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COOLPOINT INNONISM HOLDING LIMITED

快意智能股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8040)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Coolpoint Innonism Holding Limited (formerly known as DCB Holdings Limited) (the “**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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

During the year ended 31 March 2023 (the “**Year**” or “**2023**”), the Group recorded an increase in revenue of approximately 22.2% to approximately HK\$260.5 million from approximately HK\$213.1 million for the year ended 31 March 2022 (the “**Previous Year**” or “**2022**”). The Group’s gross profit increased to approximately HK\$21.7 million for the Year from approximately HK\$3.1 million for the Previous Year.

The Group recorded a profit and other comprehensive income attributable to the owners of the Company of approximately HK\$1.2 million for the Year, as compare to that of a loss and other comprehensive expense attributable to the owners of the Company of approximately HK\$13.6 million for the Previous Year.

Earnings per share of the Company was approximately HK0.36 cents (2022: loss per share of HK4.24 cent).

FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to present the consolidated results of the Group for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	260,473	213,122
Cost of services		(238,783)	(210,034)
Gross profit		21,690	3,088
Other income and gains/(losses), net	5	1,455	1,712
Allowance recognised on:			
— trade receivables	11	(1,432)	(200)
— other receivables	11	(231)	(217)
— contract assets	12	(1,027)	(2,502)
Administrative expenses		(18,610)	(15,303)
Finance costs	6	(576)	(141)
Profit/(loss) before tax	7	1,269	(13,563)
Income tax expense	8	(101)	—
Profit/(loss) and other comprehensive income/ (expense) for the year		<u>1,168</u>	<u>(13,563)</u>
Profit/(loss) and other comprehensive income/ (expense) for the year attributable to:			
Owner of the Company		1,188	(13,563)
Non-controlling interest		(20)	—
		<u>1,168</u>	<u>(13,563)</u>
		2023 <i>HK cents</i>	2022 <i>HK cents</i>
Earnings/(loss) per share attributable to owners of the Company			
Basic	10	<u>0.36</u>	<u>(4.24)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		1,146	1,462
Right-of-use assets		3,588	4,971
Financial assets at fair value through profit or loss		3,675	—
		8,409	6,433
Current assets			
Inventories		163	—
Trade and other receivables	<i>11</i>	14,021	18,055
Deposits and prepayments		895	1,295
Contract assets	<i>12</i>	88,338	79,109
Amount due from non-controlling interest		146	—
Pledged bank deposits		6,085	10,079
Bank balances and cash		26,326	10,447
		135,974	118,985
Current liabilities			
Trade and other payables	<i>13</i>	20,380	14,313
Contract liabilities	<i>12</i>	12,263	25,002
Amount due to ultimate holding company		11,900	—
Bank borrowings		13,000	10,000
Lease liabilities		1,827	2,151
Current income tax payable		101	—
		59,471	51,466
Net current assets		76,503	67,519

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Total assets less current liabilities		84,912	73,952
Non-current liabilities			
Lease liabilities		1,804	2,803
Other non-current liabilities		258	258
		2,062	3,061
Net assets		82,850	70,891
Capital and reserves			
Share capital	<i>14</i>	3,400	3,200
Reserves		79,323	67,691
Equity attributable to owners of the Company		82,723	70,891
Non-controlling interest		127	—
Total equity		82,850	70,891

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of the Stock Exchange on 14 February 2018. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group, comprising the Company and its subsidiaries is located at Room D, 12/F., Lucky Factory Building, 63–65 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The directors consider the ultimate holding company to be the Company's parent company, Advance Goal Group Limited (“**Advance Goal**”), a private company incorporated in the British Virgin Islands (“**BVI**”), of which the Company's directors, Mr. Cheng Tsang Fu Dennis (“**Mr. Dennis Cheng**”) and Ms. Liu Lee Lee (“**Ms. Lily Liu**”), and a former director, Mr. Cheng Tsang Wai (“**Mr. Dick Cheng**”), are shareholders.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 1 August 2022, the Company changed its English name from “DCB Holdings Limited” to “Coolpoint Innonism Holding Limited” and its dual foreign name in Chinese from “DCB控股有限公司” to “快意智能股份有限公司” with effect from 6 September 2022.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the provision of fitting-out services, renovation services and Nano-AM application services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the preparation of the consolidated financial statements for the year ended 31 March 2023, the Group has applied, for the first time, the following amendments issued by the HKICPA:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

