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Unity Group Holdings International Limited 知行集團控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1539)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
For the year ended 31 March		
Revenue	92,619	46,550
Leasing services of energy saving systems and products	39,322	20,453
Trading of energy saving products	40,278	18,538
Consultancy service	12,931	4,863
Renewable energy service	88	2,696
Gross profit	56,744	27,713
EBITDA (note 1)	21,994	(8,617)
EBIT (note 1)	19,193	(11,395)
Adjusted profit/(loss) for the year excluding major extraordinary items (note 2)	35,543	(63,671)
Profit/(loss) for the year	11,238	(24,014)
Adjusted basic earnings/(loss) per share (<i>HK cents</i>) (note 2)	1.1	(2.7)
Adjusted diluted earnings/(loss) per share (<i>HK cents</i>) (note 2)	1.0	(2.7)
Basic earnings/(loss) per share (<i>HK cents</i>)	0.3	(1.1)
Diluted earnings/(loss) per share (<i>HK cents</i>)	0.3	(1.1)
As at 31 March		
Total assets	474,531	373,638
Total liabilities	160,461	246,986
Net assets	314,070	126,652

Note 1: EBITDA is defined as earnings before interest expenses and other finance costs, tax, and depreciation. EBIT is defined as earnings before interest expenses and other finance costs and tax.

Note 2: Amounts are calculated based on adjusted profit or loss after excluding major extraordinary items as defined by the Group's management. Details of which can be referred to page 28 of this announcement.

- The Group's revenue increased by 99.0% from approximately HK\$46.6 million for the year ended 31 March 2023 to approximately HK\$92.7 million for the year ended 31 March 2024.
- The Group's gross profit increased by 104.7% from approximately HK\$27.7 million for the year ended 31 March 2023 to approximately HK\$56.7 million for the year ended 31 March 2024.
- The Group's adjusted profit or loss excluding major extraordinary items improved by 155.7% from approximately HK\$63.7 million loss for the year ended 31 March 2023 to approximately HK\$35.5 million profit for the year ended 31 March 2024.
- The Group's profit or loss for the year improved by 147% from approximately HK\$24.0 million loss for the year ended 31 March 2023 to approximately HK\$11.2 million profit for the year ended 31 March 2024.
- Adjusted basic earnings/loss per share improved by 139.1% from approximately HK2.7 cents loss for the year ended 31 March 2023 to approximately HK1.1 cents earnings for the year ended 31 March 2024. Adjusted diluted earnings/loss per share improved by 138.3% from approximately HK2.7 cents loss for the year ended 31 March 2023 to approximately HK1.0 cents earnings for the year ended 31 March 2024.
- Basic and diluted loss per share was approximately HK1.1 cents for the year ended 31 March 2023 while basic and diluted earnings per share was approximately HK0.3 cents for the year ended 31 March 2024.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Unity Group Holdings International Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the year ended 31 March 2024 together with the comparative audited figures for the prior year as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Revenue	<i>5(a)</i>	92,619	46,550
Cost of sales		<u>(35,875)</u>	<u>(18,837)</u>
Gross profit		56,744	27,713
Other income and gains	<i>5(b)</i>	22,576	1,020
Administrative expenses		(47,494)	(36,408)
Selling and distribution costs		(5,636)	(6,111)
Finance costs	<i>6</i>	(4,340)	(23,260)
Other expenses		(9,734)	(50,663)
Gain on extinguishment of financial liabilities due to substantial modification	<i>7</i>	–	51,591
Share of results of associates		<u>2,737</u>	<u>1,463</u>
Profit/(loss) before income tax	<i>7</i>	14,853	(34,655)
Income tax credit	<i>8(a)</i>	<u>(3,615)</u>	<u>10,641</u>
Profit/(loss) for the year		<u>11,238</u>	<u>(24,014)</u>

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of financial statements of foreign operations	(387)	(357)
Share of other comprehensive income of associates	(10)	35
	<u>(397)</u>	<u>(322)</u>
Other comprehensive income for the year, net of tax	(397)	(322)
Total comprehensive income for the year	<u>10,841</u>	<u>(24,336)</u>
Profit/(loss) for the year attributable to:		
Owners of the Company	8,023	(25,084)
Non-controlling interests	3,215	1,070
	<u>11,238</u>	<u>(24,014)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	7,569	(25,589)
Non-controlling interests	3,272	1,253
	<u>10,841</u>	<u>(24,336)</u>
Earnings/(loss) per share attributable to owners of the Company		
	<i>10</i>	
– Basic (<i>HK cents</i>)	<u>0.3</u>	<u>(1.1)</u>
– Diluted (<i>HK cents</i>)	<u>0.3</u>	<u>(1.1)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,535	4,115
Interests in associates		70,020	67,293
Equity investment at fair value through profit or loss ("FVTPL")		16,848	25,878
Trade receivables	<i>11</i>	10,223	9,719
Finance lease receivables		40,685	12,889
Deposits		781	641
Deferred tax assets	<i>8(b)</i>	47,843	51,458
		188,935	171,993
Current assets			
Inventories		4,204	1,671
Trade receivables	<i>11</i>	193,653	155,392
Finance lease receivables		3,048	2,628
Deposits, prepayments and other receivables		40,432	11,881
Amount due from an associate		4,470	12,005
Pledged deposits		904	–
Cash and cash equivalents		38,885	18,068
		285,596	201,645
Current liabilities			
Trade payables	<i>12</i>	11,110	8,698
Contract liabilities		258	312
Accruals, other payables and deposits received		37,605	42,936
Borrowings	<i>13</i>	17,417	9,000
Lease liabilities		1,048	2,650
Amount due to a related company		1,514	352
Amount due to a director		500	2,986
Amounts due to the scheme creditors	<i>14</i>	29,768	133,779
Financial liabilities at FVTPL		–	3,558
		99,220	204,271
Net current assets/(liabilities)		186,376	(2,626)
Total assets less current liabilities		375,311	169,367

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Deposits received	802	1,713
Lease liabilities	1,158	674
Amounts due to the scheme creditors	40,328	40,328
Convertible bonds	18,953	–
	61,241	42,715
Net assets	314,070	126,652
EQUITY		
Share capital	33,494	23,857
Reserves	288,370	113,861
Equity attributable to owners of the Company	321,864	137,718
Non-controlling interests	(7,794)	(11,066)
Total equity	314,070	126,652

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 2011. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is 15th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. The Group is principally engaged in the provision of leasing services of energy saving systems, consultancy service and installation services of renewable energy system and trading of energy saving products.

2. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new or amendments to Hong Kong Financial Reporting Standards ("HKFRSs") – effective 1 April 2023

In current year, the Group has applied the following new or amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2023.

