



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

ANNUAL REPORT

2024



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors (“Directors”) of Aeso Holding Limited (“Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this annual report misleading.

CONTENTS

Corporate Information	3
Chairman’s Statement & Management Discussion and Analysis	4-8
Biographical Details of Directors and Senior Management	9-10
Corporate Governance Report	11-21
Directors’ Report	22-30
Independent Auditor’s Report	31-38
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39
Consolidated Statement of Financial Position	40-41
Consolidated Statement of Changes in Equity	42
Consolidated Statement of Cash Flows	43-44
Notes to the Consolidated Financial Statements	45-103
Financial Summary	104

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung (*Chairman*)
Mr. Cheung Hiu Tung
Mr. Zhang Hai Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

COMPANY SECRETARY

Ms. Choi Mei Bik

COMPLIANCE OFFICER

Mr. Chan Siu Chung

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Yeung Chun Yue, David (*Chairman*)
Ms. Lai Wing Sze
Ms. Yu Wan Ki

REMUNERATION COMMITTEE

Ms. Lai Wing Sze (*Chairman*)
Mr. Chan Siu Chung
Mr. Yeung Chun Yue, David

NOMINATION COMMITTEE

Mr. Chan Siu Chung (*Chairman*)
Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze

AUDITORS

McMillan Woods (Hong Kong) CPA limited
24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Chan Siu Chung
Ms. Choi Mei Bik

REGISTERED OFFICE

89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

18/F., The Pemberton,
22-26 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

COMPANY WEBSITE

www.aeso.hk

STOCK CODE

8341

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

To Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Aeso Holding Limited (the "Company"), I hereby present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2024 (the "Reporting Period").

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Reporting Period (2023: Nil).

BUSINESS REVIEW

The Company is an investment holding company and the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 13 January 2017 by way of placing. The Company's subsidiaries are principally engaged in the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong.

As a contracting service provider which offers high quality and value-added services to cater for our clients' specification and satisfaction, the Group received continuing support from our customers over the years. We have also built-up reputation which attract many new customers. Amongst the total revenue of approximately HK\$239.7 million for the Reporting Period, approximately HK\$145.6 million (2023: approximately HK\$251.6 million) was contributed by fitting-out projects, whereas approximately HK\$94.1 million (2023: approximately HK\$11.0 million) was contributed by renovation projects.

During the Reporting Period, the Company submitted tenders amounting to approximately HK\$1,981.5 million (2023: approximately HK\$2,187.7 million) which included 3 projects were awarded (2023: 6 projects were awarded) amounted to approximately HK\$221.7 million (2023: approximately HK\$244.3 million) included a shopping mall and clubhouse fitting-out project from public housing sector with total contract sum of approximately HK\$186.6 million. The Group is renowned for its service quality and project management efficiency, such that most of the tenders were invited by the sizable property developers in Hong Kong and sizeable PRC property developers in Hong Kong. The Directors believe that the increase in value for the tenders submitted will drive up the performance of the Group and contribute profits and success to the Group.

It is expected that the tenders awarded during the Reporting Period enhances the Group to have strong and stable source of revenue in the forthcoming financial years. The Directors will deploy more resources to satisfy the capital needs for performing the projects and will consider different alternatives to raise additional funds if and when the need arises.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased from approximately HK\$262.6 million for the year ended 31 March 2023 to approximately HK\$239.7 million for the Reporting Period, representing an decrease of approximately 8.7%. The decrease in revenue was mainly due to a relatively larger amounts of tenders awarded in 2021 then it led that more contract revenue was recognized during the Reporting Period as compared to the corresponding period in 2023.

The revenue for the fitting-out projects for the Reporting Period was approximately HK\$145.6 million, represented an decrease of approximately 42.1% from approximately HK\$251.6 million for the same period in 2023.

The revenue for the renovation projects for the Reporting Period was approximately HK\$94.1 million, represented a increase of approximately 755.5% from approximately HK\$11.0 million for the same period in 2023.

Cost of Services

The Group's direct cost decreased from approximately HK\$226.7 million for the year ended 31 March 2023 to approximately HK\$202.2 million for the Reporting Period, representing a decrease of approximately 10.8% which was in line with the increase in revenue during the Reporting Period.

Gross Profit

The Group's gross profit increased from approximately HK\$35.9 million for the year ended 31 March 2023 to approximately HK\$37.5 million for the Reporting Period. Such improvement was mainly due to increase in revenue of renovation projects during the Reporting Period.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$29.6 million and approximately HK\$26.8 million for the years ended 31 March 2023 and 2024 respectively, representing a decrease of approximately 9.5%. Such decrease was mainly due to the decrease in staff costs and legal and professional fee during the Reporting Period.

Earnings attributable to the owners of the Company

As a result of the aforesaid, the earnings attributable to the owners of the Company was approximately HK\$8.1 million during the Reporting Period as compared with the earnings attributable to the owners of the Company of approximately HK\$8.3 million for the corresponding period in 2023, which was mainly due to the absence of government grant in respect of COVID-19 related to subsidies which is related to Employment Support Scheme provided by the Hong Kong government for the year ended 31 March 2024 (2023: approximately HK\$1,248,000).

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT AND OUTLOOK

The competitive strengths of the Company, such as (i) an established track record in the market with stable and long-term client relationships with the major clients that include listed property developers; (ii) strong and stable relationships with the major suppliers and subcontractors; (iii) integrated project execution for contracting services; and (iv) a strong and experienced management team with proven track record, continuously contribute to the success of the Group.

The Group will continue focusing on the opportunities in renovation works and fitting-out works in Hong Kong, especially fitting-out projects for commercial premises and residential development. During the Reporting Period and up to the date of this report, the Group was awarded with two fitting-out projects with the total contract sum of approximately HK\$193.1 million and a renovation project with a total contract sum of approximately HK\$28.7 million. The Group will keep to tender new fitting-out projects and renovation projects in Hong Kong including the projects from public housing sector, listed property developers and well-established companies etc.

The Management believed that the Group may increase the manpower and the budget of construction cost through fund raising activities, so that to enlarge the size of the Group in the coming future for the purpose of handling construction projects from large number of new tenders awarded including the new business from public housing sector.

Looking forward, the construction industry in Hong Kong will be set for a dynamic and promising development in the future. Although there are uncertainties surrounding the Hong Kong economy, the construction industry's work is expected to increase, especially in the public sectors. The Hong Kong Government plans to increase the annual expenditure in infrastructure. The Management believes that such government plans will benefit to the Company. The Group will focus more on business opportunity from the public housing sectors.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2024, the Group had net current assets of approximately HK\$43.1 million (31 March 2023: net current assets of approximately HK\$34.9 million), net assets of approximately HK\$45.8 million (31 March 2023: net assets of approximately HK\$37.7 million), bank balances and cash of approximately HK\$14.7 million (31 March 2023: approximately HK\$11.2 million) and pledged bank deposit of approximately HK\$0.9 million (31 March 2023: approximately HK\$0.9 million).

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

Cash deposits, account receivables and a life insurance policy of the Group of approximately HK\$0.9 million, HK\$17.4 million and HK\$22.3 million as at 31 March 2024 (31 March 2023: HK\$0.9 million, HK\$25.3 million and HK\$10.6 million) respectively, are charged to the bank to secure general banking facilities.

COMMITMENTS

As at 31 March 2024, the Group had no material commitment.

CAPITAL STRUCTURE

There has been no change in capital structure of the Company since 31 March 2024.

SIGNIFICANT INVESTMENTS

As at 31 March 2024, there was no significant investment held by the Group (31 March 2023: Nil).

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. As at 31 March 2024, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 45 employees (31 March 2023: 46 employees). The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and housing allowance to its employees in Hong Kong.

A remuneration committee was set up for, inter alia, reviewing the Group's remuneration policy and structure for all Directors and senior management of the Group.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank our management and staff for their continuous loyalty, dedication and contributions throughout the years. I would also like to express my sincere gratitude to our shareholders, Clients, business partners, banker, suppliers and subcontractors for their continuous support to the Group.

Aeso Holding Limited
Chan Siu Chung
Chairman

Hong Kong, 28 June 2024

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chan Siu Chung (陳少忠先生), aged 49, is the founder, the chairman of the Group. Mr. Chan has nearly 27 years of experience in the building and construction industry, especially in the field of fitting out and renovation (including alteration and addition) works. Mr. Chan obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997 and a master of science degree in construction project management from The University of Hong Kong in Hong Kong in 2006. He is primarily responsible for the overall strategic development, management of the Group, managing client relationship and business marketing. He is one of the founders of Aeso Limited, the operating subsidiary of the Company, and is currently its executive director and project director. He is also a director of Aeschylus Limited.

Mr. Cheung Hiu Tung (張曉東先生), aged 47, joined the Group in October 2008 and Mr. Cheung was appointed as the executive director of the Group on 1 November 2019. Mr. Cheung has over 23 years of experience in the building and construction industry. Mr. Cheung completed a 75-day Measurement Technician Training Course delivered by Construction Industry Training Authority in Hong Kong in November 1996. He obtained a certificate in quantity surveying and a higher certificate in quantity surveying from Hong Kong Institute of Vocational Education in Hong Kong in July 2000 and July 2002, respectively.

Mr. Zhang Haiwei (張海威先生), aged 40, joined the Group as the executive director on 24 May 2019. He obtained a Bachelor Degree of Engineering in automation from Guangdong University of Technology. Mr. Zhang has over 13 years of experience in business development and management and had held senior management positions in several enterprises. Prior to joining the Group, Mr. Zhang was a chief operating officer of a sizeable company in the PRC and he was mainly responsible for the company's building management and interior design projects involving application of automation technologies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chun Yue, David (楊振宇先生), aged 42, joined the Group as the independent non-executive director on 12 April 2019. He has over 19 years of experience in accounting and tax advisory. Mr. Yeung has been an executive director of Hatcher Group Limited (Stock Code: 8365) since July 2021. From September 2017 to July 2021, he had been the managing partner and director of D & Partners CPA Limited. From July 2004 to September 2017, he worked in Cheng & Cheng Limited, Certified Public Accountants with his last position as a director. Mr. Yeung has been an independent non-executive director of TL Natural Gas Holdings Limited (stock code: 8536) since 29 December 2021; Nexion Technologies Limited (stock code: 8420) since 10 September 2020; and SANVO Fine Chemicals Group Limited (stock code: 301) since 13 December 2019. Mr. Yeung graduated from City University of Hong Kong with a bachelor of business administration in accountancy in November 2004. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He is currently a committee member of the Panyu Committee of Chinese People's Political Consultative Conference.

Ms. Lai Wing Sze (黎穎絲女士), aged 35, joined the Group as the independent non-executive director on 24 May 2019. She obtained a bachelor degree of arts from the University of Derby. Ms. Lai has extensive working experience in Hong Kong and overseas. Prior to joining the Company, Ms. Lai had held various managerial and supervisory positions in certain multinational corporations.

Ms. Yu Wan Ki (余韻琪女士), aged 36, joined the Group as the independent non-executive director on 24 May 2019. She obtained a Bachelor Degree of Mass Communication in Journalism and Public Relations from Curtin University of Technology, Western Australia. Ms. Yu has more than 13 years of working experience in different industries including IT Consulting and international export. She is currently a managing director of a company engaging in IT consulting.

SENIOR MANAGEMENT

Ms. Cheng Nga Lai (鄭雅麗女士), aged 48, is the Senior Operating Manager of the Group. Ms. Cheng joined our Company in May 2008. She is primarily responsible for formulating and implementing internal and regulatory manuals and assisting our executive Directors and project managers in operation and contract management. Ms. Cheng has over 23 years of experience in the building and construction industry.