New and amendments to HKFRSs in issue not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

- ¹ Effective for annual periods beginning on or after 1 January 2023.
- ² Effective for annual periods beginning on or after a date to be determined.
- ³ Effective for annual periods beginning on or after 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to HKFRSs not yet effective for the current year will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in a reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 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 is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, who are also the chief operating decision makers (“**CODM**”) and the directors of an operating subsidiary, for the purposes of resource allocation and performance assessment focuses on types of services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Fitting-out work — refers to works conducted on new buildings.
- (b) Renovation work — refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works.
- (c) Nano-AM work — refers to the provision and application of nanophotocatalytic antifouling materials (the “**Nano-AM**”) on various types of repairs and maintenance works for yachts.

Segment revenue and results

The Group provides fitting-out and renovation services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the completion of the contract using input method.

The Group provides yacht services to customers regarding the Nano-AM and repairs and maintenance to customers. The individual Nano-AM and repairs services are regarded as a performance obligation and the revenue from these services is recognised at point in time when the related distinctive services are completed. Revenue from maintenance services are recognised over time as the customers simultaneously receive and consume the benefit provided by the Group's performance.

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

For the year ended 31 March 2023

	Fitting-out work HK\$'000	Renovation work HK\$'000	Nano-AM work HK\$'000	Total HK\$'000
Segment revenue	<u>172,991</u>	<u>83,010</u>	<u>4,472</u>	<u>260,473</u>
Segment results	<u>9,975</u>	<u>7,543</u>	<u>1,713</u>	19,231
Consultancy fee income				—
Government subsidies				1,513
Interest income				133
Other unallocated income and losses, net				(191)
Unallocated expenses				<u>(19,417)</u>
Profit before tax				<u>1,269</u>

For the year ended 31 March 2022

	Fitting-out work <i>HK\$'000</i>	Renovation work <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>94,870</u>	<u>117,829</u>	<u>423</u>	<u>213,122</u>
Segment results	<u>3,300</u>	<u>(3,134)</u>	<u>220</u>	386
Consultancy fee income				1,507
Government subsidies				45
Interest income				9
Other unallocated income				151
Unallocated expenses				<u>(15,661)</u>
Loss before tax				<u>(13,563)</u>

Segment revenue represents revenue from external customers. There were no inter-segment sales for the year ended 31 March 2023 (2022: Nil).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit/loss before tax earned by each segment without allocation of consultancy fee income, government subsidies, other unallocated income and unallocated expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM and is not used for the purposes of resource allocation and performance assessment.

Other segment information

<i>For the year ended 31 March 2023</i>	Fitting-out work <i>HK\$'000</i>	Renovation work <i>HK\$'000</i>	Nano-AM work <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure allocated to segments	—	—	—	—
Unallocated capital expenditure				<u>1,142</u>
Total capital expenditure				<u><u>1,142</u></u>
Depreciation allocated to segments	—	—	—	—
Unallocated depreciation				<u>2,841</u>
Total depreciation				<u><u>2,841</u></u>
Impairment loss allocated to segments				
Trade receivables	1,017	415	—	1,432
Contract assets	706	321	—	1,027
Unallocated impairment loss on other receivables				<u>231</u>
Total impairment losses				<u><u>2,690</u></u>

