional currencies of the Group entities in HK$ and Renminbi ("RMB"). Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits and deposit placed for a life insurance policy denominated in United States Dollars ("US$") and inter-company balances of certain Group entities denominated in RMB. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchange rates.

6. FINANCIAL RISK MANAGEMENT — continued

(b) Market risk — continued

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk relates primarily to lease liabilities which bear interests at fixed interest rates.

The Group's exposure to cash flow interest rate risk relates to its bank deposits and certain of its bank borrowing which bear interests of variable rates that varied with the then prevailing market conditions.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's variable interest rate instruments.

No sensitivity analysis is provided on variable-rate bank balances and bank borrowing as the management of the Group considers that the interest rate fluctuation on bank balances and bank borrowing is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk exposures are primarily attributable to trade receivables and contract assets arising from contracts with customers, other receivables and deposits, and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating (Note c)	12-month or lifetime ECL	Gross carrying amounts 2023 HK$'000	Gross carrying amounts 2022 HK$'000
Financial assets at amortised cost						
Trade receivables	22	N/A	Note a	Lifetime ECL — not credit-impaired (individually assessed)	7,858	18,919
	22	N/A	Note a	Lifetime ECL — not credit-impaired (provisional matrix)	4,406	2,208
	22	N/A	Loss (Note a)	Lifetime ECL — credit-impaired	757	757
					13,021	21,884
Other receivables and deposits	23	N/A	Low risk	12-month ECL	206	761
Bank balances	25	A1–Aa3 (2022: Baa3–Aa3)	N/A	12-month ECL	79,386	54,921
Other item						
Contract assets	24	N/A	Note a	Lifetime ECL — not credit-impaired (individually assessed)	46,854	50,596
	24	N/A	Loss (Note a)	Lifetime ECL — credit-impaired	920	920
					47,774	51,516

Notes:

(a) For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime ECL. Except for debtors arising from provision of steel and metal engineering services or balances that are credit-impaired which are assessed individually, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

(b) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

Notes: — continued

(c) The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

(i) Trade receivables and contract assets arising from contracts with customers

Management adopted a policy on providing credit facilities to customers. A credit investigation, including assessment of financial information, advice from business partners in relation to potential customers and credit search, would be required to be launched. The level of credit granted must not exceed a predetermined level set by the management. Credit evaluation is performed on a regular basis.

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable and contract assets. The Group applies simplified approach on trade receivables and contract assets to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade receivables and contract assets, other than those balances that are arising from the provision of steel and metal engineering services or are credit-impaired which are assessed individually, the remaining balances have been grouped based on shared credit risk characteristics with details disclosed in this note, respectively. In this regard, the management of the Group considers that the credit risk on trade receivables and contract assets is significantly reduced.

The Group has concentration of credit risks with exposure limited to certain customers. For trade receivables, the Group's largest debtor contributed approximately 21.6% (2022: 29.1%) of the Group's trade receivables and the Group's five largest debtors contributed approximately 58.0% (2022: 80.8%) of the Group's trade receivables. For contract assets, the Group's largest customer contributed approximately 20.7% (2022: 15.7%) of the Group's contract assets and the Group's five largest customers contributed approximately 63.4% (2022: 68.4%) of the Group's contract assets as at 31 March 2023. All these top five debtors are customers located in Hong Kong.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

(i) Trade receivables and contract assets arising from contracts with customers — continued

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to provision of steel and metal engineering services and sales of steel and metal products. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 March 2023 and 2022 within lifetime ECL.

Internal credit rating	2023 Average loss rate	2023 Trade receivables HK$'000	2022 Average loss rate	2022 Trade receivables HK$'000
Watch list	**2.98%**	**4,406**	2.98%	2,208

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired)		Lifetime ECL (Credit-impaired) (note)		
	Trade receivables HK$'000	Contract assets HK$'000	Trade receivables HK$'000	Contract assets HK$'000	Total HK$'000
At 1 April 2021	261	315	757	920	2,253
Impairment loss recognised	162	191	—	—	353
Impairment loss reversed	(239)	(144)	—	—	(383)
At 31 March 2022 and 1 April 2022	184	362	757	920	2,223
Impairment loss recognised	210	257	—	—	467
Impairment loss reversed	(184)	(283)	—	—	(467)
At 31 March 2023	**210**	**336**	**757**	**920**	**2,223**

Note:

The lifetime ECL recognised for credit-impaired trade receivables and contract assets are resulting from a debtor went into liquidation process during the year. The gross amounts of credit-impaired trade receivables and contract assets are approximately HK$757,000 and HK$920,000 (2022: HK$757,000 and HK$920,000), respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

6. FINANCIAL RISK MANAGEMENT — continued

(c) Credit risk — continued

(ii) Other receivables and deposits

The management of the Group makes individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive and forward-looking information. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate is assessed to be close to zero.

(iii) Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No loss allowance provision for bank balances was recognised as the amount is insignificant. The Group has limited exposure to any single financial institution.

(d) Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. Bank borrowing with a repayment on demand clause is included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

6. FINANCIAL RISK MANAGEMENT — continued

(d) Liquidity risk — continued

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	Repayable on demand	Within 3 months	4–12 months	1 year to 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2023							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	—	14,276	—	—	14,276	14,276
Bank borrowings	4.30	3,740	—	—	—	3,740	3,740
		3,740	14,276	—	—	18,016	18,016
Lease liabilities	4.50	—	81	243	405	729	695
As at 31 March 2022							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	—	26,143	—	—	26,143	26,143
Bank borrowings	1.06	3,960	—	—	—	3,960	3,960
		3,960	26,143	—	—	30,103	30,103
Lease liabilities	3.60	—	66	—	—	66	66

During the year ended 31 March 2023, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowings with an aggregate amount of approximately HK$3,740,000 (2022: HK$3,960,000).