Ms. Cheng obtained a bachelor of science degree in construction economics and management from The Hong Kong Polytechnic University in Hong Kong in 1997.

COMPANY SECRETARY

Ms. Choi Mei Bik (蔡美碧女士), aged 42, has been appointed as the company secretary of the Company from 14 May 2019. Ms. Choi graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Company's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasis a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Company believes that its accountability and transparency will be improved thereby instilling confidence to the shareholders of the Company and the public. Throughout the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code ("CG Code") set out in Appendix 15 to the GEM Listing Rules except for the following deviations:

Provision C.2.1 of the CG Code

Under provision C.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Chan Siu Chung is the Chairman who provides leadership for the Board. Mr. Chan Siu Chung as the Chairman ensures that all directors are properly briefed on issued arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive directors of the Company collectively oversees the overall management of the Group in each of their specialized executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not appointed its Chief Executive Officer to avoid the duplication of duties.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS

Composition

The Board, which comprised six Directors as at the date of this corporate governance report, is collectively responsible for supervising the management of the business and affairs of the Company and the Group. Biographical details of the current Directors are set out in the section headed “Biographical details of Directors and Senior Management” of this annual report.

As at the date of this corporate governance report, the Board had three executive Directors, namely Mr. Chan Siu Chung (Chairman), Mr. Cheung Hiu Tung and Mr. Zhang Hai Wei and three independent non executive Directors, namely Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki.

The presence of three independent non-executive Directors is considered by the Board to be a reasonable balance between executive and non executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances for safeguarding the interests of the shareholders and the Company. The independent non executive Directors provide to the Company a wide range of expertise and experience so that independent judgement can be effectively exercised and the interests of all shareholders will be taken into account. They are also responsible for participating in Board meetings, dealing with potential conflicts of interest, serving on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, scrutinizing the Company and the Group’s performance and reporting. They provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

As at the date of this corporate governance report, at least one of the independent non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise.

Board Diversity

With the view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element. The Board has adopted a board diversity policy with effect from 10 January 2017 in compliance with Provision A.5.6 of the CG Code. All Board appointments have been and will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Nomination and selection of candidates for Board membership by the Nomination Committee have been and will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee is of the opinion that a balanced diversity of the Board has been achieved as at the date of this corporate governance report.

CORPORATE GOVERNANCE REPORT

Meetings of the Board and Directors' Attendance Records

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meetings. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting, and the final version is open for the Directors' inspection.

During the Reporting Period, Mr. Chan Siu Chung had held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of the attendance of the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meetings of the Company held during the Reporting Period are summarised as follows:

Name of Directors	Number of meetings attended/ eligible to attend for the Reporting Period				
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General Meeting
Executive Directors					
Chan Siu Chung	5/5	N/A	1/1	1/1	1/1
Cheung Hiu Tung	5/5	N/A	N/A	N/A	1/1
Zhang Hai Wei	5/5	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Yeung Chun Yue, David	5/5	4/4	1/1	1/1	1/1
Lai Wing Sze	5/5	4/4	1/1	1/1	0/1
Yu Wan Ki	5/5	4/4	N/A	N/A	0/1

CORPORATE GOVERNANCE REPORT

Shareholders' Meetings

The annual general meeting and other general meetings of the Company are the primary forum for communication between the Company and its shareholders and an opportunity for shareholders' participation. All shareholders are encouraged to attend the general meetings or to appoint proxy(ies) to attend and vote at such meetings on their behalf if they are unable to attend the meetings.

The Chairman

The Chairman, Mr. Chan Siu Chung, is responsible for the Company's and the Group's overall strategy and business development. The Chairman determines the broad strategic direction of the Group in consultation with other Directors and is responsible for the macro top level decisions with regard to the overall business directions of the Company and the Group.

The Company Secretary

The Company Secretary is Ms. Choi Mei Bik, a member of the Hong Kong Institute of certified Public Accountants. In accordance with Rule 5.15 of the GEM Listing Rules, the Company Secretary had taken no less than 15 hours of relevant professional training during the Reporting Period.

Directors' Induction and Continuous Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the Reporting Period are summarised as follows:

Name of Directors	Type of trainings
Chan Siu Chung	B
Cheung Hiu Tung	B
Zhang Hai Wei	B
Yeung Chun Yue, David	A & B
Lai Wing Sze	B
Yu Wan Ki	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

CORPORATE GOVERNANCE REPORT

Directors' Securities Transactions

The Company has adopted procedures governing Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Directors during the Reporting Period were Mr. Chan Siu Chung, Mr. Cheung Hiu Tung, Mr. Zhang Hai Wei, Mr. Yeung Chun Yue, David, Ms. Lai Wing Sze and Ms. Yu Wan Ki. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standards of dealings set out in the GEM Listing Rules during the Reporting Period.

Remuneration Committee

The Remuneration Committee was established during the year ended 31 March 2017. The chairman of the committee is Ms. Lai Wing Sze, an independent non-executive Director. Other members of this committee include Mr. Chan Siu Chung, being an executive Director and Mr. Yeung Chun Yue, David, being an independent non-executive Director.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, making recommendation to the Board on remuneration packages of the Directors and senior management of the Group, as well as reviewing and making recommendation on the Company's share option scheme, bonus structure, provident fund and other compensation related issues. This committee consults with the Chairman on its proposals and recommendations and has access to independent professional advice if necessary. The Remuneration Committee is also provided with other resources enabling it to discharge its duties.

The specific terms of reference of the Remuneration Committee are posted on websites of the Company and of the Stock Exchange. The Remuneration Committee meets at least once a year.

During the Reporting Period, one Remuneration Committee meeting was held with all the members attended.

Nomination Committee

The Nomination Committee was established in 2017. The chairman of the committee is Mr. Chan Siu Chung, the Chairman and an executive Director. Other members of this committee include Mr. Yeung Chun Yue, David and Ms. Lai Wing Sze, all being independent non-executive Directors.

The duties of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company and the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals to be nominated for directorship, assessing the independence of the independent non executive Directors and making recommendations to the Board on the appointment or re appointment of Directors and succession planning for the Directors, in particular the Chairman.

Shareholders may also propose a person for election as Director at the general meetings of the Company pursuant to the articles of association of the Company ("Articles"). The procedures for shareholders to nominate directors are posted on the website of the Company.

The specific terms of reference of the Nomination Committee are posted on the websites of the Company and of the Stock Exchange.

During the Reporting Period, one Nomination Committee meeting was held with all the members attended.

CORPORATE GOVERNANCE REPORT

Term of Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, thereafter continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors has been appointed for a term of three years unless terminated by one month's notice in writing.

Pursuant to Article 109 of the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Zhang Hai Wei and Mr. Yeung Chun Yue, David will retire from office as Directors at the forthcoming annual general meeting of the Company, and being eligible, offer themselves for re-election.

Audit and Risk Management Committee and Accountability

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the performance and prospects of the Company and the Group. The Board is also responsible for preparing the accounts of the Company, which shall give a true and fair view of the financial position of the Group on a going concern basis, and other inside information announcements and other financial disclosures. The management of the Group provides all relevant information and records to the Board enabling it to conduct the above assessment and to prepare the accounts and other financial disclosures.

During the Year, the Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance.

The Audit and Risk Management Committee, established in 2017, is chaired by Mr. Yeung Chun Yue, David, an independent non-executive Director and the other members include Ms. Lai Wing Sze and Ms. Yu Wan Ki, all being independent non-executive Directors of the Company.

No existing member of the Audit and Risk Management Committee is a former partner of the existing auditing firm of the Company.

The Audit and Risk Management Committee's primary duties include ensuring that the Company's financial statements, annual, interim and quarterly reports and the auditor's report present a true and balanced assessment of the Company's and the Group's financial position; reviewing the Company's and the Group's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices. Other duties of the Audit and Risk Management Committee are set out in its specific terms of reference which are posted on the websites of the Company and of the Stock Exchange. The Audit and Risk Management Committee is provided with sufficient resources enabling it to discharge its duties.

The Audit and Risk Management Committee reviewed the Group's accounting principles, practices and compliance and financial report matters including the review of the audited financial statements for the Reporting Period.

During the Reporting Period, four Audit and Risk Management Committee meetings were held with all the members attended.

CORPORATE GOVERNANCE REPORT

Directors' responsibility in preparing consolidated financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable standards.

The statement of the auditors of the Company in relation to their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 31 to 38 of this annual report.

Without qualifying their opinion, the external auditor has included in the independent auditor's report a paragraph in relation to the Group's ability to continue as a going concern. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance Function

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as determining, developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Auditors' Remuneration

McMillan Woods (Hong Kong) CPA Limited ("McMillan") is the current external auditors of the Company, the aggregate remuneration in respect of audit services was approximately HK\$420,000 during the Reporting Period.

Delegation by the Board

The Board is responsible for making decisions in relation to the overall strategic development of the Group's business. All Directors have formal service contracts or letters of appointment setting out key terms and conditions regarding their appointments. Due to the diversity and volume of the Group's business, responsibility in relation to the daily operations and execution of the strategic business plans are delegated to management of the Group.

All Board committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee, have specific terms of reference clearly defining the authorities and responsibilities of the respective committees. All Board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board review, on a yearly basis, all delegations by the Board to different Board committees to ensure that such delegations are appropriate and continue to be beneficial to the Company and its shareholders as a whole.

CORPORATE GOVERNANCE REPORT

Shareholder Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The annual general meeting of the Company provides a useful forum for shareholders of the Company to exchange views with the Board. All the Directors make an effort to attend the Company's general meetings so that they may answer any questions from the shareholders.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The relevant circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures and other relevant information.

The Company also communicates with its shareholders through its annual, interim and quarterly reports and by means of announcement and circular if and when necessary. The Directors, the Company Secretary or other appropriate members of the senior management also respond promptly to inquiries from shareholders and potential investors of the Company.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene general meetings

Subject to the Articles of the Company, the GEM Listing Rules and the applicable laws and regulations, shareholders of the Company may convene general meetings of the Company in accordance with the following procedures:

1. Shareholders holding not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company as at the date of deposit of the requisition ("Requisitionists") may require the Board to convene a general meeting of the Company by depositing written requisitions at the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong specifying the business to be transacted in such meeting and signed by the Requisitionists. Such meeting shall be held within two months after the deposit of such requisition.
2. If within 21 days of such deposit, the Board fails to proceed to convene the meeting, the Requisitionist(s) 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.

Procedures for sending enquiries to the Board

The Company established a shareholders' communication policy which had been uploaded to the Company's website (<http://www.aeso.hk>) and details could be found in the policy.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company Secretary by post to the principal office of the Company in Hong Kong at 18th Floor, The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

CORPORATE GOVERNANCE REPORT

Investor relations

The Company is committed to a policy of open and timely disclosure of corporate information to shareholders and potential investors. The Company updates shareholders on its latest business developments and financial performance through its annual report, interim report and quarterly report (if any), notices, announcements and circulars. The Company's website (www.aeso.hk) provides a communication platform to the public and the shareholders.

To strengthen its relationship with investors, the Company regularly meets with analysts and holds interviews with reporters and columnists of the press and other economic journals.