<i>For the year ended 31 March 2022</i>	Fitting-out work <i>HK\$'000</i>	Renovation work <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure allocated to segments	—	—	—	—
Unallocated capital expenditure				<u>6,431</u>
Total capital expenditure				<u><u>6,431</u></u>
Depreciation allocated to segments	—	—	—	—
Unallocated depreciation				<u>2,682</u>
Total depreciation charge				<u><u>2,682</u></u>
Impairment loss allocated to segments				
Trade receivables	103	97	—	200
Contract assets	335	2,167	—	2,502
Unallocated impairment loss on other receivables				<u>217</u>
Total impairment losses				<u><u>2,919</u></u>

Geographical information

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

5. OTHER INCOME AND GAINS/(LOSSES), NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	133	9
Consultancy fee income	—	1,507
Gain on disposal of plant and equipment	—	102
Government subsidies under the Employment Support Scheme	1,490	—
Government subsidies under the Distance Business Programme	23	45
Net exchange (losses)/gains	(2)	33
Sundry income	15	16
Loss on change in fair value of financial assets at fair value through profit or loss	(204)	—
	<u>1,455</u>	<u>1,712</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on		
Bank borrowings	396	69
Lease liabilities	180	72
	<u>576</u>	<u>141</u>

7. PROFIT/(LOSS) BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) before tax has been arrived at after charging:		
Directors' emoluments		
Fees	61	198
Salaries, allowances and other benefits	3,740	5,442
Discretionary bonus	1,700	1,300
Retirement benefit scheme contributions	36	36
	<u>5,537</u>	<u>6,976</u>
Other staff costs		
Salaries, allowances and other benefits	29,028	26,207
Discretionary bonus	1,593	1,868
Retirement benefit scheme contributions	919	936
	<u>31,540</u>	<u>29,011</u>
Total staff costs	37,077	35,987
Less: amounts included in cost of services	<u>(26,303)</u>	<u>(26,158)</u>
Amounts included in administrative expenses	<u>10,774</u>	<u>9,829</u>
Auditor's remuneration	530	500
Depreciation of plant and equipment	459	341
Depreciation of right-of-use assets	<u>2,382</u>	<u>2,341</u>

8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
— provision for the year	<u>101</u>	<u>—</u>
	<u>101</u>	<u>—</u>

Hong Kong Profits Tax of the qualifying group entity is calculated at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the remaining amount of the estimated assessable profits of the Group for the year.

No provision for Hong Kong Profits Tax for the year ended 31 March 2022 has been made as the Group has no assessable profits for that year.

At the end of the reporting period, the Group has unused tax losses of approximately HK\$7,448,000 (2022: HK\$11,780,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends paid for the current year		
— (2022: final dividend at HK1.1 cents per share for the year ended 31 March 2021 paid)	<u>—</u>	<u>3,520</u>

During the year ended 31 March 2022, the final dividend of HK1.1 cents per share in respect of the year ended 31 March 2021 was approved by the shareholders in the annual general meeting and the total final dividend of HK\$3,520,000 was paid by the Company.

The directors do not recommend the payment of a dividend in respect of the year (2022: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings/(loss) for the purpose of basic earnings/loss per share		
Profit/(loss) for the year attributable to the owners of the Company	<u>1,188</u>	<u>(13,563)</u>
	2023 '000	2022 '000
Number of ordinary shares for the purpose of basic earnings/loss per share	<u>333,260</u>	<u>320,000</u>

No diluted earnings/loss per share is presented for the years ended 31 March 2023 and 2022 as there were no potential ordinary shares in issue for both of these years.

11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, gross	14,785	17,156
Less: Impairment loss recognised	<u>(1,840)</u>	<u>(408)</u>
Trade receivables, less impairment losses	12,945	16,748
Other receivables, gross	1,554	1,554
Less: Impairment loss recognised	<u>(478)</u>	<u>(247)</u>
Other receivables, less impairment losses	<u>1,076</u>	<u>1,307</u>
Total trade and other receivables	<u><u>14,021</u></u>	<u><u>18,055</u></u>

The Group does not allow any credit period to its customers.