Details of the breach of financial covenant is set out in note 27 to the consolidated financial statements.

(e) Fair values

Management of the Group estimates the fair value of its financial assets and financial liabilities carried at amortised cost using discounted cash flow analysis.

Management of the Group considers that the carrying amounts of the financial assets and financial liabilities has recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. FAIR VALUES 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 values:

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.

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

Description	Fair value measurements using level 2 inputs	
	2023 HK$'000	2022 HK$'000
Recurring fair value measurements:		
Financial assets		
Financial asset at FVTPL		
Deposit placed for a life insurance policy	**5,545**	5,343

(b) Disclosure of valuation techniques and inputs used in fair value measurements as at 31 March 2023:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The financial controller reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors at least twice a year.

Level 2 fair value measurements

Description	Valuation techniques	Inputs
Deposit placed for a life insurance policy classified as financial assets at FVTPL	Expected cash flows	Cash value quoted by the insurance company

8. REVENUE

(a) Disaggregation of revenue

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

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Provision of steel and metal engineering services	162,907	186,914
Sales of steel and metal products	21,997	16,684
	184,904	203,598

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:

	Provision of steel and metal engineering services		Sales of steel and metal products		Total	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Timing of revenue recognition						
Products transferred at a point in time	—	—	21,997	16,684	21,997	16,684
Products and services transferred over time	162,907	186,914	—	—	162,907	186,914
	162,907	186,914	21,997	16,684	184,904	203,598

The customers of the Group are mainly construction companies, contractors and engineering companies in Hong Kong. All of the Group's provision of steel and metal engineering services and sales of steel and metal products are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

8. REVENUE — continued

(b) Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2023 **HK$'000**	2022 HK$'000
Provision of steel and metal engineering services	**243,506**	334,801

Based on the information available to the Group at the end of the reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of steel and metal engineering services as of 31 March 2023 will be recognised as revenue during the years ending 31 March 2024 to 2026 (2022: 31 March 2023 to 2025).

9. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision makers, have been identified as the executive directors of the Company, review the segment results of the Group. In the current year, the Group's operations in relation to the provision of steel and metal engineering services and sales of steel and metal products which were presented as separate reportable segments in the prior years are considered as a single operating segment in a manner consistent with the way in which information is reported internally to the Newly-Constituted Board for the purpose of resource allocation and performance assessment. Accordingly, the information of these operations has been aggregated into a single reportable segment and no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures:

Geographical information

The Group's revenue from continuing operations is derived from Hong Kong and the PRC based on the location of goods delivered and services provided as follows:

	2023 **HK$'000**	2022 HK$'000
Hong Kong	**182,998**	203,039
The PRC	**1,906**	559
	184,904	203,598

9. SEGMENT INFORMATION — continued

Geographical information — continued

The Group's non-current assets (other than financial assets and deferred tax assets) are located in Hong Kong and the PRC by physical location of assets as follows:

	2023 HK$'000	2022 HK$'000
Hong Kong	2,871	3,720
The PRC	13,638	15,216
	16,509	18,936

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year are as follows:

	2023 HK$'000	2022 HK$'000
Customer A	57,970	33,963
Customer B	25,136	30,135
Customer C	24,179	36,859
Customer D	N/A*	25,653
Customer E	N/A*	19,822

Note:

* Revenue from the customer is less than 10% of the Group's total revenue in the respective year.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid to or received by each of the directors and the chief executive whether of the Company or its subsidiary undertaking are as follows:

	For the year ended 31 March 2023			
Name of directors	Fees HK$'000	Salaries and other benefit HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors				
Sin Kwok Chi Stephen (note a)	—	750	18	768
Ho Chi Yuen (note b)	—	125	3	128
Lee Pui Sun (note c)	—	—	—	—
Lau Lai Ching (note d)	—	—	—	—
Lee Ka Ho (note e)	—	—	—	—
Non-executive director				
Lee Ka Chun Benny (note f)	—	300	—	300
Independent non-executive directors				
Leung Fuk Shun (note g)	21	—	—	21
Cheung Chun Man Anthony	100	—	—	100
Law Chi Hung (note h)	30	—	—	30
Au Yeung Wai Key (note i)	83	—	—	83
Tse Ka Ching Justin (note j)	100	—	—	100
	334	1,175	21	1,530

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS — continued

(a) Directors' and chief executive's emoluments — continued

	For the year ended 31 March 2022			
Name of directors	Fees HK$'000	Salaries and other benefit HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors				
Sin Kwok Chi Stephen (note a)	—	600	18	618
Lee Pui Sun (note c)	—	100	2	102
Lau Lai Ching (note d)	—	100	2	102
Lee Ka Ho (note e)	—	55	2	57
Non-executive director				
Lee Ka Chun Benny (note f)	—	600	—	600
Independent non-executive directors				
Au Yeung Wai Key (note i)	100	—	—	100
Tse Ka Ching Justin (note j)	100	—	—	100
Cheung Chun Man Anthony	100	—	—	100
	300	1,455	24	1,779

Notes:

(a) Mr. Sin Kwok Chi, Stephen was appointed as executive director and chief executive officer on 9 June 2021, appointed as chairman of the Company on 21 October 2022 and ceased to be chairman on 18 January 2023.

(b) Mr. Ho Chi Yuen was appointed as executive director on 18 January 2023.

(c) Mr. Lee Pui Sun was the former chairman and chief executive officer of the Company. His duties were suspended on 5 May 2021 and he resigned as executive director on 14 September 2022. His emoluments disclosed above include those for services rendered by him as chairman and chief executive officer for the period from 1 April 2021 to 5 May 2021.