Constitutional documents

During the year ended 31 March 2024, the Memorandum of Association and the Articles of Association (the "Memorandum and Articles of Association") were amended (the "Amendment") in order to bring the Memorandum and Articles of Association in line with the GEM Listing Rules and the applicable laws of the Cayman Islands, and to incorporate certain minor housekeeping amendments. The special resolution in relation to the Amendment was passed on 28 September 2023. For further information, please refer to the announcement of the Company dated 25 August 2023 and the circular of the Company dated 28 August 2023. An up-to-date version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

Dividend Policy

The Company has adopted a dividend policy as at the date of this annual report (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

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

The payment of dividend by the Company is also subject to any restrictions under the Cayman Island laws and the Company's articles of association.

CORPORATE GOVERNANCE REPORT

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has appointed an independent internal control review advisor (“Internal Control Advisor”) to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews for the Report Period; and
- independently perform internal control review and assess effectiveness of the Group’s risk management and internal control systems for the Report Period.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by the Internal Control Advisor to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of the Internal Control Advisor as well as the comments of the Audit and Risk Management Committee, the Board considered that the internal control and risk management systems of the Group are effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee which oversees risk management and internal audit functions.

Principal Risks

During the Reporting Period, the following principal risks of the Group were identified and classified into strategic risks, operational risks and compliance risks.

CORPORATE GOVERNANCE REPORT

Risk Areas	Principal Risks
Strategic Risks	<p>Entry barriers are low to new competitors – Competition has intensified in the fitting out and renovation industry in Hong Kong. New participants could enter the industry if they have the appropriate skills, local experience, necessary machinery and capital and/or are granted the requisite licenses by the relevant regulatory bodies. The Group faces competition from other contractors or new comers in the submission of tender for construction contracts who are able to offer services of higher quality at lower prices. Increased competition may lead to lower profit margins and loss of market share, and adversely impact the Group’s profitability and operating results.</p>
Operational Risks	<p>Quality of outsourcing services may not meet the Group’s requirement. The Group generally engages subcontractors to perform most of the site works and is responsible for the work performed by the subcontractors. If the works performed by the subcontractors do not meet the requirements of the project, the Group’s operations and financial position may also be adversely affected.</p> <p>There is a risk of subcontracting workers’ safety.</p>
Compliance Risks	<p>As a contracting service provider, in order to perform business operation, the Group have to procure the subcontractors to, comply with a number of construction, safety, building and environmental protection laws, regulations and requirements in Hong Kong. In the event that the subcontractors fail to meet the applicable construction, safety, environmental protection laws, regulations and requirements, the Group or the subcontractors may be subject to fines or required to make remedial measures which may in turn have an adverse effect on the operations and financial condition of the Group.</p>

Our Risk Control Mechanism

The risk management activities of the Group are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group’s systems of internal controls and risk management annually and further enhance the Group’s internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2024 ("Reporting Period"). All cross-references mentioned in this directors' report form part of this directors' report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are engaging in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 39 of this annual report.

The Board does not recommend the payment of a dividend for the Reporting Period (2023: Nil).

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement & Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing the Group and the likely future development of the Group can be found in the "Chairman's Statement & Management Discussion and Analysis" section and the "Corporate Governance Report" of this annual report.

Relationships with Employees, Suppliers and subcontractors and Customers

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate its employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's have established good and long-term relationships with major suppliers and subcontractors. Those suppliers from which we source our raw materials are mostly renowned in the industry. Our subcontractors are reliable industrial players which possess extensive experience in their respective fields. During the Reporting Period, there was no material and significant dispute between the Group and its suppliers/subcontractors.

The Group has been providing contracting services for newly built and existing commercial premises and residential developments in Hong Kong since our incorporation in 2008. For Fitting-out Projects, our clients mainly include property developers and main-contractors which were instructed by property developers to appoint us as the nominated subcontractor. For Renovation Projects, our clients mainly include property developers, landlords, government authority and renowned international and local retail brands. The Group is of the view that through our quality services and close contact with our clients, we would be able to maintain close relationship with our clients with a better understanding of their needs and preferences which allow the Group to provide tailor-made and value-added contracting services to them, and to continuously gain from the stable source of revenue.

DIRECTORS' REPORT

Environmental Policy and Performance

The Group has taken measures on air pollution control, noise pollution control and waste disposal control in its daily operation. The Directors are not aware of any material non-compliance with the environmental laws and regulations during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group endeavors to monitor and minimize impact to the environment. For the purpose of disclosing the information in relation to environmental, social and governance ("ESG") in accordance with the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules, an ESG report of the Company will be published at the same time as the publication of the annual report of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 18 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at the end of the Reporting Period were as follows:

	31 March 2024 HK\$'000	31 March 2023 HK\$'000
Share premium	39,615	39,615
Accumulated losses	(98,749)	(98,683)
	(59,134)	(59,068)

DIRECTORS

The Board comprises the following Directors during the Reporting Period and up to the date of this directors' report:

Executive Directors

Mr. Chan Siu Chung (*Chairman*)
Mr. Zhang Hai Wei
Mr. Cheung Hiu Tung

Independent non-executive Directors

Mr. Yeung Chun Yue, David
Ms. Lai Wing Sze
Ms. Yu Wan Ki

DIRECTORS' REPORT

The Company has received from Mr. Yeung Chun Yue David, Ms. Lai Wing Sze and Ms. Yu Wan Ki an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that they as independent.

Notwithstanding any other provisions in the Articles, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years. All the such service contracts are continuous until terminated by either party giving to the other not less than three months' notice in writing, or by payment of three months' salary in lieu of such notice.

Each of the independent non-executive Directors is appointed for a term of three years unless terminated by one month's notice in writing. All Directors are subject to the provisions of retirement and rotation of directors under the Articles.

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

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the fulltime employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 March 2024.

NON-COMPETITION DEED BY CONTROLLING SHAREHOLDERS

A deed of non-competition in respect of Mr. Chan Siu Chung and Acropolis Limited was entered into on 23 December 2016 (the "Non-competition Deed"). The Company had received annual declaration from Mr. Chan Siu Chung and Acropolis Limited on the compliance with the terms of the Non-competition Deed. The independent non-executive Directors have reviewed the compliance with the Non-competition Deed and are satisfied that Mr. Chan Siu Chung and Acropolis Limited have complied with the terms of the Non-competition Deed for the year ended 31 March 2024.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests of the Directors of the Company in shares, underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) 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 required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary Shares held	Approximate percentage of the issued share capital of the Company as at 31 March 2024
Chan Siu Chung	Beneficial owner	11,800,000	14.75%
Zhang Hai Wei – share options	Beneficial owner	800,000	1.00%
Cheung Hiu Tung – share options	Beneficial owner	800,000	1.00%

Mr. Chan held 10,600,000 Shares through Acropolis Limited in which Mr. Chan is the sole Director and shareholder. Also, Mr. Chan held 1,200,000 share options of the Company directly.

Save as disclosed above, none of the Directors of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or its associated corporation as at 31 March 2024.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Directors (including their spouses and children under the age of 18) had any interest in or was granted any right to subscribe for the shares in, or debentures of, the Company or its associated corporations, or had exercised any such right.

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

As at 31 March 2024, so far as are known to any Directors of the Company, no person (other than the Directors or chief executive of the Company) had interests in the shares or underlying shares of the Company accounting to a substantial shareholder as recorded in the register required to be kept pursuant to section 336 of the SFO.

DIRECTORS' REPORT

TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

No connected transaction (including continuing connected transaction) which would be subject to reporting and annual review requirements under Chapter 20 of the GEM Listing Rules was entered into by the Group during the Reporting Period or subsisted as at the end of the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 93.9% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 36.4% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 49.0% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 25.9% of the Group's total purchases.

SHARE OPTION SCHEME

A share option scheme of the Company (the "Share Option Scheme") was adopted in Company's annual general meeting on 30 September 2019.

Details of the Share Option Scheme are as follows:

Purposes

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

Eligible participants

The eligible participants include any employee, any Directors, any suppliers, any customers, any person or entity that provides research, development or other technological support, any Shareholder, any adviser or consultant of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group.

Total number of Shares available for issue

The total number of Shares available for issue under the Share Option Scheme should be 10,000,000 Shares, representing approximately 12.5% of the Company's issued share capital as at the date of the 2024 Annual Report.

Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue for the time being (the "Individual Limit"). Any further grant of options to a participant in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in the general meeting of the Company with such participant and his/her associates abstaining from voting.

Any grant of Options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of its respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the Options).

Where any grant of options to a substantial Shareholder or an independent non-executive Director (the "INED") or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Shareholders.

Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on 30 September 2019, being the date of adoption of the Share Option Scheme, to 29 September 2029.

Time of acceptance of the offer

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

Minimum period for which an option must be held before it can be exercised

There is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee.

Consideration for the option

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Subscription price for Shares

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Director, but shall not be less than the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of the grant; and (c) the nominal value of a Share.

DIRECTORS' REPORT

Transfer or assignment

An option is personal to the grantee and shall not be transferable or assignable.

Termination of the Share Option Scheme

The Company may by resolution in the general meeting at any time terminate the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

For the share options outstanding as at 1 April 2023 and 31 March 2024, all of the options were vested immediately at the date of grant.

Details of the options outstanding for the year ended 31 March 2024 are as follows:

Grantees	Date of grant	Exercise period	No. of shares comprised in options				Outstanding as at 31 March 2024	Exercise price per share	Percentage of weighted average number of share in issue
			Outstanding as at 1 April 2023	Granted	Exercised	Lapsed			
Executive directors									
Chan Siu Chung	12 July 2021	12 July 2021 to 11 July 2024	400,000	-	-	-	400,000	US\$0.1	0.50%
	15 August 2022	15 August 2022 to 14 August 2025	800,000	-	-	-	800,000	HK\$0.447	1.00%
Cheung Hiu Tung	15 August 2022	15 August 2022 to 14 August 2025	800,000	-	-	-	800,000	HK\$0.447	1.00%
Zhang Hai Wei	12 July 2021	12 July 2021 to 11 July 2024	800,000	-	-	-	800,000	US\$0.1	1.00%
Other employees									
	12 July 2021	12 July 2021 to 11 July 2024	800,000	-	-	-	800,000	US\$0.1	1.00%
	15 August 2022	15 August 2022 to 14 August 2025	6,400,000	-	-	-	6,400,000	HK\$0.447	8.00%
Total			10,000,000	-	-	-	10,000,000		12.50%

As at 31 March 2023, 31 March 2024 and the date of 2024 annual report, the total number of share available for issue (including the outstanding options already granted) under the Share Option Scheme were 12,270,965 which represented approximately 15.3% of the share in issue as at the date of 2024 Annual Report. As at the date of the 2024 Annual Report, the remaining life of the Share Option Scheme is approximately 5 years and 3 months.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of Cayman which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is determined by the remuneration committee of the Board ("Remuneration Committee") on the basis of merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are recommended by the Remuneration Committee and approved by the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to Provision B.1.5 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules, the remuneration of the senior management of the Company for the Reporting Period by band is as follows:

	Number of individuals
Nil to HK\$1,000,000	3
HK\$1,000,000 to HK\$1,500,000	Nil

Further particulars in relation to Directors' remuneration and the five individuals with highest emoluments are set out in note 14 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float throughout the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

During the Reporting Period and up to the date of this annual report, permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of the Directors.

INDEPENDENT AUDITOR

The financial statements for the years ended 31 March 2024, 2023 and 2022 were audited by McMillan Woods (Hong Kong) CPA Limited. McMillan Woods (Hong Kong) CPA Limited will retire at the conclusion of the forthcoming annual general meeting and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

EVENTS AFTER THE REPORTING PERIOD

There is no material event occurred in relation to the Group after the Reporting Period.