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. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

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

The Group's trade receivables as at 31 March 2023 with the aggregate carrying amount of approximately HK\$12,945,000 (2022: HK\$16,748,000) were past due at the reporting date. The Group does not hold any collateral over these balances. Trade receivables are non-interest bearing.

The following is an analysis of the trade receivables which are past due based on the invoice date and net of provisions but not impaired:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Overdue:		
0 to 30 days	9,724	14,301
31 to 60 days	914	517
61 to 90 days	—	1,800
Over 90 days	2,307	130
	<u>12,945</u>	<u>16,748</u>

An impairment assessment for trade receivables was performed at the reporting date based on expected credit loss provisioning methodology with reference to historical experience and forward-looking information.

Movements in the provision for impairment loss of trade receivables are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	408	208
Impairment loss recognised for the year	1,432	200
At end of the year	<u>1,840</u>	<u>408</u>

The carrying amount of other receivables at 31 March 2023 represent advance to a third party amounted to approximately HK\$1,076,000 (2022: HK\$1,307,000). The advance is unsecured, interest-free and repayable on demand.

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of other receivables. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

Movements in the provision for impairment loss of other receivables are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of year	247	30
Impairment loss recognised for the year	231	217
	<hr/>	<hr/>
At end of year	478	247
	<hr/> <hr/>	<hr/> <hr/>

12. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fitting-out work	67,330	41,822
Renovation work	25,028	40,280
	<hr/>	<hr/>
	92,358	82,102
Less: Impairment loss recognised	(4,020)	(2,993)
	<hr/>	<hr/>
	88,338	79,109
	<hr/> <hr/>	<hr/> <hr/>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are classified to trade receivables when the rights become unconditional.

The Group's contracts include payment schedules which require stage payments over the contract period once certain specified milestones are reached.

Included in contracts assets at 31 March 2023 are retention money held by customers for contract work amounted to a total of approximately HK\$13,448,000 (2022: HK\$24,813,000), of which approximately HK\$5,248,000 (2022: HK\$6,764,000) was expected to be recovered or settled in more than twelve months from the end of the reporting period. The customers of the Group normally hold retention money of typically 5% to 10% of each interim payment, to the maximum of 5% of the total contract amount. 50% of the retention money is usually released after the issue of the certificate of practical completion and the remaining portion is usually released upon the issue of certificate of making good defects after the expiry of the defect liability period which is typically 12 months or for certain projects 24 months.

Retention money is unsecured, interest free and expected to be realised within the Group's normal operating cycle.

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of contract assets. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

Movements in the impairment loss of contract assets recognised are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	2,993	491
Impairment loss recognised for the year	1,027	2,502
At end of the year	<u>4,020</u>	<u>2,993</u>

Contract liabilities

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fitting-out work	7,262	13,852
Renovation work	4,747	11,150
Nano-AM work	254	—
	<u>12,263</u>	<u>25,002</u>

The Group requires certain fitting-out and renovation work customers to provide upfront deposits ranged from 10% to 30% of the total contract sum as part of its credit risk management policies. When the Group receives a deposit before the contract work commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the relevant contract exceeds the amount of the deposits.

The following table shows the revenue recognised in the current reporting period which relates to brought-forward contract liabilities.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue recognised for the year that was included in the contract liabilities balance at the beginning of the year		
— Fitting-out work	11,989	19,752
— Renovation work	8,681	2,834
	<u>20,670</u>	<u>22,586</u>

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in prior years (2022: Nil).

The changes in contract assets and contract liabilities are due to (a) changes in the progress of contract works when the Group satisfies the performance obligations under the contracts; and (b) reclassification of contract assets to trade receivables when the Group has unconditional right to the receivables.