(d) Ms. Lau Lai Ching's duties were suspended on 5 May 2021 and she resigned as executive director on 14 September 2022.

(e) Mr. Lee Ka Ho's duties were suspended on 5 May 2021 and he resigned as executive director on 14 September 2022.

(f) Mr. Lee Ka Chun, Benny was appointed as interim chairman of the Company on 5 May 2021 and he ceased to be interim chairman and resigned as non-executive director on 21 October 2022.

(g) Mr. Leung Fuk Shun was appointed as independent non-executive director and the chairman of the Company on 18 January 2023.

(h) Mr. Law Chi Hung was appointed as independent non-executive director on 10 February 2023.

(i) Mr. Au Yeung Wai Key resigned as independent non-executive director on 10 February 2023.

(j) Mr. Tse Ka Ching, Justin resigned as independent non-executive director on 23 March 2023.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS — continued

(a) Directors' and chief executive's emoluments — continued

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors waived any emoluments during both years.

During both years, no directors were granted share options in respect of their services to the Group under the share option scheme of the Company.

(b) Employees' emoluments

The five highest paid individual of the Group during the year included one director (2022: one), details of whose remuneration are set out in note 10(a) above. Details of the remuneration for the year of the remaining four (2022: four) highest paid individual who are neither a director nor chief executive of the Company are as follows:

	2023 HK$'000	2022 HK$'000
Salaries and other benefits	2,764	2,839
Discretionary bonus (note)	290	277
Retirement benefit scheme contributions	72	77
	3,126	3,193

Note: The discretionary bonuses are determined with references to the performance of individual employee and of the Group.

The number of the highest paid individual who are not directors of the Company whose remuneration fell within the following bands is as follows:

	Number of individual	
	2023	2022
Nil to HK$1,000,000	3	3
HK$1,000,001 to HK$1,500,000	1	1

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

11. OTHER INCOME AND OTHER GAINS AND LOSSES

	2023 HK$'000	2022 HK$'000 (Re-presented)
Continuing operations		
Other income		
Interest income from bank deposits	47	43
Government subsidies (note)	3,402	419
Sales of scrap materials	—	257
Others	15	13
	3,464	732
Other gains and losses		
Reversal of impairment loss under expected credit loss model on trade receivables and contract assets, net	—	30
Fair value gain on financial asset at FVTPL (note 20)	202	164
Recovery of loss on the Incident Transactions (note 2(a))	—	3,000
Net foreign exchange (losses)/gains	(1,510)	705
Gain on disposal of property, plant and equipment	225	450
	(1,083)	4,349
	2,381	5,081

Note:

The amounts represent government grants for the Anti-epidemic fund and other subsidies received from the Government of Hong Kong Special Administrative Region (2022: government grants for the Ex-gratia Payment Scheme for phasing out Euro IV diesel commercial vehicles received from the Government of Hong Kong Special Administrative Region). The Group did not have any unfulfilled conditions or contingencies relating to these subsidies.

12. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Continuing operations		
Interest on bank borrowing	95	278
Interest on lease liabilities (note 19)	27	7
	122	285

13. PROFIT BEFORE TAXATION

Profit before taxation for the year from continuing operations has been arrived at after charging/(crediting):

	2023 HK$'000	2022 HK$'000 (Re-presented)
Auditor's remuneration:		
Current	1,711	3,310
(Over)/under-provision in prior years	(240)	200
	1,471	3,510
Depreciation of property, plant and equipment (note 18)	3,294	3,353
Depreciation of right-of-use-assets (note 19)	485	445
Cost of inventories recognised as an expense	92,428	88,027
Gain on disposal of property, plant and equipment	(225)	(450)
Employee benefits expenses inclusive of directors' emoluments:		
Directors' emoluments (note 10(a))	1,530	1,779
Other staff costs:		
Salaries, wages and other benefits	66,986	70,564
Retirement benefits scheme contributions	3,416	3,339
	70,402	73,903

Cost of inventories recognised as an expense for the year ended 31 March 2023 includes approximately HK$13,807,000 (2022: HK$13,771,000) relating to staff costs and depreciation of property, plant and equipment, which are included in the amount disclosed separately above for each of these types of expenses.

14. INCOME TAX EXPENSE

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

	2023 HK$'000	2022 HK$'000
Current tax:		
Hong Kong Profits Tax	1,549	2,503
The PRC Enterprise Income Tax ("EIT")	16	3
(Over)/under-provision in prior years	(239)	63
	1,326	2,569
Deferred tax (note 30)		
Origination and reversal of temporary differences	(164)	822
	1,162	3,391

14. INCOME TAX EXPENSE — continued

Under the two-tiered Profits Tax regime, the first HK$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profits Tax rate regime will continue to be taxed at a rate of 16.5%.

The Company's subsidiaries in the PRC are subject to EIT rate at 25%.

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

According to the PRC EIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2023 **HK$'000**	2022 HK$'000 (Re-presented)
Profit before taxation (from continuing operations)	**2,920**	21,186
Tax at the Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	**482**	3,495
Tax effect of income that is not taxable	**(656)**	(958)
Tax effect of expenses that are not deductible	**956**	922
Tax effect of unused tax losses not recognised	**540**	43
(Over)/under-provision in prior years	**(239)**	63
Effect of different tax rate of subsidiaries	**250**	1
Tax concession	**(171)**	(175)
Income tax expense (relating to continuing operations)	**1,162**	3,391

15. DISCONTINUED OPERATION

With reference to note 2(c), upon the appointment of the HY China Liquidators, the Group was considered to have lost control on HY China and the financial results and position of HY China Group was de-consolidated from those of the Group with effect from 24 February 2023 in accordance with the requirement of HKFRS 10 Consolidated Financial Statements. The operation of HY China Group was discontinued on the same date.