On behalf of the Board

Chan Siu Chung

Chairman

Hong Kong, 28 June 2024

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF AESO HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Aeso Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 39 to 103, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

- Allowances for expected credit losses (“ECL”) of accounts receivable and contract assets; and
- Revenue recognition for construction works

Key audit matter

How our audit addressed the key audit matter

Allowance for ECL assessment of accounts receivable and contract assets

Refer to the material accounting policy information in note 4(t), critical judgements and key estimation in note 5 and relevant disclosures in notes 7, 20 and 24 to the consolidated financial statements

As at 31 March 2024, the Group had gross accounts receivable and contract assets of approximately HK\$44,617,000 and HK\$93,915,000 respectively, and allowance for ECL of approximately HK\$4,833,000 and HK\$3,373,000 were provided against the gross amounts of accounts receivable and contract assets, respectively that were material to the consolidated financial statements.

In general, the credit terms granted by the Group to the customers ranged between 0 to 30 days on trade customers of contract works. Management performed periodic assessment on the recoverability of the accounts receivable and contract assets and the sufficiency of allowance for ECL based on information including credit profile of different customers, ageing of the accounts receivable, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the allowance for ECL assessment.

Our audit procedures to assess allowance for ECL of accounts receivable and contract assets included the following:

- Obtaining an understanding, evaluating and validating the key controls over the impairment assessment on accounts receivable and contract assets, including but not limited to the management's assessment on the creditworthiness of the counterparties;
- Checking on a sample basis, the ageing profile of the accounts receivable as at 31 March 2024 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material accounts receivable past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding ongoing business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers;

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Allowance for ECL assessment of accounts receivable and contract assets (continued)

Refer to the material accounting policy information in note 4(t), critical judgements and key estimation in note 5, relevant disclosures in notes 7, 20 and 24 to the consolidated financial statements (continued)

We focused on this area due to the significant balances of accounts receivable and contract assets, and the allowance for ECL assessment of accounts receivable and contract assets under the ECL model involved the use of significant management judgements.

How our audit addressed the key audit matter

Our audit procedures to assess allowance for ECL of the accounts receivable and contract assets included the following: (continued)

- Recalculating the amounts of the ECL on accounts receivable and contract assets and assessing the appropriateness and adequacy of the ECLs as 31 March 2024;
- With the assistance of auditor's expert, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the default data, evaluating whether the loss rates are appropriately adjusted based on current economic conditions and forward-looking information and assessing whether there was an indication of management bias when recognising loss allowances; and
- Reviewing the appropriateness of the disclosures made in the consolidated financial statements relating to the Group's credit risk exposure.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Revenue recognition for construction contract

Refer to the material accounting information in note 4(l), critical judgements and key estimation in note 5 and relevant disclosures in note 9 to the consolidated financial statements

For the year ended 31 March 2024, the Group's revenue recognised from contract works performed amounted to approximately HK\$239,688,000 that were material to the consolidated financial statements.

The Group is involved in construction projects for which it applies the input method to measure the Group's progress towards complete satisfaction of a performance obligation and recognises revenue over time in accordance with HKFRS 15 – Revenue for contract with customers.

The revenue and profit recognised in a year on these projects is dependent, amongst others, on the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).

The uncertainty and subjectivity involved in determining the cost to complete and foreseeable losses may have a significant impact on the revenue and profit of the Group.

We focused on this area due to the significance of the revenue to the consolidated financial statements and the significant estimates and judgements involved in the estimation.

How our audit addressed the key audit matter

Our audit procedures in relation to revenue recognition from construction projects included the following:

- Obtaining an understanding, evaluating and validating key controls relating to revenue recognition and budget estimation for construction contracts.
- Assessing the Group's revenue recognition practice to determine that they are in compliance with HKFRS 15 – Revenue from contracts with customers, including the assessment of the Group's efforts or inputs to the construction projects (i.e. contract cost incurred for work performed) relative to the total expected inputs to the construction projects (i.e. estimated total budgeted contract cost committed for the projects).
- For selected projects, our audit procedures included the following:
 - i. agreeing projects contract sum to signed contracts and variation orders, if any;
 - ii. obtaining construction contract from management and reviewing for any specific or special performance obligations and conditions during the financial period;
 - iii. assessing the reasonableness of cost incurred against our understanding of the projects;
 - iv. examining the actual cost incurred during the year to details of supplier invoices and subcontractors to check the validity and accuracy of the costs;
 - v. performing cut-off test to verify contract costs were taken up in the appropriate financial year;

INDEPENDENT AUDITOR'S REPORT

Key audit matter

How our audit addressed the key audit matter

Revenue recognition for construction contract

(continued)

Refer to the material accounting information in note 4(l), critical judgements and key estimation in note 5 and relevant disclosures in note 9 to the consolidated financial statements (continued)

Our audit procedures in relation to revenue recognition from construction projects included the following: (continued)

- vi. assessing the estimated cost to complete by substantiating costs that have been committed to quotations and contracts entered;
 - vii. performing retrospective review by comparing the total actual contract costs incurred at completion against the total budgeted contract costs of previous year to assess the reasonableness of the estimates used by the management;
 - viii. recalculating the percentage of the progress of projects in progress based on input method to test the accuracy of the percentage of the progress to determine the revenue;
 - ix. obtaining certificate of completion for projects completed during the year and verifying that the remaining revenue has been captured;
 - x. comparing total contract revenue to actual cost incurred plus estimated cost to complete, and assessing for foreseeable losses; and
 - xi. examining the project documentation (including contracts effective during the financial period, terms and conditions) and discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, overruns which may result in liquidated damages.
- Reviewing the appropriateness and adequacy of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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.

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee 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, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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.

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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.

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Lo Ka Ki

Audit Engagement Director

Practising Certificate Number P06633

24/F, Siu On Centre,
188 Lockhart Road,
Wan Chai,
Hong Kong, 28 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	9	239,688	262,616
Cost of services		(202,189)	(226,671)
Gross profit		37,499	35,945
Other income	10	16	1,253
Other gains/(losses), net	11	823	2,092
Change in fair value of financial assets at fair value through profit or loss		(27)	332
(Allowance)/reversal of allowance for expected credit losses, net		(448)	134
Administrative expenses		(26,786)	(29,565)
Profit from operations		11,077	10,191
Finance costs	12	(2,967)	(1,930)
Profit before tax	13	8,110	8,261
Income tax	16	–	–
Profit and total comprehensive income for the year		8,110	8,261
Earnings per share	17		
Basic (HK cents)		10.14	10.33
Diluted (HK cents)		10.14	10.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	18	467	619
Right-of-use assets	19	2,837	5,133
		3,304	5,752
Current assets			
Accounts and other receivables	20	41,183	30,507
Contract assets	24	90,542	60,953
Financial assets at fair value through profit or loss	22	22,345	10,662
Pledged bank deposits	21	911	904
Bank and cash balances	21	14,667	11,249
		169,648	114,275
Current liabilities			
Accounts and other payables	23	55,112	35,367
Contract liabilities	24	13,749	6,952
Bank borrowings	25	55,356	34,780
Lease liabilities	26	2,357	2,304
		126,574	79,403
Net current assets		43,074	34,872
Total assets less current liabilities		46,378	40,624

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities	26	540	2,896
Net assets		45,838	37,728
Capital and reserves			
Share capital	27	6,240	6,240
Reserves		39,598	31,488
Total equity		45,838	37,728

The consolidated financial statements were approved and authorised for issued by the board of directors on 28 June 2024 and are signed on its behalf by:

Chan Siu Chung
Executive Director

Cheung Hiu Tung
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company						Total
	Share capital	Share premium	Distributable reserve	Share option reserve	Other reserve	Accumulated losses	
	HK\$'000	HK\$'000 <i>(Note (i))</i>	HK\$'000 <i>(Note (iv))</i>	HK\$'000 <i>(Note (iii))</i>	HK\$'000 <i>(Note (iii))</i>	HK\$'000	
At 1 April 2022	62,400	39,615	–	3,595	1,000	(78,502)	28,108
Profit and total comprehensive income for the year	–	–	–	–	–	8,261	8,261
Share option lapsed <i>(note 28)</i>	–	–	–	(3,075)	–	3,075	–
Share option granted <i>(note 28)</i>	–	–	–	1,359	–	–	1,359
Capital reduction <i>(note 27)</i>	(56,160)	–	56,160	–	–	–	–
At 31 March 2023 and 1 April 2023	6,240	39,615	56,160	1,879	1,000	(67,166)	37,728
Profit and total comprehensive income for the year	–	–	–	–	–	8,110	8,110
At 31 March 2024	6,240	39,615	56,160	1,879	1,000	(59,056)	45,838

Note:

- (i) The share premium account records the excess of the total consideration over the par value of the shares issued by the Company, net of share issue expenses incurred.
- (ii) The share option reserve represents the fair value of the actual or estimated number of the exercised share option granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payment transactions in note 4 to the consolidated financial statements.
- (iii) Other reserve represents the difference between the nominal value of the share capital issued by the Company and the consideration received pursuant to the group reorganisation.
- (iv) The amount arising from capital reduction of approximately US\$7,200,000 (equivalent to approximately HK\$56,160,000) was transferred to a distributable reserve account of the Company which may be utilised in accordance with the memorandum and articles of association of the Company and all applicable laws, including without limitations, eliminating or setting off any accumulated losses of the Company from time to time.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,110	8,261
Adjustments for:		
Depreciation of property, plant and equipment	161	96
Depreciation of right-of-use assets	2,296	2,254
Finance costs	2,967	1,930
Interest income	(16)	(5)
(Gain)/loss on disposal of property, plant and equipment	(100)	32
Equity-settled share-based payments	–	1,359
Change in fair value of financial assets at fair value through profit or loss	27	(332)
Allowance/(reversal of allowance) for expected credit losses recognised on accounts receivable	128	(76)
Allowance/(reversal of allowance) for expected credit losses recognised on contract assets	320	(58)
Payables written back	(723)	(2,124)
Operating profit before working capital changes	13,170	11,337
Increase in contract assets	(29,909)	(7,638)
(Increase)/decrease in accounts and other receivables	(10,804)	5,588
Increase/(decrease) in contract liabilities	6,797	(5,721)
Increase/(decrease) in accounts and other payables	20,468	(2,206)
Net cash (used in)/generated from operating activities	(278)	1,360
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9)	(490)
Proceeds from disposals of property, plant and equipment	100	15
Purchase of financial assets at fair value through profit or loss	(11,710)	–
Increase in pledged bank deposits	(7)	(1)
Interest received from banks	16	5
Net cash used in investing activities	(11,610)	(471)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		(115,923)	(227,765)
Bank borrowings raised		136,499	234,547
Interest paid		(2,867)	(1,784)
Principal elements of lease payments		(2,303)	(2,248)
Interest element for lease liabilities		(100)	(146)
Net cash from financing activities		15,306	2,604
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		3,418	3,493
CASH AND CASH EQUIVALENTS AT 1 APRIL			
		11,249	7,756
CASH AND CASH EQUIVALENTS AT 31 MARCH			
		14,667	11,249
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	<i>21</i>	14,667	11,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1 CORPORATE INFORMATION

Aeso Holding Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 December 2015. Its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate and immediate parent is Acropolis Limited, a Company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Chan Siu Chung. The address of its registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The principal place of business of the Company is 18/F., The Pemberton, 22-26 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in the premise enhancement solution service in Hong Kong by providing contracting service for (i) the internal fitting-out of newly built commercial premises and residential developments, and (ii) the renovation work as well as alteration and addition work for existing commercial premises.