The following table shows how much of the revenue expected to be recognised relates to contracts with an original expected duration of more than one year:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Expected to be recognised within one year	12,009	16,502
Expected to be recognised after one year	<u>—</u>	<u>50,414</u>
	<u>12,009</u>	<u>66,916</u>

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

13. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	16,754	10,585
Accruals	3,626	3,728
	<u>20,380</u>	<u>14,313</u>

The ageing analysis of the trade payables based on invoice date at the end of the reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1–30 days	16,528	10,501
31–60 days	25	—
61–90 days	25	—
Over 90 days	176	84
	<u>16,754</u>	<u>10,585</u>

14. SHARE CAPITAL

Details of the Company's shares are set out as follows:

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 1 April 2022	320,000,000	3,200
Issue of shares	20,000,000	200
	<u>340,000,000</u>	<u>3,400</u>
At 31 March 2023	<u>340,000,000</u>	<u>3,400</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is principally engaged in the provision of fitting-out services, renovation services and Nano-AM application services in Hong Kong.

Fitting-out and renovation services

The Group's clientele of the fitting-out and renovation services comprises (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties.

The Group's fitting-out and renovation services mainly include provision of fitting-out and renovation solutions for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, clubhouses, sales office, public area in residential and commercial buildings, offices, shopping malls and shops in Hong Kong.

As the project manager and principal coordinator, the Group is responsible for the overall implementation of projects that included planning, coordinating, monitoring and supervising the project from the commencement of service to the delivery of certificate of completion, and follow up on rectification of defects during the defect liability period, among other things.

For projects over HK\$10 million which is defined as large-scaled projects hereafter, the Group has awarded a total of 4 large-scaled fitting-out projects with a contract sum of approximately HK\$198.3 million during the Year and contributed a revenue of approximately HK\$30.5 million for the Year. In Previous Year, the Group had awarded a total of 8 large-scaled projects which comprised 5 fitting-out projects and 3 renovation projects HK\$232.7 million and contributed a revenue of approximately HK\$91.5 million for the Previous Year.

Nano-AM application services

During the Year, the Group has obtained an exclusive license for sales of a nanophotocatalytic antifouling material (the "Nano-AM") that is an eco-friendly material effectively preventing unwanted growth of microorganisms onto the coated surfaces, currently being used as a surface disinfecting material and protective paint on building materials, boats and yachts.

Leveraging the exclusive license for the sales of the Nano-AM, the Company explores the marine repair and maintenance business successfully. The Group is responsible for the sales and marketing of the Nano-AM and is exploring other opportunities for the Nano-AM application.

The Board believes that the Nano-AM can also have useful applications in other aspects including our fitting-out and renovation projects and also can be a good opportunity for the Group to broaden its income streams through sales of the Nano-AM in the construction materials market.

Looking forward, in addition to the huge development potential of the Nano-AM application, the Board believes that the demand for the high-end fitting-out and renovation services will stay strong, and the Group will continue to develop this market accordingly.

Financial Review

Revenue

The Group's revenue is principally generated from provision of fitting-out services, renovation services and Nano-AM application services to its customers.

The following table shows our revenue by operating segment during the years ended 31 March 2023 and 2022:

	For the year ended 31 March			
	2023		2022	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Fitting-out work	172,991	66.4	94,870	44.5
Renovation work	83,010	31.9	117,829	55.3
Nano-AM work	4,472	1.7	—	—
Others	—	0.0	423	0.2
	<u>260,473</u>	<u>100.0</u>	<u>213,122</u>	<u>100.0</u>

For the Year under review, the Group's revenue was approximately HK\$260.5 million, representing an increase of approximately 22.2% as compared to the revenue of approximately HK\$213.1 million for the Previous Year.

The revenue for fitting-out works for the Year was approximately HK\$173.0 million, represented an increase of approximately 82.3% from approximately HK\$94.9 million for the Previous Year. The increase was mainly due to the increase in revenue contributed from several large-scaled fitting projects located in Repulse Bay, Mid-levels, Wong Chuk Hang, Tuen Mun and Tsim Sha Tsui which contributed an aggregate revenue of approximately HK\$134.7 million for the Year.