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of these new or amendments to HKFRSs has no material impact to the Group's results and financial positions for the current and prior period. The Group has revisited the accounting policy information it has been disclosing and removed certain immaterial accounting policies.

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

In July 2023, the HKICPA published Accounting implications of the abolition of the mandatory provident fund (“MPF”)-long service payment (“LSP”) offsetting mechanism in Hong Kong that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19, Employee Benefits, in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in April 2023 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the year ended 31 March 2024, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, since the amount of the catch-up profit or loss adjustment was immaterial, the Group did not restate the comparative figure for the consolidated financial statements.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of these new or amended HKFRSs will not result in significant impact on the Group’s consolidated financial performance and positions and/or the disclosures to the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Basis of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

4. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, financial information relating to these operations is reported internally and is regularly reviewed by the executive directors, being the chief operating decision maker, based on the following segments:

- (1) Provision of leasing service of energy saving systems and products;
- (2) Trading of energy saving products;
- (3) Provision of consultancy and project management services (“**Consultancy service**”); and
- (4) Provision of installation services of renewable energy systems (“**Renewable energy service**”)

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the year.

	Leasing service of energy saving systems and products <i>HK\$'000</i>	Trading of energy saving products <i>HK\$'000</i>	Consultancy service <i>HK\$'000</i>	Renewable energy service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2024					
(Unaudited)					
Revenue from external customers	<u>39,322</u>	<u>40,278</u>	<u>12,931</u>	<u>88</u>	<u>92,619</u>
Reportable segment profit/(loss)	<u>6,238</u>	<u>30,331</u>	<u>8,809</u>	<u>(274)</u>	<u>45,104</u>
Depreciation	<u>530</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>530</u>
Provision for/(reversal of) impairment loss of financial assets	<u>1,810</u>	<u>(25,353)</u>	<u>3,331</u>	<u>(52)</u>	<u>(20,264)</u>
Year ended 31 March 2023 (Audited)					
Revenue from external customers	<u>20,453</u>	<u>18,538</u>	<u>4,863</u>	<u>2,696</u>	<u>46,550</u>
Reportable segment profit/(loss)	<u>(29,962)</u>	<u>8,121</u>	<u>(11,323)</u>	<u>85</u>	<u>(33,079)</u>
Depreciation	<u>1,019</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,019</u>
Provision for/(reversal of) impairment loss of financial assets	<u>34,163</u>	<u>(3,939)</u>	<u>14,712</u>	<u>25</u>	<u>44,961</u>

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented as follows:

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Reportable segment profit/(loss)	45,104	(33,079)
Unallocated corporate income	2,313	973
Unallocated corporate expenses	(32,025)	(32,343)
Finance costs	(3,276)	(23,260)
Gain on extinguishment of financial liabilities due to substantial modification	–	51,591
Share of results of associates	2,737	1,463
	<u>14,853</u>	<u>(34,655)</u>
Profit/(loss) before income tax	<u>14,853</u>	<u>(34,655)</u>

5. REVENUE AND OTHER INCOME AND GAINS

- (a) Revenue represents the income from trading of energy saving products, provision of leasing service, consultancy service and installation service. An analysis of revenue is as follows:

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Revenue from contracts with customer within the scope of HKFRS 15		
Trading of energy saving products	40,278	18,538
Consultancy service income	12,931	4,863
Renewable energy service income	88	2,696
	<u>53,297</u>	<u>26,097</u>
Revenue from other sources		
Leasing service income	39,322	20,453
	<u>92,619</u>	<u>46,550</u>
Timing of revenue recognition		
At a point in time	<u>53,297</u>	<u>26,097</u>

(b) An analysis of the Group's other income and gains is as follows:

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Interest income		
– from bank and pledged deposits	253	165
– from other receivables	397	396
	<u>650</u>	<u>561</u>
Gain on modification of financial liabilities	610	–
Reversal of impairment loss of financial assets	20,264	–
Government grants	–	65
Others	1,052	394
	<u>22,576</u>	<u>1,020</u>

6. FINANCE COSTS

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Interest expenses for financial liabilities carried at amortised cost:		
Interest on amounts due to the scheme creditors	1,259	50
Interest on borrowings	1,384	7,537
Interest on notes payable	–	1,330
Interest on other payable	–	13,769
Interest on convertible bonds	1,389	–
Interest on lease liabilities	111	149
	<u>4,143</u>	<u>22,835</u>
Interest on financial liabilities at FVTPL	197	425
	<u>4,340</u>	<u>23,260</u>

7. PROFIT/LOSS BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Auditor's remuneration	1,480	1,450
Cost of inventories recognised as expenses		
– Cost of inventories sold	28,900	14,958
– Write-off of inventories	134	29
	29,034	14,987
Depreciation of property, plant and equipment		
– Owned assets	530	628
– Right-of-use assets	2,271	2,150
	2,801	2,778
Employee benefit expenses (including directors' remuneration)		
– Salaries and welfare	17,968	15,008
– Equity-settled share option expense	8,462	5,347
– Defined contributions	1,214	989
	27,644	21,344
Increase in warranty provision, net	38	95
Bad debts written off	–	55
(Reversal of)/provision for impairment loss of financial assets	(20,264)	46,026
Fair value loss on equity investment at FVTPL	9,030	3,262
Write-off of property, plant and equipment	686	338
Net foreign exchange losses	7,423	3,325
Gain on lease modification	(14)	(2)
Gain on modification of financial liabilities	(610)	–
Gain on extinguishment of financial liabilities due to substantial modification (<i>note</i>)	–	(51,591)

Note:

For the year ended 31 March 2023, all admitted claims owned by the Company to the scheme creditors has been discharged and released in full as against the Company on the effective date of the Scheme.

8. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax

The amount of taxation in the consolidated statement of comprehensive income represents:

	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Current tax		
– Over-provision in previous years	–	(2,548)
Deferred tax		
– Current year	<u>3,615</u>	<u>(8,093)</u>
Income tax expense/(credit)	<u>3,615</u>	<u>(10,641)</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

Provision for the Enterprise Income Tax in the People's Republic of China (the "PRC") is calculated based on a statutory tax rate 25% (2023: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC.

A subsidiary in Malaysia has elected to pay a lump sum income taxation charge of Malaysian Ringgit ("RM") 20,000 per annum, if taxable profits arise. Another subsidiary in Malaysia's corporate income tax is calculated at the applicable rate in Malaysia.