The consolidated financial statements is presented in Hong Kong Dollar (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries and all value are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

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 disclosures provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policies adopted by the Group are disclosed below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Application of new and amendments to HKFRSs

The Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

<i>HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)</i>	<i>Insurance Contracts</i>
<i>Amendments to HKAS 8</i>	<i>Definition of Accounting Estimates</i>
<i>Amendments to HKAS 12</i>	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
<i>Amendments to HKAS 12</i>	<i>International Tax Reform – Pillar Two Model Rules</i>
<i>Amendments to HKAS 1 and HKFRS Practice Statement 2</i>	<i>Disclosure of Accounting Policies</i>

The application of the new and amendments to HKFRSs in the current year had no material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) Application of new and amendments to HKFRSs (continued)

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of Hong Kong Special Administrative Region (the “**Hong Kong Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

Applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Amendment Ordinance has no material impact on the Group’s LSP liability and staff cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not applied any amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2023. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
<i>Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current</i>	<i>1 January 2024</i>
<i>Amendments to HKAS 1 – Non-current Liabilities with Covenants</i>	<i>1 January 2024</i>
<i>Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback</i>	<i>1 January 2024</i>
<i>Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>	<i>1 January 2024</i>
<i>Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements</i>	<i>1 January 2024</i>
<i>Amendments to HKAS 21 – Lack of Exchangeability</i>	<i>1 January 2025</i>
<i>Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<i>To be determined by the HKICPA</i>

The directors of the Company anticipate that the application of the above amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

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

(a) Consolidation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (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, if any. 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.

(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 are presented in Hong Kong dollars, 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 company 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Foreign currency translation (continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

(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.

Depreciation of property, plant and equipment is calculated over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture and fixtures	33 $\frac{1}{3}$ %
Motor vehicles	20%
Computer equipment	20%
Other office equipment	20%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Leases

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

The Group as a lessee

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

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

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

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group entities, which does not have recent third-party financing.

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 are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (“ECL”) in accordance with the policy set out in note 4(t) 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 recognizes 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.

(g) 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) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Financial assets

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

Debt investments

Debt investments held by the Group are classified into amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

Equity investments

An investment in equity securities is classified as fair value through profit or loss ("FVTPL"). Changes in fair value are recognised in profit or loss.

(i) Accounts and other receivables

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

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Financial liabilities and equity instruments

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

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

(ii) Accounts and other payables

Accounts 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.

(iii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Revenue recognition

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 recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group satisfies the relevant performance obligations over time and the revenue is recognised during the contract period based on the performance progress. This progress is determined by input method, which recognises revenue based in the Group’s efforts or inputs to satisfy a performance obligation relative to the total expected inputs for that performance obligation. This method best depicts the Group’s performance in transferring control of goods or services. If the Group is not able to reasonably measure its performance progress, it recognises revenue only to the extent of the recoverable amount of costs incurred until it can reasonably measure the performance progress.

(m) Interest income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) 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.

(o) Share-based payments

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

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

(q) Government grants

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

Government grants 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. Such grants are presented under "other income".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) 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 temporary 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 generally recognised for all deductible temporary differences 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 and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Impairment of non-financial assets

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

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

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

(t) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for expected credit losses on accounts and other receivables, contract assets, pledged bank deposits and bank and cash balances. 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 accounts receivable and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Lifetime ECL represents the expected credit losses 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Impairment of financial assets and contracts assets (continued)

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Impairment of financial assets and contracts assets (continued)

Significant increase in credit risk (continued)

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

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

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

Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Impairment of financial assets and contracts assets (continued)

Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of ECL

The measurement of expected credit losses 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 expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Impairment of financial assets and contracts assets (continued)

Measurement and recognition of ECL (continued)

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.

(u) 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. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

(v) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5 KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Revenue recognition of construction works

The Group recognises contract revenue and profit of a construction contract according to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs. Estimated contract costs, which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

During the year ended 31 March 2024, revenue from contract with customers of approximately HK\$239,688,000 (2023: HK\$262,616,000) was recognised over time under input method.

(b) Provision of ECL for accounts receivable and contract assets

The Group uses provision matrix to calculate ECL for the accounts receivable and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and contract assets with significant balances and credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

As at 31 March 2024, the net carrying amount of accounts receivable and contract assets were approximately HK\$39,784,000 (net of allowance for ECL of HK\$4,833,000) and HK\$90,542,000 (net of allowance for ECL of HK\$3,373,000) respectively (2023: HK\$29,248,000 (net of allowance for ECL of HK\$4,705,000) and HK\$60,953,000 (net of allowance for ECL of HK\$3,053,000) respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

Right-of-use assets and property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 March 2024, the carrying amounts of right-of-use assets and property, plant and equipment approximately HK\$2,837,000 (2023: HK\$5,133,000) and HK\$467,000 (2023: HK\$619,000) respectively. No impairment losses were recognised during the years ended 31 March 2024 and 2023. Details of the right-of-use assets and property, plant and equipment are disclosed in notes 19 and 18 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure.

The Group's overall strategy remain unchanged from prior years.

The capital structure of the Group consists of net debts, which include bank borrowings in note 25 and lease liabilities in note 26, net of cash and cash equivalents and equity, comprising paid in capital and reserves.

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

The gearing ratio at the end of the reporting period was as follows:

	2024 HK\$'000	2023 HK\$'000
Total debt (<i>Note</i>)	58,253	39,980
Less: Pledged bank deposits	(911)	(904)
Bank and cash balances	(14,667)	(11,249)
Net debt	42,675	27,827
Total equity	45,838	37,728
Gearing ratio	93.1%	73.8%

Note: Total debt includes bank borrowings and lease liabilities.

7 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include accounts and other receivables, financial assets at fair value through profit or loss, pledged bank deposits, bank and cash balances, accounts and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are foreign currency risk, interest rate risk, credit risk and liquidity risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk, except for United States Dollar (“**US\$**”) denominated financial assets at fair value through profit or loss. Other than that, most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group’s entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 March 2024 and 2023, no sensitivity analysis in change in exchange rate of HK\$ against US\$ is presented, as reasonably possible change in exchange rate would have no significant impact on the Group’s profit or loss.

(b) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits and lease liabilities bear at fixed interest rates in notes 21 and 26 respectively. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances in note 21 and variable-rate bank borrowings in note 25. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group’s bank borrowings. The Group aims at keeping borrowings at variable rates. The Group manage its interest rate exposure by assessing the potential impact arising from any interest rate movements bases on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis of interest rate risk on bank balances is presented as the directors consider the exposure of interest rate risk on bank balances and pledged bank deposits is insignificant.

For sensitivity analysis on interest rates risk for variable-rate advances drawn on accounts receivable factored with recourse and bank borrowings, the analysis is prepared assuming that the amount of variable-rate financial liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represent the management’s assessment of the reasonable possible change in interest rates of variable-rate financial liabilities as disclosed above. If interest rates on variable-rate financial liabilities as disclosed above had been 50 basis points higher/lower and all other variables were held constant, the Group’s profit for the year ended 31 March 2024 would decrease/increase by approximately HK\$203,000 (2023: HK\$143,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

The Group's credit risk is primarily attributable to its accounts receivable, contract assets, other receivables and deposits, pledged bank deposits and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies simplified approach to provide for ECL for all accounts receivable and contract assets. To measure the ECL, accounts receivable and contract assets have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and ECL.

In order to minimise the credit risk, the directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors have reviewed the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

The Group does not provide any guarantees which would expose the Group to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The Group is exposed to concentration of credit risk as at 31 March 2024 on accounts receivable and retention receivables as included in contract assets from the Group's five major customers amounting to approximately HK\$55,450,000 (2023: HK\$46,586,000) and accounted for 92% (2023: 92%) of the Group's total accounts receivable and retention receivables as included in contract assets. The major customers of the Group are reputable organisations. The directors closely monitor the subsequent settlement of the customers. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group's credit risk arising from financial assets at fair value through profit or loss, pledged bank deposits and bank balances is limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for pledged bank deposits and bank balance by reference to information relating to probability of default and loss given default of respective credit rating grades published by external credit rating agencies. Based on the average loss rate, the 12m ECL on pledged bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Accounts receivable

The following table provides information about the exposure to credit risk and ECL for accounts receivable at 31 March 2024 and 2023 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK\$4,610,000 (2023: HK\$4,610,000) as at 31 March 2024 were assessed individually.

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2024						
ECL rate	0.43%	0.76%	1.82%	–	–	0.56%
Gross carrying amount (HK\$'000)	25,116	14,836	55	–	–	40,007
Lifetime ECL (HK\$'000)	(109)	(113)	(1)	–	–	(223)
	25,007	14,723	54	–	–	39,784
	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2023						
ECL rate	0.31%	–	0.94%	–	–	0.32%
Gross carrying amount (HK\$'000)	28,488	–	855	–	–	29,343
Lifetime ECL (HK\$'000)	(87)	–	(8)	–	–	(95)
	28,401	–	847	–	–	29,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Accounts receivable (continued)

Accounts receivable that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

As at 31 March 2024, the Group provided approximately HK\$4,833,000 (2023: HK\$4,705,000) impairment allowance for accounts receivable based on the provision matrix. Impairment allowance for ECL of approximately HK\$4,610,000 (2023: HK\$4,610,000) were made on debtors with significant balances and credit-impaired debtors.

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2022	171	4,610	4,781
Impairment losses reversed	(76)	–	(76)
At 31 March 2023 and 1 April 2023	95	4,610	4,705
Impairment losses recognised	128	–	128
At 31 March 2024	223	4,610	4,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Contract assets

The following table provides information about the exposure to credit risk and ECL for contract assets at 31 March 2024 and 2023 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of approximately HK\$2,866,000 (2023: HK\$2,866,000) as at 31 March 2024 were assessed individually.

	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2024						
ECL rate	0.55%	–	1.12%	–	–	0.56%
Gross carrying amount (HK\$'000)	90,334	–	715	–	–	91,049
Lifetime ECL (HK\$'000)	(499)	–	(8)	–	–	(507)
	89,835	–	707	–	–	90,542
	Within 30 days	31 – 60 days	61 – 120 days	121 – 365 days	Over 365 days	Total
As at 31 March 2023						
ECL rate	0.24%	–	0.36%	0.41%	0.45%	0.31%
Gross carrying amount (HK\$'000)	39,936	–	836	11,540	8,828	61,140
Lifetime ECL (HK\$'000)	(97)	–	(3)	(47)	(40)	(187)
	39,839	–	833	11,493	8,788	60,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Contract assets (continued)

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2022	245	2,866	3,111
Impairment losses reversed	(58)	–	(58)
At 31 March 2023 and 1 April 2023	187	2,866	3,053
Impairment losses recognised	320	–	320
At 31 March 2024	507	2,866	3,373

Other receivables and deposits

For other receivables and deposits, the management make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2024 and 2023, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance was recognised.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings, as appropriate.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The tables include 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.