The revenue for renovation works for the Year was approximately HK\$83.0 million, represented a decrease of approximately 29.6% from approximately HK\$117.8 million for the Previous Year. The decrease was mainly due to a substantial portion of the renovation works for several large-scaled renovation projects located in Causeway Bay, Stanley, the Peak and Shatin completed in last financial year and as such the aggregate revenue contributed from these large-scaled renovation projects decreased from approximately HK\$92.6 million for the Previous Year to approximately HK\$48.8 million for the Year.

Cost of Services and Gross Profit

The Group's cost of services mainly comprised subcontracting costs, material costs and direct staff costs. The increase in cost of services was generally in line with the increase in revenue for the Year.

The following table shows our gross profit and gross profit margin by operating segment during the years ended 31 March 2023 and 2022:

	For the year ended 31 March			
	2023		2022	
	Gross Profit	Gross Profit	Gross Profit/	Gross Profit
	Margin	Margin	(Loss)	Margin
	HK\$'000	%	HK\$'000	%
Fitting-out work	11,698	6.8	3,738	3.9
Renovation work	8,279	10.0	(870)	-0.7
Nano-AM work	1,713	38.3	—	N/A
Others	—	N/A	220	52.0
	<u>21,690</u>	<u>8.3</u>	<u>3,088</u>	<u>1.4</u>

The overall gross profit increased by approximately HK\$18.6 million or 602.4% from approximately HK\$3.1 million for the Previous year to approximately HK\$21.7 million for the Year, which was primarily attributable to the increase in gross profit of renovation works and fitting-out works by HK\$9.1 million and HK\$8.0 million respectively.

The increase in gross profit from fitting-out work was generally in line with the growth of revenue from fitting-out work during the Year. The increase in gross profit from renovation work was mainly attributable to an increase in revenue from renovation work for the year and the implementation of cost control measures.

Other Income and Gains/(Losses), Net

The Group's other income and gains decreased by approximately HK\$0.2 million from approximately HK\$1.7 million for the Previous Year to approximately HK\$1.5 million for the Year. Such decrease was primarily due to a loss on change in fair value of a life insurance contract.

Impairment Loss of Trade Receivables, Other Receivables and Contract Assets

The Group's impairment loss of trade receivables, other receivables and contract assets amounted to approximately HK\$2.7 million and HK\$2.9 for the years ended 31 March 2023 and 2022 respectively, representing a decrease of approximately 7.8%. Such decrease was primarily due to a decrease in impairment loss of contract assets for the Year by approximately HK\$1.5 million partially offset by an increase in impairment loss of trade receivables for the Year by HK\$1.2 million.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$18.6 million and HK\$15.3 million for the years ended 31 March 2023 and 2022 respectively, representing an increase of approximately 21.6%. Such increase was primarily due to the increase in staff costs and legal and professional fees for the Year by approximately HK\$1.1 million and HK\$1.1 million respectively.

Finance Costs

The Group's finance costs amounted to approximately HK\$576,000 and HK\$141,000 respectively, representing an increase of approximately 308.5%. Such increase was mainly due to the increases in interest on lease liabilities and interest on bank borrowings by approximately HK\$108,000 and HK\$327,000 respectively.

Income Tax Expense

Income tax expense of the Group for the Year was approximately HK\$0.1 million (2022: Nil) and such increase was consistent with the increase in assessable profits for the Year as compared to the Previous Year.

Profit/(Loss) and Total Comprehensive Income/(Expense) for the Year

As a result of the aforesaid, the Group recorded a profit and total comprehensive income attributable to the owners of the Company of approximately HK\$1.2 million for the Year, as compared to that of a loss and total comprehensive expense attributable to the owners of the Company of approximately HK\$13.6 million for the Previous Year.