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on de-consolidation, are disclosed in note 36(c).

	2023 HK$'000	2022 HK$'000
(Loss)/profit for the year from discontinued operation:		
Other income and other gains and losses	6,633	4,908
Administrative expenses	(793)	(1,735)
Profit before tax	5,840	3,173
Income tax expense	—	—
Profit for the year	5,840	3,173
Loss on de-consolidation of subsidiaries (note 36(c))	(27,001)	—
(Loss)/profit for the year from discontinued operation	(21,161)	3,173
Attributable to:		
Owners of the Company (note 17)	(23,465)	1,883
Non-controlling interests	2,304	1,290
	(21,161)	3,173
(Loss)/profit for the year from discontinued operation include the following:		
Amortisation of intangible assets	—	1,233
Interest income from bank deposits	5	9
Other staff cost	—	294
Recovery of loss on the Incident Transactions (note 2(a))	6,547	4,344
Cash flow from discontinued operation:		
Net cash outflows from operating activities	(1,435)	(1,742)

16. DIVIDENDS

The directors of the Company did not recommend payment of any dividend in respect of the years ended 31 March 2023 and 2022.

17. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	2023 HK$'000	2022 HK$'000
(Loss)/earnings:		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/ earnings per share ((loss)/profit for the year attributable to owners of the Company)	(21,707)	19,678

	2023 '000	2022 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	767,600	767,600

Note:

There were no adjustments for the effects of potential ordinary shares arising from outstanding share options as the respective average share price of the Company during the years ended 31 March 2023 and 2022 did not exceed the exercise price of the then outstanding share options, hence they were anti-dilutive and ignored in the calculation of diluted (loss)/earnings per share.

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share for continuing and discontinued operations.

17. (LOSS)/EARNINGS PER SHARE — continued

From continuing operations

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

	2023 HK$'000	2022 HK$'000
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company arising from continuing operations)	1,758	17,795

From discontinued operation

Basic and diluted loss per share from the discontinued operation is HK3.1 cents per share (2022: HK0.2 cents earnings per share), based on the loss for the year from discontinued operation attributable to the owners of the Company of approximately HK$23,465,000 (note 15) (2022: profit for the year of approximately HK$1,883,000) and the denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

18. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Office equipment, furniture and fixtures HK$'000	Total HK$'000
Cost						
At 1 April 2021	8,346	939	9,624	10,511	2,611	32,031
Additions	—	—	2,224	3,069	108	5,401
Disposals	—	—	(1,944)	(1,209)	(59)	(3,212)
Exchange realignment	325	5	16	383	18	747
At 31 March 2022 and 1 April 2022	8,671	944	9,920	12,754	2,678	34,967
Additions	**—**	**44**	**401**	**1,565**	**13**	**2,023**
Disposals	**—**	**—**	**(938)**	**(825)**	**—**	**(1,763)**
Exchange realignment	**(630)**	**(11)**	**(31)**	**(873)**	**(39)**	**(1,584)**
At 31 March 2023	**8,041**	**977**	**9,352**	**12,621**	**2,652**	**33,643**
Accumulated depreciation						
At 1 April 2021	5,430	376	8,110	4,846	901	19,663
Provided for the year (note 13)	230	268	743	985	1,127	3,353
Disposals	—	—	(1,944)	(1,209)	(59)	(3,212)
Exchange realignment	215	3	9	132	11	370
At 31 March 2022 and 1 April 2022	5,875	647	6,918	4,754	1,980	20,174
Provided for the year (note 13)	**319**	**164**	**1,165**	**1,104**	**542**	**3,294**
Disposals	**—**	**—**	**(856)**	**(762)**	**—**	**(1,618)**
Exchange realignment	**(427)**	**(11)**	**(18)**	**(292)**	**(25)**	**(773)**
At 31 March 2023	**5,767**	**800**	**7,209**	**4,804**	**2,497**	**21,077**
Carrying amount						
At 31 March 2023	**2,274**	**177**	**2,143**	**7,817**	**155**	**12,566**
At 31 March 2022	2,796	297	3,002	8,000	698	14,793

19. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
As at 1 April 2021	3,765	324	4,089
Depreciation (note 13)	(194)	(251)	(445)
Exchange realignment	142	—	142
As at 31 March 2022 and 1 April 2022	3,713	73	3,786
Additions	**—**	**911**	**911**
Depreciation (note 13)	**(184)**	**(301)**	**(485)**
Exchange realignment	**(269)**	**—**	**(269)**
As at 31 March 2023	**3,260**	**683**	**3,943**

	2023 HK$'000	2022 HK$'000
Depreciation expenses on right-of-use assets (included in direct costs) (note 13)	**485**	445
Interest expense on lease liabilities (included in finance costs) (note 12)	**27**	7
Expenses relating of short-term lease (included in direct costs and administrative expenses)	**1,434**	1,374

Details of total cash outflow for leases is set out in note 36(b) to the consolidated financial statements.

For the year ended 31 March 2023, the Group leases warehouse for its operations. Lease contract is entered into for a fixed term of 3 years. 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.