Liquidity table

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2024						
Accounts and other payables	–	55,112	–	–	55,112	55,112
Bank borrowings	6.01	55,356	–	–	55,356	55,356
Lease liabilities	5.12	2,404	461	92	2,957	2,897
		112,872	461	92	113,425	113,365
At 31 March 2023						
Accounts and other payables	–	35,367	–	–	35,367	35,367
Bank borrowings	4.44	34,780	–	–	34,780	34,780
Lease liabilities	5.12	2,404	2,404	552	5,360	5,200
		72,551	2,404	552	75,507	75,347

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table summaries the maturity analysis of non-derivative financial liabilities with repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such financial liabilities will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

Maturity Analysis – subject to a repayment on demand clause based on scheduled repayments

	Within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2024						
Bank borrowings	42,593	960	6,294	12,742	62,589	55,356
At 31 March 2023						
Bank borrowings	29,174	572	5,650	–	35,396	34,780

(e) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at fair value through profit or loss		
– Life insurance policies	22,345	10,662
Financial assets measured at amortised cost	56,346	42,315
	78,691	52,977
Financial liabilities		
Financial liabilities measured at amortised cost	110,468	70,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

8 FAIR VALUE MEASUREMENTS

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

- **Level 1 inputs:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- **Level 2 inputs:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3 inputs:** unobservable inputs for the asset or liability.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Fair value measurement using:			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement:				
Aa at 31 March 2024				
Financial assets at fair value through profit or loss				
Life insurance policies	–	22,345	–	22,345
Aa at 31 March 2023				
Financial assets at fair value through profit or loss				
Life insurance policy	–	10,662	–	10,662

During the years ended 31 March 2024 and 2023, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	2024 HK\$'000	2023 HK\$'000	Fair value hierarchy	Valuation technique and key input (s)	Effect on fair value for increase of inputs
Financial assets at fair value through profit or loss	22,345	10,662	Level 2	Quoted redemption value issued by insurance companies	Increase

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

8 FAIR VALUE MEASUREMENTS (continued)

During the two years, there were no changes in the valuation technique used.

The management considers that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements for the years ended 31 March 2024 and 2023 approximate their fair values.

9 REVENUE AND SEGMENT INFORMATION

Revenue

	2024 HK\$'000	2023 HK\$'000
(i) Disaggregation of revenue from contracts with customers within the scope of HKFRS 15		
Fitting-out projects	145,584	251,604
Renovation projects	94,104	11,012
Revenue recognised over time	239,688	262,616

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

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

Year ended 31 March 2024	Fitting-out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Within one year	175,322	27,021	202,343
More than one year but not more than two years	186,335	–	186,335
	361,657	27,021	388,678
Year ended 31 March 2023	Fitting-out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Within one year	185,548	60,542	246,090
More than one year but not more than two years	97,454	593	98,047
	283,002	61,135	344,137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9 REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

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

For the year ended 31 March 2024

	Fitting-out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	145,584	94,104	239,688
Segment profit	12,994	24,057	37,051
Unallocated income			839
Change in fair value of financial assets at fair value through profit or loss			(27)
Unallocated expenses			(29,753)
Profit before tax			8,110

For the year ended 31 March 2023

	Fitting-out projects HK\$'000	Renovation projects HK\$'000	Total HK\$'000
Revenue			
Segment revenue	251,604	11,012	262,616
Segment profit	35,482	597	36,079
Unallocated income			3,345
Change in fair value of financial assets at fair value through profit or loss			332
Unallocated expenses			(31,495)
Profit before tax			8,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9 REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit from each segment before taxation without allocation of other income, other gains/(losses), net, change in fair value of financial assets at fair value through profit or loss, administration expenses and finance costs. This is the measure reported to the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from customers who have individually contributed over 10% or more of the Group's total revenue are as follows:

		2024 HK\$'000	2023 HK\$'000
Customer 1	Fitting-out Projects	43,509	75,486
Customer 2	Fitting-out Projects	N/A	92,490
Customer 2	Renovation Projects	N/A	1,600
Customer 3	Fitting-out Projects	87,259	72,163
Customer 4	Fitting-out Projects	68,957	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

10 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income	16	5
Government grant (<i>Note</i>)	–	1,248
	16	1,253

Note:

For the year ended 31 March 2023, the Group recognised government grant of approximately HK\$1,248,000 in respect of COVID-19 related subsidies which was related to Employment Support Scheme provided by the Hong Kong government. There were no unfulfilled conditions or other contingencies attached to this grant and recognised as income when the Group received. No government grant was recognised during the year ended 31 March 2024.

11 OTHER GAINS/(LOSSES), NET

	2024 HK\$'000	2023 HK\$'000
Gain/(loss) on disposal of property, plant and equipment	100	(32)
Payables written back	723	2,124
	823	2,092

12 FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on:		
Bank borrowings	2,867	1,784
Lease liabilities	100	146
	2,967	1,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

13 PROFIT BEFORE TAX

Profit before tax for the year has been arrived at after charging/(crediting) the following:

	2024 HK\$'000	2023 HK\$'000
Directors' emoluments (<i>note 14(a)</i>)	4,082	4,367
Other staff costs:		
Salaries and other allowances	17,251	20,143
Discretionary bonus	1,628	996
Equity-settled share-based payments	–	975
Retirement benefits scheme contributions	811	443
Total staff costs	23,772	26,924
Less: amounts included in cost of services	(8,243)	(9,992)
Staff costs included in administrative expenses	15,529	16,932
Auditor's remuneration		
– Audit services	420	400
Depreciation of property, plant and equipment	161	96
Depreciation of right-of-use assets	2,296	2,254
Expenses relating to short-term lease	21	34
Allowance/(reversal of allowance) for ECL recognised on accounts receivable	128	(76)
Allowance/(reversal of allowance) for ECL recognised on contract assets	320	(58)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

14 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments paid or payable (including emoluments for the services as employees of the Group entities prior to becoming directors of the Company) to the directors of the Company during the year for their services rendered to the entities comprising the Group are as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	360	360
Other emoluments:		
Salaries, allowances and benefits in kind	3,198	3,198
Discretionary bonus	482	383
Equity-settled share-based payments	–	384
Retirement benefit scheme contributions	42	42
	3,722	4,007
	4,082	4,367

(a) Directors' emoluments *Executive directors*

	Fees HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Equity-settled share-based payments HK\$'000	Total HK\$'000
Year ended 31 March 2024						
Mr. Chan Siu Chung ("Mr. Chan") (Chairman)	–	2,178	363	18	–	2,559
Mr. Cheung Hiu Tung (Note i)	–	864	119	24	–	1,007
Mr. Zhang Hai Wei	–	156	–	–	–	156
	–	3,198	482	42	–	3,722
Year ended 31 March 2023						
Mr. Chan Siu Chung ("Mr. Chan") (Chairman)	–	2,178	272	18	192	2,660
Mr. Cheung Hiu Tung (Note i)	–	864	111	24	192	1,191
Mr. Zhang Hai Wei	–	156	–	–	–	156
	–	3,198	383	42	384	4,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

14 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' emoluments (continued) *Independent non-executive directors*

	Fees HK\$'000	Salaries and other allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Equity-settled share-based payments HK\$'000	Total HK\$'000
Year ended 31 March 2024						
Mr. Yeung Chun Yue David	120	-	-	-	-	120
Ms. Lai Wing Sze	120	-	-	-	-	120
Ms. Yu Wan Ki	120	-	-	-	-	120
	360	-	-	-	-	360
Year ended 31 March 2023						
Mr. Yeung Chun Yue David	120	-	-	-	-	120
Ms. Lai Wing Sze	120	-	-	-	-	120
Ms. Yu Wan Ki	120	-	-	-	-	120
	360	-	-	-	-	360

Note:

- (i) Emoluments of Mr. Cheung Hiu Tung represented salaries and allowances of approximately HK\$120,000 (2023: HK\$120,000) and retirement scheme contribution of approximately HK\$6,000 (2023: HK\$6,000) were paid for his services as director of the Company. The remaining emoluments were paid for his other services in connection with the management of the affair of the subsidiary.
- (ii) Except for (i) above, emoluments of all directors were mainly for their services as directors of the Company.

(b) Five highest paid individuals

The five highest paid individuals of the Group include two (2023: two) executive directors of the Company during the year. The emoluments of the remaining three (2023: three) individuals for the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	2,202	2,163
Discretionary bonus	343	313
Equity-settled share-based payments	-	366
Retirement benefit scheme contributions	54	54
	2,599	2,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

14 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals (continued)

The emoluments of the employees were within the following band:

	2024	2023
HK\$Nil – HK\$1,000,000	3	3

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The directors of the Company or the chief executive of the Group did not waive or agree to waive any emoluments during the both years.

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

Save for the transactions as disclosed in note 31 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15 DIVIDEND

The board of directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: HK\$Nil).

16 INCOME TAX

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

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

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2,000,000 of assessable profits of a qualifying group companies established in Hong Kong will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of other Group's corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16 INCOME TAX (continued)

No provision for Hong Kong Profit Tax has been made as the Group has sufficient tax losses brought forward to set off against assessable profit for the year (2023: Nil).

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:–

	2024 HK\$'000	2023 HK\$'000
Profit before tax	8,110	8,261
Tax charge at Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	1,338	1,363
Tax effect of expenses that are not deductible	1,067	1,440
Tax effect of income that is not taxable	(1)	(262)
Tax effect of temporary difference not recognised	52	(125)
Tax effect of utilisation of tax loss not previously recognised	(2,456)	(2,416)
Total tax for the year	–	–

At the end of the reporting period, the Group has unused tax losses of approximately HK\$4,830,000 (2023: HK\$19,715,000) available for offset against future profits but not yet agreed by tax authority. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

17 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2024 is based on a profit for the year attributable to the owners of the Company of approximately HK\$8,110,000 (2023: HK\$8,261,000), and the number of 80,000,000 (2023: 80,000,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

For the years ended 31 March 2024 and 2023, no adjustment has been made to the basic earnings per share presented in respect of dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

18 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Other office equipment HK\$'000	Total HK\$'000
COST						
As at 1 April 2022	2,064	329	1,504	820	402	5,119
Additions	-	-	470	20	-	490
Disposals	-	-	(756)	-	-	(756)
As at 31 March 2023 and 1 April 2023	2,064	329	1,218	840	402	4,853
Additions	-	-	-	9	-	9
Disposals	-	-	(326)	-	-	(326)
As at 31 March 2024	2,064	329	892	849	402	4,536
ACCUMULATED DEPRECIATION						
As at 1 April 2022	2,064	329	1,428	681	345	4,847
Provided for the year	-	-	26	53	17	96
Disposals	-	-	(709)	-	-	(709)
As at 31 March 2023 and 1 April 2023	2,064	329	745	734	362	4,234
Provided for the year	-	-	101	47	13	161
Disposals	-	-	(326)	-	-	(326)
As at 31 March 2024	2,064	329	520	781	375	4,069
CARRYING AMOUNT						
As at 31 March 2024	-	-	372	68	27	467
As at 31 March 2023	-	-	473	106	40	619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

19 RIGHT-OF-USE ASSETS

	Leased properties	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022	7,072	–	7,072
Additions	–	315	315
Depreciation charge	(2,233)	(21)	(2,254)
As at 31 March 2023 and 1 April 2023	4,839	294	5,133
Depreciation charge	(2,233)	(63)	(2,296)
As at 31 March 2024	2,606	231	2,837

	2024	2023
	HK\$'000	HK\$'000
Depreciation charge of right-of-use assets	2,296	2,254
Expenses relating to short-term leases (included in administrative expenses)	21	34
Interest on lease liabilities (included in finance costs)	100	146

Lease liabilities of HK\$2,897,000 (2023: HK\$5,200,000) are recognised with related right-of-use assets of HK\$2,837,000 as at 31 March 2024 (2023: HK\$5,133,000). 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.