(b) **Deferred tax**

Details of the deferred tax assets recognised and movements during the year are as follows:

	Impairment loss <i>HK\$'000</i>	Tax depreciation <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022 (Audited)	43,195	170	43,365
Credited to profit or loss for the year	<u>8,093</u>	<u>–</u>	<u>8,093</u>
At 31 March 2023 (Audited) and 1 April 2023	51,288	170	51,458
Charged to profit or loss for the year	<u>(3,280)</u>	<u>(335)</u>	<u>(3,615)</u>
At 31 March 2024 (Unaudited)	<u><u>48,008</u></u>	<u><u>(165)</u></u>	<u><u>47,843</u></u>

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2023: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) **Basic earnings/(loss) per share**

	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Audited)
Profit/(loss) attributable to owners of the Company	<u><u>8,023</u></u>	<u><u>(25,084)</u></u>
	2024 '000 (Unaudited)	2023 '000 (Audited)
Number of shares Weighted average number of shares for the purpose of calculating basic earnings/(loss) per share	<u><u>3,047,729</u></u>	<u><u>2,385,668</u></u>

(b) Diluted earnings/(loss) per share

	2024 <i>'000</i> (Unaudited)	2023 <i>'000</i> (Audited)
Number of shares		
Weighted average number of shares in basic earnings per share	3,047,729	2,385,668
Effect of dilutive potential shares on convertible bonds	29,707	–
Effect of dilutive potential shares on share options	50,474	–
	<u>3,127,910</u>	<u>2,385,668</u>
Weighted average number of shares for the purpose of calculating diluted earnings/(loss) per share	<u>3,127,910</u>	<u>2,385,668</u>

11. TRADE RECEIVABLES

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Trade receivables	497,652	479,019
Less: Provision for impairment loss	(293,776)	(313,908)
Trade receivables, net	<u>203,876</u>	<u>165,111</u>
Classified as:		
Non-current assets (<i>note</i>)	10,223	9,719
Current assets	193,653	155,392
	<u>203,876</u>	<u>165,111</u>

Note: The Group has offered settlement term to a customer attributed to the segment of trading of energy saving products, interest-bearing of 5% per annum with settlement schedule in 84 months. As such, the fair value of the consideration attributable to the customer is determined by discounting the nominal amount of all future receipts using an imputed rate of interest of 5% per annum.

The Group's trading terms with its customers are mainly on credit. Generally, the credit period is ranging from cash on delivery to 365 days, except for a customer who has been granted the settlement schedules of 84 months from the Group.

Based on invoices date, ageing analysis of the Group's trade receivables (net of provision for impairment loss) is as follows:

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
0 to 30 days	19,716	20,595
31 to 90 days	2,985	10,078
91 to 180 days	10,623	6,493
181 to 365 days	32,405	12,122
Over 365 days	138,147	115,823
	<u>203,876</u>	<u>165,111</u>

12. TRADE PAYABLES

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Trade payables	<u>11,110</u>	<u>8,698</u>

Based on goods receipts date, ageing analysis of the Group's trade payables is as follows:

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
0 to 30 days	3,378	7,962
31 to 90 days	44	192
91 to 180 days	4,931	71
181 to 365 days	460	–
Over 365 days	2,297	473
	<u>11,110</u>	<u>8,698</u>

The Group generally made purchase with various terms, operating on cash on delivery or payment in advance terms, except for a supplier who has granted a settlement schedule of up to 60 months to the Group.

13. BORROWINGS

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Unsecured and guaranteed bank loans:		
Amounts repayable on demand	8,787	9,000
Secured and guaranteed other loans:		
Amounts repayable on demand	<u>8,630</u>	<u>–</u>
Total borrowings classified as current liabilities	<u><u>17,417</u></u>	<u><u>9,000</u></u>

14. AMOUNTS DUE TO THE SCHEME CREDITORS

	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Audited)
Non-current liabilities	40,328	40,328
Current liabilities	<u>29,768</u>	<u>133,779</u>
	<u><u>70,096</u></u>	<u><u>174,107</u></u>

Note:

The Group initiated the debt restructuring scheme in the previous years. All necessary statutory, regulatory, and creditors' approvals of the scheme have been obtained during the year ended 31 March 2023. The Scheme became effective on 21 February 2023. All admitted claims owned by the Company to those creditors would be discharged and released in full as against the Company on the effective date of the Scheme. The duration of the Scheme shall be 30 months. Under the Scheme, there are two settlement options for scheme creditors to elect for the settlement preference.

Under cash option, the outstanding balances would be settled on the following basis:

- (1) 5% of total outstanding principal on the effective date of the Scheme;
- (2) 40% of total outstanding principal prior to the first anniversary of the effective date of the Scheme;
- (3) 40% of total outstanding principal prior to the second anniversary of the effective date of the Scheme; and

(4) 15% of total outstanding principal at the end of the Scheme.

All outstanding interest would be discharged on the effective date of the Scheme and the outstanding balance would be charged at 2.5% per annum commencing on the effective date of the Scheme.

Under equity option, the Company will allot, issue and register in the name of scheme creditors such number of new shares, credited as fully paid at a premium of 25% of debts, to the average closing price of the Company as quoted on the Stock Exchange for the last five consecutive trading days prior to the effective date of the Scheme.

All scheme creditors have to elect the settlement option before 22 March 2023, in which certain scheme creditors with the total admitted claims balances of approximately HK\$104,399,000 as at 31 March 2023 have elected the equity option. For the remaining balances of HK\$69,708,000, those balances would be settled by cash according to the abovementioned schedule.

The abovementioned settlement shares has been approved by independent shareholders in an extraordinary general meeting on 15 June 2023 for allotment and issuance. On 28 June 2023, 730,061,232 settlement shares were allotted and issued to the relevant scheme creditors and balances of approximately HK\$104,399,000 had been settled.

Details are set out in the Company's announcements dated 3 August 2022, 14 October 2022, 11 November 2022, 17 February 2023, 14 April 2023 and 15 June 2023.

15. CONVERTIBLE BOND

On 29 September 2023, the Company issued convertible bonds in an aggregate principal amount of US\$10,000,000 in Hong Kong with a coupon rate of 8.0% per annum and a maturity of 24 months. Holders of the convertible bonds shall have the rights to convert all or part of the principal amount of its convertible bonds into shares of the Company at HK\$0.33 per share. Details are set out in the Company's announcements dated 9 June 2023 and 29 September 2023.

On 17 November 2023, convertible bonds with an aggregate principal amount of US\$7,500,000 was converted into approximately 177,273,000 newly issued shares of the Company.