In addition, the Group owns several factory and office premises. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Restrictions or covenants on leases

In addition, lease liabilities of approximately HK$695,000 (2022: HK$66,000) are recognised with related right-of-use assets of approximately HK$683,000 (2022: HK$73,000) as at 31 March 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

20. FINANCIAL ASSET AT FVTPL

	2023 HK$'000	2022 HK$'000
Financial asset mandatorily measured at FVTPL:		
Unlisted investment		
Deposit placed for a life insurance policy	**5,545**	5,343
Analysed as:		
Non-current assets	**5,545**	5,343

In March 2020, the Group entered into a life insurance policy with an insurance company to insure a key management of the Company. Under the policy, the beneficiary and policyholder is HY Gate, and the total insured sum is US$5,000,000 (equivalent to approximately HK$39,000,000). HY Gate was required to pay an upfront deposit of approximately US$790,000 (equivalent to approximately HK$6,154,000) including a premium charge at the inception of the policy amounting to approximately US$47,000 (equivalent to approximately HK$369,000). HY Gate can terminate the policy at any time and receive cash value of the policy at the date of withdrawal, which is determined by the upfront payment of US$790,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("Cash Value"). In addition, if withdrawal is made between the 1st to 18th policy year, there is a specified amount of surrender charge. The insurance company will pay HY Gate an interest of 4.25% per annum on the outstanding Cash Value of the policy for the first year. Commencing on the 2nd year, the interest will be a variable return with minimum guaranteed interest rate of 2% per annum by the insurance company on an annual basis.

The directors of the Company consider that the Group will not terminate the policies nor withdraw cash prior to the 7th year of the surrender period on the life insurance policy entered during the year ended 31 March 2020, accordingly, the amount is presented as non-current asset in the consolidated statement of financial position.

During the year ended 31 March 2023, the fair value gain of approximately HK$202,000 (2022: HK$164,000) was credited to profit or loss.

As at 31 March 2023 and 2022, the deposit placed for a life insurance policy was pledged as security for a bank borrowing of the Group as set out in note 27.

The carrying amount of deposit placed for a life insurance policy is denominated in US$.

21. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials	**14,613**	19,878
Work-in-progress	**2,408**	8,929
Finished goods	**5,810**	6,072
	22,831	34,879

22. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**13,021**	21,884
Less: Allowance for credit losses	**(967)**	(941)
	12,054	20,943

For customers that the Group provides engineering services on steel and metal works, the Group normally grants credit terms of 30 days from the date of certificate on progress payments of contract works. For customers that the Group sells metal and steel products, except for certain major customers of which the Group grants a credit period of up to 60 days from the delivery of goods, the Group grants no credit terms to other customers and they are to settle payment in full upon delivery of goods. The following is an ageing analysis of the trade receivables denominated in HK$ and presented based on the date of certificate on progress payments of contract works or the invoice date which approximates the date of revenue recognition for sales of metal and steel products at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
0–30 days	**5,379**	8,206
31–60 days	**1,564**	5,163
61–90 days	**2,354**	951
Over 90 days	**2,757**	6,623
	12,054	20,943

Details of impairment assessment of trade receivables are set out in note 6(c)(i) to the consolidated financial statements.

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$'000	2022 HK$'000
Deposits for acquisition of property, plant and equipment	—	357
Other receivables	3,426	4,337
Other deposits	206	201
Prepayments	369	1,261
	4,001	6,156
Analysed as:		
Non-current assets	27	379
Current assets	3,974	5,777
	4,001	6,156

24. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2023 HK$'000	2022 HK$'000
Unbilled revenue from engineering services contracts	18,830	21,426
Retention receivables	28,944	30,090
Less: Allowance for credit losses	(1,256)	(1,282)
	46,518	50,234
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade receivables"	12,054	20,943

The Group's engineering service contracts include payment schedules which require stage payments over the contract period once certain specified milestones based on surveyors' assessment are reached.

The Group has right to considerations from customers for the provision of steel and metal engineering services. Contract assets arise when the Group has right to considerations for completion of engineering services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as contract assets is reclassified to trade receivables when such right becomes unconditional other than the passage of time.

24. CONTRACT ASSETS/CONTRACT LIABILITIES — continued

Contract assets — continued

Retention receivables represent the monies withheld by customers of contract works and are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of the respective engineering service projects.

The retention receivables, net of allowance for credit losses, are to be settled, based on the expiring of the defect liability period or in accordance with the terms specified in the relevant contracts, at the end of the reporting period as follows:

	2023 **HK$'000**	2022 HK$'000
On demand or within 1 year	**2,222**	3,657
After 1 year	**25,571**	25,282
	27,793	28,939

Details of impairment assessment of contract assets are set out in note 6(c)(i) to the consolidated financial statements.

Contract liabilities

	2023 **HK$'000**	2022 HK$'000
Billings in advance of performance obligation		
— Provision of steel and metal engineering services	**—**	229
— Sales of steel and metal products	**518**	31
	518	260

Contract liabilities relating to provision of steel and metal engineering services arises when the progress payment exceeds the revenue recognised to date under output method.

Contract liabilities relating to sales of steel and metal products arise when the Group has obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount of consideration is due) from the customer.

There were no significant changes in the contract liabilities balances during the reporting period.

24. CONTRACT ASSETS/CONTRACT LIABILITIES — continued

Contract liabilities — continued

Movements in contract liabilities:

	2023 HK$'000	2022 HK$'000
Balance at 1 April	**260**	40
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(260)**	(40)
Increase in contract liabilities as a result of receiving advance payment from customers	**518**	260
Balance at 31 March	**518**	260

No billings in advance of performance received that is expected to be recognised as income after more than one year (2022: Nil).

25. CASH AND CASH EQUIVALENTS

As at 31 March 2023, bank balances and cash of the Group in the PRC denominated in RMB amounted to approximately HK$13,795,000 (2022: HK$5,964,000). 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.

Details of impairment assessment are set out in note 6(c)(iii) to the consolidated financial statements.

26. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Trade payables	2,821	3,807
Accrued staff costs	8,607	9,085
Accruals and others	2,848	13,251
	14,276	26,143

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
0–30 days	1,484	2,180
31–60 days	636	825
61–90 days	697	10
Over 90 days	4	792
	2,821	3,807

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

	2023 HK$'000	2022 HK$'000
HK$	1,934	1,695
US$	887	2,030
RMB	—	82
	2,821	3,807

As at 31 March 2023, included in accruals and other payables were amounts due to the ultimate parent of approximately HK$188,000 (2022: HK$264,000) which are unsecured, interest-free and repayable on demand.

As at 31 March 2022, included in accruals and other payables was amount due to a non-controlling interest of a subsidiary of the Group of HK$5,000,000. In the opinion of the directors of the Company, notwithstanding the uncertainty as the validity of the transaction, the Group has recorded the balance as amount due to a non-controlling interest of a subsidiary until it is certain the amount will not need to be repaid. Upon the appointment of HY China Liquidator, the amount was de-consolidated from the consolidated financial statements of the Group on 24 February 2023. Details of the assets and liabilities disposed of, and the calculation of the loss on de-consolidation, are disclosed in note 36(c).

27. BANK BORROWING

The carrying amount of the Group's bank borrowing is repayable as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year	**220**	220
Portion of borrowing that are due for repayment after 1 year but contain a repayment on demand clause	**3,520**	3,740
Amount due for settlement within 12 months (shown under current liabilities)	**3,740**	3,960

At the end of the reporting period, the bank borrowing is secured by the deposit placed for a life insurance policy of approximately HK$5,545,000 (2022: HK$5,343,000) (note 20) and a corporate guarantee granted by the Company.

During both years, the Group had breached certain financial covenant terms in relation to the debt-asset ratio requirements of the Group which constitute an early repayment option by the bank in relation to bank borrowing with an aggregate amount of approximately HK$3,740,000 (2022: HK$3,960,000). The bank has not requested for the early repayment of the bank borrowing and the Group has fully repaid the borrowing with its existing working capital subsequently. Notwithstanding the above, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

The carrying amount of the Group's bank borrowing is denominated in HK$.

The interest rate per annum at the end of the reporting period is as follows:

	2023	2022
Variable interest rate:		
— Bank borrowing	**4.30%**	1.06%

The bank borrowing is arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

28. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**324**	66	**300**	66
More than 1 year but not exceeding 2 years	**324**	—	**314**	—
More than 2 years but not exceeding 5 years	**81**	—	**81**	—
	729	66	**695**	66
Less: Future finance charges	**(34)**	—	**N/A**	N/A
Present value of lease obligations	**695**	66	**695**	66
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(300)**	(66)
Amount due for settlement after 12 months			**395**	—

The Group's weighted average incremental borrowing rates applied to lease liabilities at 4.5% (2022: 3.6%).

The Group's lease liabilities are denominated in HK$.

29. PROVISIONS

	Long service payments
	HK$'000
At 1 April 2021	47
Charge to profit or loss	114
At 31 March 2022, 1 April 2022 and 31 March 2023	161

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. Provisions recognised in respect of long service payments are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to end of each reporting period. Any changes in the provisions' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss.

30. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset. The following are the deferred tax assets/(liabilities) recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation HK$'000	Provision for long service payment HK$'000	ECL provision HK$'000	Share-based payments HK$'000	Unused tax losses HK$'000	Total HK$'000
At 1 April 2021	(367)	7	95	162	846	743
Charged to profit or loss (note 14)	10	19	(5)	—	(846)	(822)
At 31 March 2022 and 1 April 2022	(357)	26	90	162	—	(79)
Credit to profit or loss (note 14)	164	—	—	—	—	164
At 31 March 2023	**(193)**	**26**	**90**	**162**	**—**	**85**

At the end of the reporting period the Group has estimated unused tax losses of approximately HK$13,151,000 (2022: HK$2,444,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

Included in unrecognised tax losses of approximately HK$11,992,000 (2022: HK$833,000) may be carried forward indefinitely. Other tax losses of approximately HK$1,159,000 (2022: HK$1,611,000) will expire after 5 years from the year of assessment they related to.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 31 March 2023	3,800,000	38,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 31 March 2023	767,600	7,676

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, 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 debt or the redemption of existing debt.

The externally imposed capital requirements for the Group are: (a) 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 (b) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2023, over 25% (2022: over 25%) of the shares were in public hands.

The Group is subject to the maintenance of a specified financial requirement on its consolidated tangible net worth. Consolidated tangible net worth consists of issued capital, share premium, statutory surplus, special reserve and retained profits attributable to owners of the Company less deferred tax as disclosed in the consolidated financial statements. During the year, the Company's subsidiary, HY Gate had breached certain financial covenants of certain loan agreements with a bank as disclosed in note 27 to the consolidated financial statements.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2023 HK$'000	2022 HK$'000
Non-current assets		
Investments in subsidiaries	—*	—*
Amounts due from subsidiaries	74,004	74,004
	74,004	74,004
Current assets		
Amounts due from subsidiaries	49,643	53,171
Bank balances	1,072	1,140
	50,715	54,311
Current liabilities		
Other payables and accruals	873	875
Net current assets	49,842	53,436
NET ASSETS	123,846	127,440
Capital and reserves		
Share capital (note 31)	7,676	7,676
Reserves	116,170	119,764
TOTAL EQUITY	123,846	127,440

* Amount less than HK$1,000

Approved by the board of director of the Company on 30 June 2023 and are signed on its behalf by:

Mr. Sin Kwok Chi Stephen *Director*	**Mr. Ho Chi Yuen** *Director*

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY — continued

Reserves movement of the Company

	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	154,701	5,124	(36,406)	123,419
Loss and total comprehensive income for the year	—	—	(3,655)	(3,655)
At 31 March 2022 and 1 April 2022	154,701	5,124	(40,061)	119,764
Loss and total comprehensive income for the year	—	—	(3,594)	(3,594)
At 31 March 2023	**154,701**	**5,124**	**(43,655)**	**116,170**

33. 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

Under the Companies Law of the Cayman Islands, where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on their shares shall be transferred to share premium account. The application of the share premium account is governed by the Companies Law of the Cayman Islands. Share premium of the Company is distributable to shareholders subject to the provisions of the Company's Memorandum and Articles of Association and provided that immediately following the distribution the Company is able to pay its debts as they fall due in the ordinary course of business.