During the current year, the Group leases properties and motor vehicles for self-own use. Lease contracts are entered into for fixed term of 4 to 5 years (2023: 4 to 5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20 ACCOUNTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Accounts receivable	44,617	33,953
Less: allowance for ECL	(4,833)	(4,705)
	39,784	29,248
Other receivables, deposits and prepayments		
– Rental and utility deposits	899	843
– Prepayments	415	345
– Other receivables	85	71
	1,399	1,259
Total accounts and other receivables	41,183	30,507

The Group allows an average credit period of 30 days to its customers. The ageing analysis of the Group's accounts receivable, net of ECL, based on invoice date at the end of each reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	25,007	21,365
31 – 60 days	14,723	7,036
61 – 120 days	54	847
	39,784	29,248

Details of assessment of ECL of accounts receivable are set out in note 7.

The balance of accounts receivable represented receivables from contract customers within the scope of HKFRS 15.

As at 31 March 2024, approximately HK\$17,421,000 (2023: HK\$25,255,000) of accounts receivable were pledged to banks to secure bank borrowings.

All accounts and other receivables are denominated in Hong Kong dollars.

21 PLEDGED BANK DEPOSITS/BANK AND CASH BALANCES

As at 31 March 2024, the Group had pledged bank deposits of HK\$911,000 (2023: HK\$904,000) which carried fixed interest rates 0.88% (2023: 0.40%) per annum. These bank deposits were pledged to secure the factoring facilities granted from banks to the Group.

Bank and cash balances represents bank deposits and cash held by the Group. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the years ended 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Life insurance policies	22,345	10,662

The Group holds two (2023: one) life insurance policies with insurance companies to insure against the death and permanent disability of an executive director. Under the policies, the beneficiary and policy holder is Aeso Limited, a wholly owned subsidiary of the Company, and the insured sum amounted to approximately US\$5,000,000 (equivalent to HK\$38,750,000) (2023: US\$5,000,000 (equivalent to HK\$38,750,000)) for the first insurance (“**Insurance Policy A**”) and amounted to approximately US\$3,100,000 (equivalent to HK\$24,180,000) (2023: HK\$Nil) for the second insurance policy (“**Insurance Policy B**”). The contracts will be terminated on the occurrence of the earliest of the death of the key management personnel insured or other terms pursuant to the contracts.

The Group paid a total insurance premium with an amount of approximately US\$1,312,076 (equivalent to approximately HK\$10,260,000 (2023: US\$1,312,076 (equivalent to HK\$10,260,000))) for Insurance Policy A and an amount of approximately US\$1,532,000 (equivalent to HK\$11,710,000 (2023: HK\$Nil)) for Insurance Policy B at their respective dates of inception. A guaranteed interest rates of 4.25% and 4.3% respectively per annum applied to each contract for the first year, followed by the discretionary portion with a minimum guaranteed interest rate of 2% per annum for the following years until termination of both insurance policies.

The Group may request a surrender of the contracts at any time and receive cash refund based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus the surrender charge. The surrender charge as at 31 March 2024 is US\$175,163 (equivalent to HK\$1,366,000) (2023: US\$180,144 (equivalent to HK\$1,405,000)) of Insurance Policy A and US\$190,665 (equivalent to HK\$1,487,000 (2023: HK\$Nil)) for Insurance Policy B. The amount of the surrender charge decreases over time and will no longer be required from the 19th year for Insurance Policy A and 16th year for the Insurance Policy B of the contract conclusion onwards. The fair values are based on redemption value quoted by the insurance companies.

The financial assets at FVTPL was used for securing the banking facilities granted to the Group for the years ended 31 March 2024 and 2023.

The life insurance policies are denominated in US\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

23 ACCOUNTS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accounts payable	15,408	8,282
Accruals	4,540	4,110
Deposits received	18,900	8,000
Retention payables	16,264	14,975
	55,112	35,367

The average credit period on accounts payable is 30 days. The aging analysis of accounts payable based on invoice date at the end of each reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	15,408	8,282

All accounts and other payables are denominated in HK\$.

24 CONTRACT ASSETS/CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Contract assets:		
Construction services	69,963	39,936
Retention receivables	23,952	24,070
	93,915	64,006
Allowance for ECL	(3,373)	(3,053)
	90,542	60,953
Contract liabilities:		
Billing in advance	13,749	6,952

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts at the reporting date. The contract assets are transferred to accounts receivable where the rights become unconditional.

The contract liabilities primarily relate to the advanced consideration billed to customers, for which revenue is recognised based on the progress of the provision of related services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

24 CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

The expected timing of recovery or settlement for contract assets, net of allowance is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	79,931	52,156
More than one year	10,611	8,797
	90,542	60,953

Contract assets and contract liabilities which are expected to be recovered/settled within Group's normal operating cycle, are classified as current assets and current liabilities respectively.

Movements in contract liabilities:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	6,952	12,673
Increase in contract liabilities as a result of consideration received from customers during the year	10,158	5,647
Decrease in contract liabilities as a result of recognising revenue during the year which was included in the contract liabilities at the beginning of the year	(3,361)	(11,368)
At the end of the year	13,749	6,952

Details of assessment of ECL of contract assets are set out in note 7.

As at 31 March 2024, the increase (2023: increase) in contract assets was result of the increase (2023: increase) in the provision of construction services at the end of the year.

The increase in contract liabilities in 2024 as compared to 2023 was mainly due to the increase in advances received from customers in relation to the provision of construction services at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

25 BANK BORROWINGS

The variable-rate bank borrowings are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount of bank borrowings that are contain a repayment on demand clause	55,536	34,780
Amounts due within twelve months shown under current liabilities	55,536	34,780

For the years ended 31 March 2024 and 2023, the Group's bank borrowings were secured by personally guaranteed of Mr. Chan, certain properties held by Mr. Chan and spouse of Mr. Chan, financial assets at FVTPL held by the Group as set out in note 22, accounts receivable held by the Group in note 20 and the pledged bank deposits held by the Group as set out in note 21.

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings were as follows:

	2024	2023
Effective interest rate	2.86%-7.38%	2.56%-5.43%

All the bank borrowings are denominated in Hong Kong dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

26 LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	2,404	2,404	2,357	2,304
More than one year but not exceeding two years	461	2,404	452	2,357
More than two years but not exceeding five years	92	552	88	539
	2,957	5,360	2,897	5,200
Less: Future finance charges	(60)	(160)	N/A	N/A
Present value of lease obligations	2,897	5,200	2,897	5,200
Less: Amount due for settlement within twelve months shown under current liabilities			(2,357)	(2,304)
Amount due for settlement after twelve months shown under non-current liabilities			540	2,896

As at 31 March 2024, the lease liabilities of leased properties and a motor vehicle were amounting to HK\$2,685,000 (2023: HK\$4,932,000) and HK\$212,000 (2023: HK\$268,000) respectively.

The Group entered into lease arrangements with independent third parties in relation to certain properties and motor vehicles. The lease terms ranged are 4 to 5 years (2023: 4 to 5 years). As at 31 March 2024, the weighted average incremental borrowing rates applied to lease liabilities was 3.75% to 6.49% (2023: 3.75% to 6.49%) per annum. All the lease payments are denominated in Hong Kong dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

27 SHARE CAPITAL

	<i>Note</i>	Number of shares '000	Par value US\$	Amount US\$'000	Equivalent to HK\$'000
Authorised:					
As at 1 April 2022		2,000,000	0.01	20,000	156,000
Share consolidation	<i>(i)</i>	(1,800,000)	0.09	–	–
Share sub-division	<i>(iii)</i>	1,800,000	(0.09)	–	–
As at 31 March 2023, 1 April 2023 and 31 March 2024		2,000,000	0.01	20,000	156,000
Issued and fully paid:					
As at 1 April 2022		800,000	0.01	8,000	62,400
Share consolidation	<i>(i)</i>	(720,000)	0.09	–	–
Capital reduction	<i>(ii)</i>	–	(0.09)	(7,200)	(56,160)
As at 31 March 2023, 1 April 2023 and 31 March 2024		80,000	0.01	800	6,240

Note:

References were made to the announcement (the “**Announcement**”) of the Company dated 1 March 2022, the circular of the Company (the “**Circular**”) dated 10 March 2022 and the poll results announcement of the extraordinary general meeting dated 4 April 2022 in relation to, among others, the share consolidation, the capital reduction and share sub-division (“**Capital Reorganisation**”).

The Capital Reorganisation was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 4 April 2022 and became effective on 7 April 2022. The Capital Reorganisation involved the following:

(i) Share consolidation

Every 10 issued and unissued ordinary shares of par value US\$0.01 each were consolidated into 1 consolidated share of par value US\$0.10 each.

(ii) Capital reduction

The par value of issued consolidated shares were reduced from US\$0.10 to US\$0.01 by cancelling the paid-up capital of the Company to the extent of US\$0.09 on each of the then issued consolidated shares (the “**Capital Reduction**”). The credit arising from the Capital Reduction of US\$7,200,000 (equivalent to HK\$56,160,000) were credited to the distributable reserve account of the Company.

(iii) Share sub-division

Every authorised but unissued consolidated shares of US\$0.10 each were sub-divided into 10 new ordinary shares of US\$0.01 each.

Following the Capital Reorganisation, the authorised share capital of the Company was US\$20,000,000 divided into 2,000,000,000 shares of US\$0.01 each, of which 80,000,000 shares were in issue and fully paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28 SHARE OPTION

The Company has a share option scheme ("**Share Option Scheme**") which was adopted on 30 September 2019 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for ordinary shares of the Company.

(a) Purpose

The purpose of the scheme is to enable the Company to grant options to selected Eligible Participants as incentives or rewards for their contribution to the Company and/or the subsidiaries and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date on which the Share Option Scheme become effective, after which no further options will be granted.

(b) Eligible participants

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the adoption date of the Share Option Scheme to make an offer to any of the following classes of persons (the "**Eligible Person**"):

- (i) any employees (including full time and part time employee) of the Company or its subsidiaries;
- (ii) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries;
- (iii) any executive or officers of the Company or its subsidiaries; and
- (iv) any service providers that provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, but excluding (i) placing agents, (ii) financial advisers, or (iii) professional advisors or experts who provide assurance or are required to perform their services with impartiality and objectivity.

The basis of eligibility of any of the eligible participants to the grant of share options shall be determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28 SHARE OPTION (continued)

(c) Maximum number of Shares

- (i) The total number of ordinary shares of the Company (the “**Shares**”) which may be issued upon exercise of all outstanding share options to be granted under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme (the “**General Mandate Limit**”).
- (ii) The Company may seek approval of the shareholders in general meeting to refresh the General Mandate Limit every three years such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company as “refreshed” shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the General Mandate Limit provided that options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as “refreshed”.
- (iii) The Company may seek separate approval of the shareholders in general meeting for granting options beyond the General Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought.

(d) Maximum entitlement of each eligible person

The total number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the shares in issue for the time being (“**Individual Limit**”). Any further grant of options to a participant in excess of Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the shareholders’ approval in the general meeting of the Company with such participant and his/her associates abstaining from voting.

(e) Time of acceptance and exercise of an option

The option may be accepted by a participant within 28 days from the day of the offer of grant of the option. There is no minimum period required under the Share Option Scheme for holding of an option before it can be exercised unless otherwise determined by the directors and stated in the offer for the grant options to a grantee.

The amount payable by the grantee to the Company on acceptance of the offer shall be a non-refundable payment of HK\$1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28 SHARE OPTION (continued)

(f) Subscription price of share option

The exercise price of options is the highest of the nominal value of the shares (if any), the closing price of the shares on the Stock Exchange on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant.