16. EVENTS AFTER REPORTING PERIOD

Subsequent to the year end, on 31 May 2024, convertible bond with principal amount of US\$2,500,000 was converted into 59,090,909 newly issued shares of the Company at the initial conversion price of HK\$0.33 per ordinary share, as a result the Company allotted and issued 59,090,909 conversion shares to the subscriber or its nominees on 31 May 2024. Details are set out in the announcement dated 31 May 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

The total revenue of the Group was approximately HK\$92.7 million for the year ended 31 March 2024, representing an increase of approximately 99.0% as compared to approximately HK\$46.6 million for the year ended 31 March 2023.

An analysis of revenue is presented as follows:

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Leasing service of energy saving systems and products			
Malaysia Project	(a)	36,160	14,447
Others		3,162	6,006
Trading of energy saving products	(b)	40,278	18,538
Consultancy service income	(c)	12,931	4,863
Renewable energy service income	(d)	88	2,696
		92,619	46,550

Notes:

- (a) This refers to the “Light Source in the Darkness” project in Malaysia (the “**Malaysia Project**”), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time. The Malaysia Project is receiving a lot of compliments by customers and government support locally. The Malaysia Project starts out in Selangor state of Malaysia which has a total of approximately 8,000 condominiums and targets to install 6 million LED lights by 2025. During the year ended 31 March 2024, installation of approximately 121,000 (2023: 52,000) LED lights has been completed under the Malaysia Project, which led to an increase of revenue from HK\$14.4 million for the year ended 31 March 2023 to approximately HK\$36.2 million for the year ended 31 March 2024.

- (b) This refers to revenue from trading of lighting products of the Group. The increase was the result of revenue to a new customer and also increase in demand from existing trading customers.
- (c) The increase was due to the increase in the number of consultancy and project management projects from 2 for the year ended 31 March 2023 to 3 for the year ended 31 March 2024.
- (d) There were no major solar photovoltaic systems installation project during the year ended 31 March 2024, hence the renewable energy service income decrease.

Other income and gains

The Group's other income and gains for the year ended 31 March 2024 of approximately HK\$22.6 million mainly comprised (i) reversal of expected credit loss on financial assets approximately HK\$20.3 million; (ii) a gain on modification of financial liabilities of approximately HK\$0.6 million. The other income and gains for the year ended 31 March 2023 was approximately HK\$1.0 million, which mainly included (i) interest income of approximately HK\$0.6 million; (ii) written off of borrowings of approximately HK\$0.3 million; and (iii) government grants of approximately HK\$0.1 million.

Selling and distribution costs

The Group's selling and distribution costs for the year ended 31 March 2024 were approximately HK\$5.6 million, decrease from approximately HK\$6.1 million for the year ended 31 March 2023. The decrease was mainly comprised of (i) the decrease of advertising and promotion expenses from approximately HK\$1.9 million for the year ended 31 March 2023 to approximately HK\$1.0 million for the year ended 31 March 2024; (ii) the increase of salaries expenses and other employees benefits from approximately HK\$4.1 million for the year ended 31 March 2023 to approximately HK\$4.4 million for the year ended 31 March 2024.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2024 were approximately HK\$47.5 million, increase from approximately HK\$36.4 million for the year ended 31 March 2023.

The increase was the mixed effect of the (i) increase in currency exchange loss from approximately HK\$3.3 million for the year ended 31 March 2023 to approximately HK\$7.4 million for the year ended 31 March 2024 resulting from depreciation of Indonesian Rupiah and Renminbi; (ii) increase in travel and entertainment from approximately HK\$1.9 million to approximately HK\$5.8 million for the year ended 31 March 2024; which is partially off-set by the decrease in legal and professional fees from approximately HK\$8.8 million for the year ended 31 March 2023 to approximately HK\$4.9 million for the year ended 31 March 2024, and (iii) increase in staff costs from approximately HK\$13.9 million for the year ended 31 March 2023 to approximately HK\$19.2 million for the year ended 31 March 2024, as a result of increase in staff member from 57 as of 31 March 2023 to 70 as of 31 March 2024.

Finance costs

The Group's finance costs decreased from approximately HK\$23.3 million for the year ended 31 March 2023 to approximately HK\$4.3 million for the year ended 31 March 2024.

The decrease was mainly due to the sanction of the scheme of arrangement (the “**Scheme**”) by the High Court which became effective on 21 February 2023, where debts owed to the relevant scheme creditors have accrued interest at 2.5% per annum since such effective date, which is much lower than the interest rate before.

Other expenses

The Group's other expenses decreased from approximately HK\$50.7 million for the year ended 31 March 2023 to approximately HK\$9.7 million for the year ended 31 March 2024.

The decrease was the mixed effect of the (i) decrease of provision for expected credit losses on financial assets from approximately HK\$46.0 million for the year ended 31 March 2023 to nil for the year ended 31 March 2024; (ii) increase of fair value loss on equity investment from approximately HK\$3.3 million for the year ended 31 March 2023 to approximately HK\$9.0 million for the year ended 31 March 2024.

Gain on extinguishment of financial liabilities

The Group recognised a gain of approximately HK\$51.6 million from the waiver of all the loan interests and default interests during upon the Scheme the year ended 31 March 2023. The loss or gain on extinguishment of financial liabilities was recognised in accordance with the requirement of HK(IFRIC) Interpretation 19. For the year ended 31 March 2024, no such gain was recognised.

Provision for expected credit losses on financial assets

The Group has elected to measure loss allowances for trade receivables and finance lease receivables using HKFRS 9 simplified approach and has calculated expected credit losses (“ECLs”) based on lifetime ECLs. The ECL on these assets are assessed individually for debtors which are assessed to be credit-impaired and collectively for other debtors using a provision matrix that is based on historical observed default rates, adjusted for forward looking factors specific to the debtors and the economic environment. To measure the ECLs using provision rates, trade receivables and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due or repayment schedule. Under HKFRS 9, the losses allowances are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The expected credit losses were assessed taking into account the probability of default, exposure at default and loss given default. Probability of default is the risk that the borrower will be unable or unwilling to repay its debt in full or on time. The risk of default is derived by analysing the obligor's capacity to repay the debt in accordance with contractual terms. It is generally associated with financial characteristics such as inadequate cash flow to service debt, declining revenues or operating margins, high leverage, declining or marginal liquidity, and the inability to successfully implement a business plan. The assessment of the default probabilities were referenced to Bloomberg, and the average cumulative issuer-weighted global default rates stated in "Annual default study: Corporate default rate to moderate in 2024 but remain near its long-term average" published by Moody's. Forward-looking information has been considered in adjusting the historical default rates to reflect forecasts of future economic conditions when calculating the expected credit losses, with reference to the default rate forecasts projected by Moody's. According to Moody's, the macroeconomic and credit factors in formulating the default rate forecasts include performance of the economy, unemployment, high-yield spread, the availability of coronavirus vaccines, development and management of the pandemic, fiscal and monetary policies, trade tensions and geopolitical instability which demonstrated the potential for market swings and affected the pace of the global economic recovery.