Borrowing Facilities

As at 31 March 2023, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK\$75.9 million (31 March 2022: HK\$81.9 million), which include, but not limited to, revolving loan, term loan, overdraft and bank guarantee. Out of total banking facilities, revolving loan facility of HK\$4.0 million (31 March 2022: HK\$10.0 million) and term loan facility of HK\$9.0 million (31 March 2022: Nil) were outstanding. As at 31 March 2023, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK\$20.6 million (31 March 2022: HK\$21.1 million). The revolving loan facility and term loan facility are denominated in Hong Kong dollars and carried at variable rates of Hong Kong Inter-bank Offered Rate (“**HIBOR**”) plus 2% per annum and Hong Kong Best Lending Rate quoted by the bank from time to time minus 2.25% per annum respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 March 2023. As at 31 March 2023, the Group had bank balances and cash of approximately HK\$26.3 million (2022: HK\$10.4 million). The increase in bank balances and cash was mainly due to (i) the proceed from issue of shares upon share placement of approximately HK\$10.6 million; and (ii) the advance from holding company of approximately HK\$11.9 million; and partially offset by the net cash used in operating activities of approximately HK\$7.1 million. As at 31 March 2023, the Group's bank balances and cash, except a small aggregate amount of approximately HK\$344,000 (2022: HK\$343,000) in foreign currencies including Renminbi, United States dollars and Euro dollars, were held in Hong Kong dollars. The current ratio remained approximately 2.3 times as of both 31 March 2022 and 31 March 2023. The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year and multiplied by 100%, increased from 14.1% as at 31 March 2022 to approximately 15.7% as at 31 March 2023 due to an increase in bank borrowings to facilitate short-term liquidity. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

As at 31 March 2023, the Company's issued share capital was HK\$3,400,000 (2022: HK\$3,200,000) and the number of its issued ordinary shares was 340,000,000 (2022: 320,000,000) of HK\$0.01 each.

USE OF PROCEEDS FROM PLACING

On 2 August 2022, an aggregate of 20,000,000 ordinary shares of the Company have been placed to placees at a price of HK\$0.540 per share (the "Placing"). The Company received net proceeds from the Placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$10,644,000. The planned use of proceeds was solely for financing the Group's working capital. The analysis of the actual use of the proceeds are set out below:

The analysis of the actual use of the proceeds are set out below:

	Planned amount utilised up to 31 March 2023 HK\$'000	Actual utilised amount as at 31 March 2023 HK\$'000	Unutilised amount as at 31 March 2023 HK\$'000
Working capital	<u>10,644</u>	<u>2,063</u>	<u>8,581</u>

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The Group's core business operation is in Hong Kong and its assets are principally in Hong Kong. Hence, the Group is not exposed to significant foreign exchange risk as the majority of its business transactions are denominated in Hong Kong dollars (being the functional currency of the Group) and there were only insignificant balances of financial assets that were denominated in foreign currency as at 31 March 2023.

The Group does not have a foreign currency hedging policy. The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. 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

As at 31 March 2023, the Group had bank deposits amounted to approximately HK\$6.1 million (2022: HK\$10.1 million) and investment in a life insurance policy with a fair value of HK\$3.7 million (2022: Nil) which were pledged to secure banking facilities granted to the Group.

SURETY BOND AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

At the end of the reporting period, the Group had outstanding performance bonds as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Issued by banks	<u><u>20,599</u></u>	<u><u>21,136</u></u>

CAPITAL COMMITMENTS

As at 31 March 2023 and 2022, the Group did not have any significant capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 31 March 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed a total of 56 employees (2022: 63 employees). The staff costs, including directors' emoluments, of the Group were approximately HK\$37.1 million for the year ended 31 March 2023 (2022: approximately HK\$36.0 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance. The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong in accordance with the rules of the MPF Scheme.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2023.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices to ensure that all of them are in line with corporate governance best practices.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. Throughout the Year, the Company has adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner, except for the deviations from the Code Provision C.2.1 of the CG Code mentioned in the paragraph headed "Chairman and Chief Executive Officer".