33. RESERVES — continued

(b) Nature and purpose of reserves — continued

(ii) Statutory surplus reserve

Statutory surplus reserves include statutory surplus reserve and discretionary surplus reserve.

According to the relevant rules and regulations in the PRC, subsidiaries of the Company established in the PRC are required to transfer 10% of their profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

Moreover, upon approval by the equity owner, a subsidiary of the Company transfers 10% of its profit after tax, as determined in accordance with the PRC accounting and regulations, to the discretionary surplus reserve.

(iii) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(s) to the consolidated financial statements.

(iv) Translation reserve

The 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 policy set out in note 4(c)(iii) to the consolidated financial statements.

34. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for showroom, factory and office premises. As at 31 March 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 19 to the consolidated financial statements.

35. RETIREMENT BENEFIT SCHEMES

Hong Kong

The Group participates in defined contribution schemes which are registered under the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (the "MPFSO") in December 2000. The assets of the scheme are held, separately from those of the Group, in funds under the control of independent trustees.

The Group contributes 5% (2022: 5%) of relevant payroll costs to the MPF Scheme, which contributions are matched by the employees. The maximum monthly amount of contributions is limited to HK$1,500 (2022: HK$1,500) per employee. The Group has participated in a master trust MPF Scheme since December 2000 and made contributions to the MPF Scheme in accordance with the statutory requirements of the MPFSO.

The PRC

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC have joined defined contribution retirement schemes for the employees arranged by local municipal government labour and security authorities (the "PRC Retirement Schemes"). The subsidiaries in the PRC make contributions to the PRC Retirement Schemes at the applicable rates ranged from 14% to 15% (2022: 14% to 15%) based on the amounts stipulated by the local municipal government organisations. Upon retirement, the local municipal government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

During the years ended 31 March 2023 and 2022, the Group had no forfeited contributions under the MPF Scheme and PRC Retirement Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at 31 March 2023 and 2022 under the MPF Scheme and PRC Retirement Scheme which may be used by the Group to reduce the contribution payable in future years.

During the year, the retirement benefits scheme contributions charged to consolidated statement of profit or loss were approximately HK$3,437,000 (2022: HK$3,471,000).

36. 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.

	Lease liabilities HK$'000	**Bank borrowings** HK$'000	**Total** HK$'000
At 1 April 2021	323	44,180	44,503
Cash flows	(264)	(40,498)	(40,762)
Finance costs (note 12)	7	278	285
At 31 March 2022 and 1 April 2022	66	3,960	4,026
Addition	911	—	911
Cash flows	(309)	(315)	(624)
Finance costs (note 12)	27	95	122
At 31 March 2023	**695**	**3,740**	**4,435**

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2023 **HK$'000**	2022 HK$'000
Within operating cash flows	**1,461**	1,381
Within financing cash flows	**282**	257
	1,743	1,638

These amounts relate to the following:

	2023 **HK$'000**	2022 HK$'000
Lease rental paid	**1,743**	1,638

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS — continued

(c) De-consolidation of subsidiaries

With reference to notes 2(c) and 15, upon the appointment of the HY China Liquidators, HY China Group were de-consolidated from the consolidated financial statements of the Group with effect from 24 February 2023.

Assets and liabilities of HY China Group as at the date of de-consolidation are as follows:

	HK$'000
Other receivables, deposits and prepayments	289
Cash and cash equivalents	1,435
Other payables and accruals	(5,528)
Current tax liabilities	—*
	(3,804)
Release of foreign currency translation reserve	911
Release of non-controlling interests in the de-consolidated subsidiaries	29,894
Loss on de-consolidation of subsidiaries (note 15)	**27,001**
Net cash outflow arising on de-consolidation:	
Cash and cash equivalents de-consolidated of	(1,435)

* Amount less than HK$1,000

37. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties:

(a) Transactions with related parties

	2023 **HK$'000**	2022 HK$'000
Short term lease payments to the Controlling Shareholders	**756**	756
Short term lease payments to a related company (note)	**654**	539

Note: It is considered as a related company of the Group as the company is controlled by Mr. Lee Sr.

(b) Balances with related parties

	2023 **HK$'000**	2022 HK$'000
Amount due to the ultimate parent (note 26)	**188**	264
Amount due to a non-controlling interest of a subsidiary (note 26)	**—**	5,000

(c) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and other short-term employee benefits	**3,373**	4,097
Retirement benefits costs	**57**	78
	3,430	4,175

The remuneration of directors of the Company is determined by the remuneration committee having regard to the performance of individuals and market trends.

As at 31 March 2023, included in accrued charges was an accrued remuneration of HK$142,000 (2022: HK$177,000) in relation to key management personnel which is unsecured, interest-free and settled in cash.

38. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 19 September 2018 for the primary purpose of providing incentives to eligible participants, and shall be valid and effective for a period of 10 years. Under the Scheme, the board of directors of the Company may grant options to eligible participants to subscribe for shares in the Company.