Exposure at default is the amount of money that is invested in certain financial instrument that is exposed to credit risk. It represents the gross exposure under a facility upon default of an obligor, or a loss that a lender would suffer if the borrower (counterparty) fully defaults on his debt (e.g. cannot repay the loan received). The exposure at default was referenced to the amount of outstanding balances of the trade and finance lease receivables as at 31 March 2024.

Loss given default is the share of a financial asset that the lender shall lose if a borrower defaults and is calculated as "1 – recovery rate", in which the recovery rate is the remaining share of a financial asset that is expected to recover when a borrower defaults. The recovery rates for the trade and finance lease receivables were referenced to the average senior unsecured bond recovery rates before default stated in Annual Default Study and the actual historical recovery rate.

Provision for ECLs on financial assets changed from loss of approximately HK\$46.0 million during the year ended 31 March 2023 to a reversal of ECLs of approximately HK\$20.3 million during the year ended 31 March 2024. The improvement in ECLs made for the year ended 31 March 2024 is the mixed result of (i) general decrease in overall default risk and credit risk of the debtors as recoverability improves, and (ii) longer ageing of certain trade receivables has improved.

Settlement of trade receivables have improved generally while some customers still struggle with temporary cash flows difficulties. Management believed that the recoverability of trade receivables will continue to improve over time.

In respect of the determination of the ECLs of trade and finance lease receivables of the Group as at 31 March 2024 for financial reporting purpose, the Group has engaged an independent valuer (the “**Valuer**”), to assist in the relevant calculation of the ECLs. The Valuer is a professional surveyors firm in Hong Kong with appropriate qualification and experience to perform similar type of valuation.

The tables below set out the comparison in key inputs used in the valuation of the expected credit loss of trade and finance lease receivables excluding trade and finance lease receivable under individual assessment as at 31 March 2024 and 31 March 2023:

	Valuation as at 31 March 2024	Valuation as at 31 March 2023
Expected loss rate of trade receivables by past due status		
Neither past due nor impaired	1.20%	1.21%
1 to 30 days past due	5.75%	5.67%
31 to 90 days past due	10.36%	10.79%
91 to 180 days past due	19.36%	19.18%
181 to 365 days past due	23.95%	27.34%
Over 365 days past due	74.93%	87.01%

	Valuation as at 31 March 2024	Valuation as at 31 March 2023
Expected loss rate of finance lease receivables by years		
Within 1 year	1.49%	5.53%
Within 1–2 years	25.68%	25.00%
Within 2–3 years	N/A	26.06%

Expected loss rates are based on historical observed default rates. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables. The decrease in expected loss rates was mainly due to the decrease in the historical observed default rates and the forward-looking adjustment that may impact the customer’s ability to repay the outstanding balances.

With reference to valuation prepared by the Valuer and the internally assessed parameters and assumptions adopted in the calculation of expected credit loss of trade and finance lease receivables, the Directors and the audit committee of the Board (the “**Audit Committee**”) considered the relevant calculations of the ECLs for the year ended 31 March 2024 are fair and reasonable and the relevant calculations reflected a realistic forecast by taking into account the macro-economic factors, the historical credit loss and forward-looking information as mentioned above.

Given the objective assessment by the Valuer, and taking into consideration of the status of the receivables as discussed above, the management acknowledged that adopting a set of lower expected loss rates (except for long overdue balances) as compared to 31 March 2023 was in a reasonable range in arriving at the reversal of ECLs regarding trade receivables and finance lease receivables amounted to approximately HK\$20.3 million during the year ended 31 March 2024.

For other receivables, the management assessed that no amount was credit impaired for the year ended 31 March 2024. (2023: approximately HK\$1.0 million).

Income tax credit

The Group recognised income tax expenses amount to approximately HK\$3.6 million for the year ended 31 March 2024, mainly attributable to the tax effect of reversal of expected credit loss on financial assets. While for the year ended 31 March 2023, an income tax credit approximately HK\$10.6 million was recognised, of which approximately HK\$8.1 million were deferred tax credit and approximately HK\$2.5 million were current tax credit.

Share of results of associates

The Group's share of results of associates for the year ended 31 March 2024 was approximately HK\$2.7 million, increasing from approximately HK\$1.5 million for the year ended 31 March 2023. The increase was mainly due to the increase in the amount of sharing of results of an associate and its subsidiaries, namely KSL Group (as defined below), as reversal of over accrued tax expenses offsetting the decrease in trading revenue of customised LED products in South Africa.

EBITDA/EBIT

As a result of the foregoing, the Group's EBITDA improved from a loss of approximately 8.6 million for the year ended 31 March 2023 to a profit of approximately HK\$22.0 million for the year ended 31 March 2024. The Group's EBIT improved from a loss of approximately HK\$11.4 million for the year ended 31 March 2023 to a profit of approximately HK\$19.2 million for the year ended 31 March 2024.

Adjusted profit or loss for the year

The following table reconciles the adjusted profit or loss for the years excluding major extraordinary items as defined by the Group's management for the years presented to the profit or loss for the years indicated:

	Year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	11,238	(24,014)
Add back/(less) other major extraordinary items:		
Gain on modification of financial liability	(610)	–
Fair value loss on equity investment at FVTPL	9,030	3,262
Gain on extinguishment of financial liabilities due to substantial modification	–	(51,591)
Share-based payment expenses in respect of share options	8,462	5,347
Net foreign exchange loss	7,423	3,325
Adjusted profit or loss for the year excluding major extraordinary items	<u>35,543</u>	<u>(63,671)</u>

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group mainly finances its business with internally generated cash flows and bank and other borrowings. As at 31 March 2024, current assets of the Group amounted to approximately HK\$285.6 million, representing an increase of 41.7% from approximately HK\$201.6 million as at 31 March 2023. The current assets mainly comprised cash and bank balances of approximately HK\$38.9 million (2023: approximately HK\$18.1 million), trade receivables of approximately HK\$193.7 million (2023: approximately HK\$155.4 million), finance lease receivables of approximately HK\$3.0 million (2023: approximately HK\$2.6 million), amount due from an associate of approximately HK\$4.5 million (2023: approximately HK\$12.0 million), and deposits, prepayments and other receivables of approximately HK\$40.4 million (2023: approximately HK\$11.9 million).