Details of the movements of the share options granted by the Company pursuant to the share option scheme and the details of the specific categories of options are as below:

Year ended 31 March 2024

	Date of grant	Exercise period of share options	No. of options outstanding at the beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	No. of options outstanding at the end of the year	Exercise price per share
Directors								
Chan Siu Chung	12 July 2021	12 July 2021 to 11 July 2024	400,000	–	–	–	400,000	US\$0.1
	15 August 2022	15 August 2022 to 14 August 2025	800,000	–	–	–	800,000	HK\$0.447
Cheung Hiu Tung	15 August 2022	15 August 2022 to 14 August 2025	800,000	–	–	–	800,000	HK\$0.447
Zhang Hai Wei	12 July 2021	12 July 2021 to 11 July 2024	800,000	–	–	–	800,000	US\$0.1
Other employees								
	12 July 2021	12 July 2021 to 11 July 2024	800,000	–	–	–	800,000	US\$0.1
	15 August 2022	15 August 2022 to 14 August 2025	6,400,000	–	–	–	6,400,000	HK\$0.447
Total			10,000,000	–	–	–	10,000,000	
Exercisable at end of the year							10,000,000	
Weighted average exercise price			HK\$0.3732	–	–	–	HK\$0.3732	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28 SHARE OPTION (continued)

Year ended 31 March 2023

	Date of grant	Exercise period of share options	No. of options outstanding at the beginning of the year	Outstanding after share consolidation (Note (i))	Granted during the year (Note (ii))	Exercised during the year	Lapsed during the year (Note (iii))	No. of options outstanding at the end of the year	Adjusted exercise price per share (after share consolidation)
Directors									
Chan Siu Chung	15 November 2019	15 November 2019 to 14 November 2022	2,838,709	283,870	-	-	(283,870)	-	HK\$3.135 (Note i)
	12 July 2021	12 July 2021 to 11 July 2024	4,000,000	400,000	-	-	-	400,000	US\$0.1 (Note i)
	15 August 2022	15 August 2022 to 14 August 2025	-	-	800,000	-	-	800,000	HK\$0.447
Cheung Hiu Tung	15 November 2019	15 November 2019 to 14 November 2022	2,838,709	283,870	-	-	(283,870)	-	HK\$3.135 (Note i)
	15 August 2022	15 August 2022 to 14 August 2025	-	-	800,000	-	-	800,000	HK\$0.447
Zhang Hai Wei	15 November 2019	15 November 2019 to 14 November 2022	2,838,709	283,870	-	-	(283,870)	-	HK\$3.135 (Note i)
	12 July 2021	12 July 2021 to 11 July 2024	8,000,000	800,000	-	-	-	800,000	US\$0.1 (Note i)
Other employees									
	15 November 2019	15 November 2019 to 14 November 2022	14,193,550	1,419,355	-	-	(1,419,355)	-	HK\$3.135 (Note i)
	12 July 2021	12 July 2021 to 11 July 2024	8,000,000	800,000	-	-	-	800,000	US\$0.1 (Note i)
	15 August 2022	15 August 2022 to 14 August 2025	-	-	6,400,000	-	-	6,400,000	HK\$0.447
Total			42,709,677	4,270,965	8,000,000	-	(2,270,965)	10,000,000	
Exercisable at end of the year								10,000,000	
Weighted average exercise price			HK\$0.2032	HK\$2.032	HK\$0.447	-	HK\$3.135	HK\$0.3732	

Note:

- (i) During the year ended 31 March 2023, the Company implemented the share consolidation of every ten shares of par value of US\$0.01 each into one Consolidated Share of par value of US\$0.10 each ("Share Consolidation"). The Share Consolidation were effective from 7 April 2022. Pursuant to the terms and conditions of the Share Option Scheme, the exercise price and the number of the outstanding share options granted under the Share Option Scheme had been adjusted accordingly with effect from 7 April 2022. Upon the completion of share consolidation, the adjusted exercise price for the option granted on 15 November 2019 and 12 July 2021 were adjusted to HK\$3.135 and US\$0.1 respectively.
- (ii) On 15 August 2022, 8,000,000 options were granted under the Share Option Scheme and the options were vested immediately at the date of grant. The closing price of the Company's shares immediately before the grant date was HK\$0.41 per share. The fair value of the share options granted to Mr. Chan Siu Chung and Mr. Cheung Hiu Tung, the executive directors of the Company, were HK\$192,000 and HK\$192,000 respectively and the fair value of the share options granted to the class of other employees of the Company was HK\$975,000. The fair value of the share options granted on 15 August 2022 was determined at the date of grant using the binominal model.
- (iii) On 14 November 2022, a total of 2,270,965 share options granted to the executive directors and other employees of the Group were lapsed due to expiry of exercisable period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28 SHARE OPTION (continued)

During the years ended 31 March 2024 and 2023, no share options were exercised and cancelled.

The estimated fair value of the options granted on 12 July 2021 and 15 August 2022 were HK\$521,000 and HK\$1,359,000 respectively. The values were recognised to the consolidated statement of profit or loss during the corresponding financial years. During the year ended 31 March 2024, there was no share option granted so that no share option expense was recognised to the consolidated statement of profit or loss.

The fair value of share options were calculated using the Binomial Model. The inputs into the model were as follows:

	15 August 2022	12 July 2021
Grant date share price	HK\$0.41	HK\$0.052
Exercise price	HK\$0.447	US\$0.01
Expected volatility	195.06%	216.01%
Expected life	3 years	3 years
Risk-free rate	2.69%	1.05%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.15 years (2023: 2.15 years).

At the end of the reporting period, the Company had 10,000,000 (2023: 10,000,000) share options outstanding under the Share Option Scheme, which represented approximately 12.5% (2023: 12.5%) of the Company's shares in issue as at that date.

The number of options available for grant under the Share Option Scheme at 31 March 2023 and 31 March 2024 were 12,270,965 shares, which represented 15.3% of the total number of share in issue of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

29 RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly contribution of HK\$1,500 (2023: HK\$1,500). Contributions to the plan vest immediately. Save for the above, the Group has no other obligation. No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions.

The contributions paid and payable to the schemes by the Group are disclosed in note 13 to the consolidated financial statements.

30 PLEDGE OF ASSETS

At the end of reporting period, the carrying amount of the asset pledged by the Group to a bank in order to secure a factoring facility granted by a bank to the Group was as follows:

	2024 HK\$'000	2023 HK\$'000
Financial assets at fair value through profit or loss	22,345	10,662
Accounts receivable	17,421	25,255
Pledged bank deposits	911	904
	40,677	36,821

31 MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had following material related party transactions during the year:

(a) Compensation of key management personnel

The directors are identified as the key management personnel of the Company, and their compensations during the year is set out in note 14(a).

(b) Personal guarantee and assets pledged

As at 31 March 2024 and 2023, bank borrowings in note 25 and surety bond in note 33 were secured by personal guarantee of Mr. Chan, certain properties held by Mr. Chan, financial assets at FVTPL and pledged bank deposits held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

32 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 flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2022	27,998	7,133	35,131
Accrued interest	1,784	146	1,930
Interest paid	(1,784)	–	(1,784)
Addition of lease liabilities	–	315	315
Financing cash outflows	(227,765)	(2,394)	(230,159)
Financing cash inflows	234,547	–	234,547
At 31 March 2023 and 1 April 2023	34,780	5,200	39,980
Accrued interest	2,867	100	2,967
Interest paid	(2,867)	–	(2,867)
Financing cash outflows	(115,923)	(2,403)	(118,326)
Financing cash inflows	136,499	–	136,499
At 31 March 2024	55,356	2,897	58,253

Total cash outflow for leases

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

	2024 HK\$'000	2023 HK\$'000
Within operating cash flows	21	34
Within financing cash flows	2,403	2,394
	2,424	2,428

These amounts relate to the following:

	2024 HK\$'000	2023 HK\$'000
Lease rental paid	2,424	2,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33 SURETY BONDS

Two customers of construction contracts undertaken by the Group require a group entity to issue guarantee for performance of contract works in the form of surety bonds. The Group provided a counter-indemnity to a bank that issued such surety bonds. As at 31 March 2024, pledged bank deposit placed for surety bonds was approximately HK\$911,000 (2023: HK\$904,000) in note 21. The security bonds also secured by personal guarantee of Mr. Chan, certain properties held by Mr. Chan and spouse of Mr. Chan and financial asset at FVTPL held by the Group.

As at 31 March 2024, the amount of surety bonds provided by the Group was HK\$15,759,000 (2023: HK\$12,633,000).

34 PARTICULARS OF SUBSIDIARIES

The following is a list of the subsidiaries which, in the opinion of the Directors, principally affected the results of the Group for the years ended 31 March 2024 and 2023 or formed a substantial portion of the net assets of the Group.

Name of Companies	Place of establishment/ operation	Paid up registered capital	Equity interest attributable to the Group		Principal activity
			2024	2023	
Directly held					
Aeschylus Limited	BVI/Hong Kong	US\$1	100%	100%	Investment holding
Indirectly held					
Aeso Limited	Hong Kong/ Hong Kong	HK\$1,000,000	100%	100%	Premise enhancement solution service in Hong Kong by providing contracting service (i) the internal fitting-out of newly built commercial premises and residential developments and (ii) the renovation work as well as alteration and addition work for existing commercial premises

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

35 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Right-of-use assets	1,303	2,419
Current assets		
Prepayments, deposits and other receivables	758	733
Bank and cash balances	678	677
	1,436	1,410
Current liabilities		
Accruals and other payables	1,138	1,039
Lease liabilities	1,148	1,124
	2,286	2,163
Net current liabilities	(850)	(753)
Total asset less current liabilities	453	1,666
Non-current liabilities		
Lease liabilities	195	1,342
Net assets	258	324
Capital and reserves		
Share capital	6,240	6,240
Reserves	(5,982)	(5,916)
Total equity	258	324

The Company's financial statements were approved and authorised for issued by the board of directors on 28 June 2024 and are signed on its behalf by:

Chan Siu Chung
Executive Director

Cheung Hiu Tung
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

35 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

(b) Reserves movement of the Company

	Share premium HK\$'000	Distributable reserves HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000 <i>(Note)</i>	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022	39,615	–	3,595	(4,887)	(93,187)	(54,864)
Capital reduction	–	56,160	–	–	–	56,160
Share option lapsed	–	–	(3,075)	–	3,075	–
Share options granted	–	–	1,359	–	–	1,359
Loss for the year	–	–	–	–	(8,571)	(8,571)
At 31 March 2023 and 1 April 2023	39,615	56,160	1,879	(4,887)	(98,683)	(5,916)
Loss for the year	–	–	–	–	(66)	(66)
At 31 March 2024	39,615	56,160	1,879	(4,887)	(98,749)	(5,982)

Note:

Other reserve represents the fair value adjustment of non-current interest-free amount due from a subsidiary recognised at initial recognition.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years.

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
CONSOLIDATED RESULTS					
Revenue	239,688	262,616	218,014	125,049	199,939
Profit/(loss) before tax	8,110	8,261	8,162	(5,654)	(27,422)
Income tax expense	–	–	–	–	–
Profit/(loss) for the year	8,110	8,261	8,162	(5,654)	(27,422)
Total comprehensive income/(loss) for the year attributable to equity holders of the Company	8,110	8,261	8,162	(5,654)	(27,422)

	For the year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	172,952	120,027	115,609	88,290	119,645
Total liabilities	(127,114)	(82,299)	(87,501)	(68,865)	(140,780)
Net assets/(liabilities)	45,838	37,728	28,108	19,425	(21,135)