At 31 March 2023, the number of ordinary shares in respect of which options had been granted and remained outstanding under the Scheme was 7,060,000 (2022: 7,700,000), representing 0.9% (2022: 1.0%) of the total ordinary shares of the Company in issue at that date. 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 as at the listing date and 30% of the shares of the Company in issue from time to 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 from time to time, without prior approval from the Company's shareholders. The table below discloses movement of the Company's share options granted under the Scheme during the years ended 31 March 2023 and 2022:

		Number of share options				
Category	**Exercise period**	At 1 April 2021	Forfeited during the year (note 1)	At 31 March 2022	Forfeited during the year (note 1)	**At 31 March 2023**
— Employees (note 2)	11 January 2022 to 10 January 2024	4,225,000	(375,000)	3,850,000	(320,000)	**3,530,000**
	11 January 2023 to 10 January 2024	4,225,000	(375,000)	3,850,000	(320,000)	**3,530,000**
		8,450,000	(750,000)	7,700,000	(640,000)	**7,060,000**
Number of share options exercisable at the end of the year		—		3,850,000		**7,060,000**

Notes:

1. During the year ended 31 March 2023, 640,000 (2022:750,000) share options of the Company previously granted to employees were forfeited as such employees resigned during the year.

2. Included in share option granted to employees were 350,000 shares granted to a director, Mr. Sin Kwok Chi Stephen on 11 January 2019 under the Scheme before he was appointed as director on 9 June 2021.

38. SHARE-BASED PAYMENTS — continued

A total of 24,000,000 share options were granted on 11 January 2019 with exercise price of HK$1.53 per share, out of which 15,200,000 shares are vested immediately on grant date, 4,400,000 shares will be vested in three years from the grant date and the remaining 4,400,000 shares will be vested in four years from the grant date. The exercise price was determined by the directors of the Company, and will not be less than the higher of (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. The fair value of the options determined at the date of grant using the Binomial option pricing model was HK$9,348,000.

The following assumptions were used to calculate the fair values of share options at the date of grant on 11 January 2019:

	Group 1 Employees	**Group 2 Employees**	**Group 3 Consultant**
Share options granted at grant date	8,800,000	7,600,000	7,600,000
Spot price per share on grant date	HK$1.53	HK$1.53	HK$1.53
Exercise price	HK$1.53	HK$1.53	HK$1.53
Life to expiration (Note a)	5 years	1 year	2 years
Expected volatility (Note b)	49.359%	37.063%	37.010%
Dividend yield	1.307%	1.307%	1.307%
Risk-free interest rate (Note c)	1.769%	1.577%	1.652%

Notes:

(a) Life to expiration: Being the period commencing on the date of grant based on the contractual terms of the share options to the expiring date.

(b) Expected volatility: Estimated with reference to historical price volatilities of 4 comparable companies as extracted from Bloomberg for a period equal to the life to expiration as of the valuation date.

(c) Risk-free interest rate: Determined with reference to the yields of Hong Kong Sovereign Curve with a maturity life equal to the life to expiration as of the valuation date.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

During both years, no share-based payment expense was recognised in profit or loss.

39. CAPITAL COMMITMENTS

	2023 HK$'000	2022 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	380	584

40. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2023 and 31 March 2022.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued share capital/ paid-up capital	Attributable equity interest of the Group as at 31 March		Principal activities
				2023	2022	
Directly held by the Company:						
HY Metal Company Limited	BVI	Hong Kong	Ordinary share of US$1	100%	100%	Investment holding
Indirectly held by the Company:						
HY Gate	Hong Kong	Hong Kong	Ordinary share of HK$10,000	100%	100%	Design, manufacture, supply and installation of steel and metal products for construction projects
惠州恒益五金製品有限公司# (Huizhou Hengyi Wujin Zhipin Limited*)	The PRC	The PRC	Paid up capital of HK$40,000,000 (2022: HK$37,000,000)	100%	100%	Manufacture and sales of steel and metal products

Being a wholly foreign-owned entity established in the PRC.

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

Except for Huizhou Hengyi Wujin Zhipin Limited which have a financial year end of 31 December, all subsidiaries are limited liability companies and have adopted 31 March as their financial year end date.

None of the subsidiaries had issued any debt securities at any time during both years or at the end of the reporting period.

42. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Other than the listing status of the Company as set out in note 2(b) to the consolidated financial statement, no other material events subsequent to the end of the reporting period were noted.

43. COMPARATIVE FIGURES

The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented to conform to the operation of HY China Group classified as discontinued in the current year.

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is as follows:

RESULTS

	Year ended 31 March				
	2023 HK$'000	2022 HK$'000 (Re-presented)	2021 HK$'000	2020 HK$'000	2019 HK$'000
Revenue					
— continuing operations	**184,904**	203,598	209,608	200,380	181,926
— discontinued operation	**—**	—	—	—	—
	184,904	203,598	209,608	200,380	181,926
Profit/(loss) before taxation	**2,920**	21,186	(114,460)	15,599	23,099
Income tax (expense)/credit	**(1,162)**	(3,391)	771	(5,361)	(7,038)
Profit/(loss) for the year from continuing operations	**1,758**	17,795	(113,689)	10,238	16,061
(Loss)/profit from discontinued operation	**(21,161)**	3,173	—	—	—
(Loss)/profit for the year	**(19,403)**	20,968	(113,689)	10,238	16,061

ASSETS AND LIABILITIES

	As at 31 March				
	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Total assets	**189,496**	193,132	208,654	333,342	286,343
Total liabilities	**(19,398)**	(31,049)	(68,202)	(87,148)	(42,578)
Net assets	**170,098**	162,083	140,452	246,194	243,765

Note:

The financial result of the Group for the year ended 31 March 2022 has been re-presented to reflect the exclusion of financial information of the discontinued operation.