As at 31 March 2024, the Group's current liabilities mainly comprised borrowings of approximately HK\$17.4 million (2023: approximately of HK\$9.0 million), amounts due to the scheme creditors of approximately HK\$29.8 million (2023: approximately HK\$133.8 million), trade payables of approximately HK\$11.1 million (2023: approximately HK\$8.7 million), accruals, other payables and deposits received of approximately HK\$37.6 million (2023: approximately HK\$43.0 million). The Group's current ratio increased from approximately 1.0 times as at 31 March 2023 to approximately 2.9 times as at 31 March 2024.

The Group completed the Scheme to restructure its financial liabilities and initiated financing with new borrowers during the year ended 31 March 2024 and changes in the debt structure of the Group is summarized as follows:

	2024	2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
Bank borrowings	8,787	9,000
Other borrowings	8,630	–
Due to scheme creditors to be settled by cash payments	69,708	69,708
Due to scheme creditors settled subsequently by issue of shares of the Company	–	104,399
	<u>87,125</u>	<u>183,107</u>

Out of the total amounts due to the scheme creditors of HK\$174.1 million, HK\$104.4 million has been settled on 28 June 2023 through the completion of issue of shares of the Company pursuant to the terms of the Scheme, which led to a decrease in overall debt. The remaining HK\$69.7 million due to the scheme creditors will be settled by cash payments over a period of two and a half years at a fixed interest rate of 2.5% per annum. For further details, please refer to the Company's announcement dated 3 August 2022, 14 October 2022, 11 November 2022, 17 February 2023, 14 April 2023 and 15 June 2023.

On the other hand, the other borrowings of HK\$8.6 million in the current year has a maturity of 5 years and incurs interest at floating interest rate. As at 31 March 2024, the Group's total equity was approximately HK\$314.1 million, representing an increase of approximately 147.9% from approximately HK\$126.7 million as at 31 March 2023. As at 31 March 2024, the Group has charged on the trade and finance lease receivables of a subsidiary to secure the borrowings.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2024.

GUARANTEES

The Group had no material guarantees as at 31 March 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY OR ASSOCIATED COMPANY

The Group had no material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2024.

SIGNIFICANT INVESTMENT

As at 31 March 2024, the Group held one investment with a value above 5% of the total assets of the Group, which is the interests in associates in Kedah Synergy Limited (“**KSL**”), together with its subsidiaries (the “**KSL Group**”), which accounted for approximately 14.8% of the Group's total assets as at 31 March 2024 (the “**Investment in Associates**”).

Investment in Associates

The Investment in Associates represents the Group's investment in the KSL Group. The KSL Group includes associated companies of the Group which were owned as to 47.5% by the Group as at 31 March 2024. The KSL Group is principally engaged in trading of energy saving products and provision of cost-saving energy management solutions. The total initial investment cost in the KSL Group was approximately HK\$27.7 million. As at 31 March 2024, the Investment in Associates was approximately HK\$70.0 million.

The Investment in Associates is accounted for by equity method in which 47.5% share of the results of the KSL Group is reflected in the carrying amount of the investment. During the year ended 31 March 2024, share of profit from the KSL Group amounted to approximately HK\$2.7 million (2023: approximately HK\$1.5 million) was recognised in the consolidated statement of comprehensive income of the Group.

The increase in share of profit was due to the increase in the net profit attributable to the shareholders of the KSL Group from approximately HK\$3.1 million for the year ended 31 March 2023 to approximately HK\$5.8 million for the year ended 31 March 2024, which is mainly attributable to reversal of over accrued tax in previous years.

No dividend income from KSL was recognised during the year ended 31 March 2024. The Group will continue to hold the investment in the KSL Group as long-term investment as the management believes the investment will continue to generate profit for the Group and the business of the KSL Group is in line with the Group's core business.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2024, the Group had 70 full-time employees. The Group offers a competitive remuneration package commensurate with industry practice and provides benefits to its employees, including bonuses, medical coverage and provident fund contributions.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (“**MPF Scheme**”). Under the MPF Scheme, each of the Group companies (i.e. the employer) and its employees make monthly contributions to the scheme at 5% of the employees' monthly earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The Group also operates a number of defined contribution retirement schemes outside Hong Kong in accordance with local statutory requirements. The assets of these schemes are generally held in separate administered funds and are generally funded by payments from employees and by the relevant Group companies.

GRANT OF SHARE OPTIONS

On 8 December 2023, the Company granted a total of 62,212,000 share options to subscribe for an aggregate of 62,212,000 ordinary shares of HK\$0.01 each in the share capital of the Company, comprising (i) 23,856,000 share options to a non-executive Director; and (ii) 38,356,000 share options to certain qualified participants, being employees of the Group, under the Share Option Scheme. Details of the grant are set out in the Company's announcements dated 8 December 2023 and 11 December 2023.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme. Under the Share Option Scheme, the Board may in its absolute discretion grant options to directors or employees (whether full time or part time) of our company and its subsidiaries and associated companies (the “**Qualified Participants**”) subscribe for its shares. The purpose of the Share Option Scheme is to enable the Company to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of our Company and its shares for the benefit of the shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of our Group.

FOREIGN CURRENCY EXPOSURE

The Group's revenue and expenses are mainly in Hong Kong dollar which is the functional currency of most of the entities making up the Group. As it is expected that there will be a continuous increase in revenue from overseas markets, the Directors believe that the Group will be exposed to foreign exchange risk due to exchange rate fluctuations. After considering the current and future exchange rate level and the foreign currency market, and also the costs of hedging, the Group does not adopt any foreign currency hedging measure as at the date of this announcement. However, the Group will monitor its foreign exchange exposure and will consider hedging the foreign currency exposure should the need arises.

GEARING RATIO

As at 31 March 2024, the gearing ratio of the Group, which is calculated on the basis of the amount of total debts divided by the total equity, was 39.9%, which has decreased from 144.6% as at 31 March 2023.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 March 2024. The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

FUTURE OUTLOOK

Financial Status

The Group's financial status continues to improve after the series of restructuring actions completed in June 2023 and new source of financing from banks and financing companies. In particular, the Group completed the issue of US\$10 million convertible bonds with aggregate principal amount of US\$10 million to an investor on 29 September 2023, which are fully converted into equity shares of the Company on 17 November 2023, greatly enhancing the capital structure and the financial health of the Group. The Group will continue to build new banking relationships, explore other means of financings such as bonds, equity, and co-investment with investment funds, so as to continue refining the capital structure of the Group.

Business outlook

Energy Saving

Malaysia

The Group's "Light Source in the Darkness" project in Malaysia, (the "**Malaysia Project**"), which helps local condominiums to solve their lighting problems and achieve energy efficiency at the same time in the common areas using the Group's energy management contract solution, is receiving a lot of compliments by customers and government support locally.

The Malaysia Project starts out in Selangor state of Malaysia which has a total of approximately 8,000 condominiums and targets to install 6 million LED lights. The Group targets to complete installation of 1 million LED lightings in Selangor by March 2025 and the Group is actively looking into additional financing source to accelerate the deployment.

Middle East

The Group kicked off its business in the Middle East during the year and has completed an energy saving project with Leaf Tower in United Arab Emirates (“U.A.E.”) through enhancement of their lighting and cooling systems.

On the other hand, on 27 September 2023, the Group held a signing ceremony in Hong Kong which signified its start of cooperation with local partners in Middle East. The Group entered into a memorandum of understanding with Lead International Investments L.L.C., a subsidiary, which focuses on energy business, of a conglomerate established in U.A.E., for upcoming business collaboration in the Middle East, including but not limited to the following:

- (a) Provision of energy management contract energy saving solutions in the Middle East, starting with around 700 commercial, residential and corporation buildings in Abu Dhabi and expanding to cover the entire U.A.E. and Middle East market;
- (b) Procurement and offering of private-label solar equipment to meet the demand for a potential of 100GW solar projects in U.A.E. with estimated aggregate monetary amount of US\$15 billion by 2030; and
- (c) Establishment of a carbon emission reduction offsetting platform.

This signifies the Group’s expansion into the Middle East market with the support of local partners. The Group believes tapping into the Middle East market brings in tremendous business growth potential to the Group in the future.

Vertical Farming

In June 2024, the Group entered into a memorandum of understanding (“**MOU**”) with Nestlé Products Sdn. Bhd. (“**Nestlé**”) and GoBiz Asia Sdn. Bhd. (“**GoBiz**”), the Malaysian operating arm of Nestlé S. A., the world’s largest fast-moving consumer goods company. Under the MOU, Unity Group will join hand with Nestlé to establish the VEGGiTY Proof of Concept Model (“**VPM Model**”). Unity Group and GoBiz will be responsible for the delivery, installation, operation, cultivation and management of the VPM Model in Malaysia and ensure the products meet Nestlé’s standards, expecting to achieve a stable chili supply by December 2024.

Renewable Energy

In September 2023, the Group has strategically partnered with Tongwei Solar Energy (Hefei) Co. Ltd* (通威太陽能(合肥)有限公司) (“**TW Solar**”) in Hefei of Mainland China, the largest polysilicon manufacturer and the largest solar cell provider in the world since 2022. The parties agreed to cooperate in provision of co-branded solar equipment products with local customers for groundmounted and rooftop solar power generation market in Middle East and also Central Asia, Southeast Asia and East Asia with a targeted market size of not less than 30 GW by 2030. This allows the Group to capture the tremendous market opportunity in the Middle East and other regions of the world.

Further to the above, the Group will continue its business development regarding renewable projects in the PRC. The Group believes there will be many more opportunities in the future given the “double carbon” objectives in the Mainland China.

* *For identification purpose*

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 March 2024, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) of the Company had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the businesses of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31 March 2024.

CORPORATE GOVERNANCE

The Board is committed to achieving and maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company and to enhance corporate value, transparency and accountability, and to formulate its business strategies and policies.

The Company has applied the principles as set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules, together with compliance with the relevant code provisions.

The Board is of the view that, throughout the year ended 31 March 2024, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code, except for the deviation from code provisions C.2.1 and F.2.2 as explained below:

Code provision C.2.1

The roles of Chairman of the Board and Chief Executive Officer of the Company have been performed by Mr. Wong Man Fai Mansfield. Although under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. Wong was considered to be in the best interests of the Company and its shareholders as a whole. Mr. Wong has been leading our Group as the Chief Executive Officer and one of our subsidiaries since 2009, thus, the Board believes that the combined roles of Mr. Wong promotes better leadership for both the Board and management and enables more focused development of business strategies and implementation of objectives and policies. The balance between power and authority is maintained by the openness and cooperative spirit of the senior management and the Board, which comprise experienced and high-calibre individuals. The Board currently comprises four independent non-executive Directors and has a fairly strong independence element in its composition. The structure is supported by the Company's well established corporate governance structure and internal control system. Therefore, the Board considers that the deviation from code provision C.2.1 is appropriate in the circumstances. The Board will review the management structure regularly and consider separating the roles of chairman and chief executive, if and when appropriate.

Code Provision F.2.2

Code provision F.2.2 of the Corporate Governance Code stipulates that the chairman of the board should attend the annual general meeting. Due to other business engagements, Mr. Wong Man Fai Mansfield, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2023. Dr. Wong Chi Ying Anthony, an independent non-executive Director of the Company, took the Chair of the annual general meeting pursuant to the articles of association of the Company. The Board will continue to monitor and review the Company's corporate governance practices and procedures and make necessary changes when it considers appropriate.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Corporate Governance Code have been applied will be included in the Company's 2023/2024 Annual Report.

COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted its own code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the "**Securities Dealing Code**") on terms no less exacting than the standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors and relevant employees of the Group, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code throughout the year ended 31 March 2024 and up to the date of this report.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION AND AUDIT COMMITTEE

The auditing process for the annual financial statements for the year ended 31 March 2024 has not been completed as the auditor of the Company (the “**Auditor**”) has not yet completed the audit work on the annual results of the Company. This is mainly attributable to the accounting treatment pursuant to HK(IFRIC) Int 19 – Extinguishing Financial Liabilities with Equity Instruments, regarding the issue of shares of the Company during the year ended 31 March 2024 to settle liabilities to certain scheme creditors (the “**Accounting Matter**”).

The Accounting Matter was only brought to the attention to the Board by Auditor on 26 June 2024, merely two days before the date of this announcement. While management has acted promptly to provide necessary information to the Auditor as requested, the Auditor still need more time to reassess the evaluation of the Accounting Matter. Except for the Accounting Matter, the Board does not expect any other matter that may lead to material changes in the audited annual results.

Pursuant to Rule 13.49(3) of the Listing Rules, if the Company is unable to publish its annual results within the prescribed timeframe, it must, so far as such information is available, announce its results prepared based on the financial results which have yet to be agreed upon with the auditors. The unaudited annual results contained herein, which have not been agreed with the Auditor as required under Rule 13.49(1) and 13.49(2) of the Listing Rules, is published in order to keep the Shareholders and potential investors informed of the Group’s business operation and financial position.

The Board is of the view that the Accounting Matter is considered a technical accounting matter that has no effect on the net asset position of the Group as of 31 March 2024. It has also no implication on the liquidity of the Group given that it is unrelated to any cash-based items. As such and to comply with the Listing Rules, the Company decided to make this announcement of unaudited annual results to provide timely information to the shareholders and the general public.

A further announcement regarding the annual results that is agreed with the Auditor and the material differences (if any) as compared with the unaudited annual results contained herein will be made when the auditing process is completed. The Company is in close communication with the Auditor regarding the annual audit. However, the expected date for publishing the such further announcement will need to be further discussed and determined with the Auditor and will be announced in due course.

The Audit Committee was established with its defined written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision D.3.3 of the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (Chairman of the Audit Committee), Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony, with Mr. Chung possessing the appropriate professional qualifications and accounting and related financial management expertise. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as reviewing the efficiency and effectiveness of the Group's operations, external audit and of risk management and internal control systems.

The Audit Committee has reviewed the unaudited consolidated annual results of the Group for the year ended 31 March 2024, including the accounting principles and practices adopted by the Group, which was of the opinion that such financial information complied with the applicable accounting standards and requirements and the Listing Rules, and adequate disclosures had been made.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") is scheduled to be held on Friday, 20 September 2024. A circular containing, among other matters, further information relating to the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be held on Friday, 20 September 2024) be closed from Thursday, 12 September 2024 to Friday, 20 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 11 September 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.unitygroup.eco>).

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited consolidated annual results for the year ended 31 March 2024 and the material differences (if any) as compared with the unaudited consolidated annual results contained herein.

Pursuant to Rule 13.46(2) of the Listing Rules, the Company is required to despatch its annual report in respect of the year ended 31 March 2024 to the Shareholders not more than four (4) months after the end of the financial year of the Company (i.e. on or before 31 July 2024). Due to the delay in the publication of the annual results announcement, there could be a possible delay in the despatch of the annual report for the financial year ended 31 March 2024. The delay in despatch of the annual report, if materialised, will constitute noncompliance with Rule 13.46(1) of the Listing Rules. The expected date of despatch of the annual report will be announced as and when appropriate, if there is any delay.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that Ms. Cai Linda Xin Xin (“**Ms. Cai**”) will be appointed as a non-executive Director of the Company with effect from 31 July 2024.

The biographical details of Ms. Cai are as follows:

Ms. Cai Linda Xin Xin, aged 43, the spouse of Mr. Wong Man Fai Mansfield, the Company's Chairman, executive Director, Chief Executive Officer and substantial shareholder, has over 10 years of experience working in investment banking, private equity, hedge fund, and long-only investment funds. She started her career as an investment banking analyst at Goldman Sach's Technology, Media, & Telecom Group in San Francisco and most recently worked at Hong Kong based Multi-Strategy Fund, LIM Advisors. Ms. Cai has extensive experience in IPO, private equity, real estate across multiple asset classes. Ms. Cai completed Harvard Business School's Sustainable Investing Diploma in December 2022. She holds double degrees in Business Administration and Economics from the University of California, Berkeley.

Ms. Cai has entered into a letter of appointment with the Company pursuant to which she is appointed as a non-executive Director of the Company for an initial term of three years commencing from 31 July 2024. She is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Listing Rules and the Articles of Association of the Company. Pursuant to article 83(3) of the Articles of Association of the Company, Ms. Cai who is appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and be eligible for re-election at such meeting.

Ms. Cai is entitled to a director's remuneration of HK\$264,000 for the year ending 31 March 2025 in respect of her services to the Group which is determined by the Board with reference to her responsibilities and time commitment and is subject to review by the Remuneration Committee of the Company from time to time. Her remuneration is covered by the letter of appointment and any subsequent revision approved by the Board.

As at the date of this announcement, Ms. Cai had not held any directorship in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, as at the date of this announcement, Ms. Cai did not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company and did not currently hold any other position with the Company and other members of the Group and did not have other major appointments and professional qualification.

As at the date of this announcement, Ms. Cai was deemed to be interested in 1,924,953,481 shares of the Company in which Mr. Wong Man Fai Mansfield was interested in, representing approximately 55.89% of the issued shares of the Company. Save as disclosed above, Ms. Cai did not have any interest or short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save for the information disclosed above, as at the date of this announcement, there was no other information of Ms. Cai that was discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there were no other matters relating to the appointment of Ms. Cai that need to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to express its warmest welcome to Ms. Cai for joining the Board.

PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF 2024 SHARE OPTION SCHEME

The Share Option Scheme adopted by the Company on 5 March 2015 (the “**Existing Share Option Scheme**”) is valid and effective for a period of ten years from the date of adoption. According to the terms of the Existing Share Option Scheme, the Company may at any time resolve to terminate the Existing Share Option Scheme by resolution of the Company’s shareholders in general meeting and in such event, no further options may be granted but the provision of the Existing Share Option Scheme shall remain in force and effect to the extent necessary to give effect to the exercise of any options granted prior to its termination. Options granted under the Existing Share Option Scheme prior to such termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of the Existing Share Option Scheme. As at the date of this announcement, there were 88,618,000 outstanding options of the Company to subscribe for 88,618,000 shares granted but not yet exercised under the Existing Share Option Scheme.

In this connection, the Board proposes to terminate the Existing Share Option Scheme and to adopt a new share option scheme of the Company (the “**2024 Share Option Scheme**”) so that the Company can continue to provide incentives and/or rewards to the Group’s eligible participants for their contributions or potential contributions to the Group.

The 2024 Share Option Scheme constitutes a “Share Scheme” governed by Chapter 17 of the Listing Rules and the proposed adoption of the 2024 Share Option Scheme is subject to the approval of the shareholders of the Company at the AGM.

The adoption of the 2024 Share Option Scheme is conditional upon (a) the passing of a resolution by the shareholders of the Company to approve and adopt the 2024 Share Option Scheme; and (b) the approval of the Listing Committee of the Stock Exchange granting for the listing of, and permission to deal in, the shares to be allotted and issued pursuant to the exercise of the share options in accordance with the terms and conditions of the 2024 Share Option Scheme.

A circular of the Company containing, among other matters, further details about the termination of the Existing Share Option Scheme and adoption of the 2024 Share Option Scheme, including its principal terms, and the notice convening the AGM will be despatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

The financial information of the Group for the year ended 31 March 2024 contained herein in respect of the annual results of the Group has not been audited and have not been agreed with the Auditor.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
Unity Group Holdings International Limited
Wong Man Fai Mansfield
*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Director is Mr. Wong Man Fai Mansfield; the non-executive Director is Mr. Tsang Sze Wai Claudius; and the independent non-executive Directors are Mr. Chung Koon Yan, Mr. Cheung Yick Hung Jackie, Dr. Wong Chi Ying Anthony and Mr. Tang Warren Louis.