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the CG Code, which stipulates that the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Accordingly, following the resignation of Mr. Cheng Tsang Wai as chairman of the Board and replaced by Mr. Cheng Tsang Fu Dennis on 28 March 2022, there will be a deviation from the code provision C.2.1 by the Company as Mr. Cheng Tsang Fu Dennis is also the chief executive officer.

Notwithstanding the aforesaid deviation, the Board believes that vesting the roles of both the chairman of the Board and the chief executive officer on Mr. Cheng Tsang Fu Dennis can better facilitate the execution of the Group's business strategies and boost effectiveness of its operation. The Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of four executive directors, two non-executive directors and three independent non-executive directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company as a whole. Nevertheless, the Company will continue to review its operation and seek to re-comply with the code provision C.2.1 of the CG Code by splitting the roles of chairman and chief executive officer at a time when it is appropriate to increase the independence of corporate governance of the Group.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATE CORPORATIONS

As at 31 March 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Interests in Shares	Approximate percentage shareholding
Mr. Cheng Tsang Fu Dennis	Interest in controlled corporation ⁽¹⁾ / interest of spouse ⁽²⁾	164,200,000	48.29%
Ms. Liu Lee Lee Lily	Interest in controlled corporation ⁽¹⁾ /interest of spouse ⁽²⁾	164,200,000	48.29%
Mr. Chui Kai Tai	Beneficial owner	12,800,000	3.76%
Prof. Leung Kwok Hi Michael	Beneficial owner	3,200,000	0.94%
Ms. Lin Xiaoling	Beneficial owner	3,200,000	0.94%
Prof. Leung Yiu Cheong	Beneficial owner	2,500,000	0.74%
Mr. Chow Kwok Kee	Interest of spouse	80,000	0.04%

Notes:

- The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are deemed to be collectively interested in 164,200,000 Shares held by Advance Goal by virtue of the SFO.

2. Each of Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily is spouse to each other. Therefore, Mr. Cheng Tsang Fu Dennis is deemed to be interested in Shares held by Ms. Liu Lee Lee Lily, and vice versa, pursuant to the SFO.

Saved as disclosed above, as at 31 March 2023, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 31 March 2023, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, the following person has an interest or short position in the shares or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the issued shares of the Company are listed as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage shareholding
Advance Goal ⁽¹⁾	Beneficial owner	164,200,000	48.29%
Mr. Cheng Tsang Wai	Interest in controlled corporation	164,200,000	48.29%
Ms. Chow Siu Shan Juliana ⁽²⁾	Interest of spouse	164,200,000	48.29%
Mr. Chen Yi Sung	Beneficial owner	36,730,000	10.80%

Notes:

1. The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lee Lily are deemed to be collectively interested in 164,200,000 Shares held by Advance Goal by virtue of the SFO.
2. Ms. Chow Siu Shan Juliana is the spouse of Mr. Cheng Tsang Wai. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 164,200,000 Shares owned by Mr. Cheng Tsang Wai through Advance Goal.

Saved as disclosed above, as at 31 March 2023, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued shares of the Company.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations” above, at no time during the Year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the Year.

COMPETITION AND CONFLICT OF INTERESTS

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company entered into a deed of non-competition dated 19 January 2018 in favour of the Company (the “**Deed of Non-competition**”). Details of the Deed of Non-competition are set out in the section headed “Relationship with our Controlling Shareholders” in the Prospectus.

During the Year, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

The Company has received the confirmation from the controlling shareholders in respect of their compliance with the terms of the Deed of Non-competition for the Year. The independent non-executive Directors had reviewed and confirmed that, having made such reasonable enquiries with the controlling shareholders and reviewed such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed of Non-competition had not been complied with by the controlling shareholders during the Year and the Deed of Non-competition has been enforced by the Company in accordance with its terms for the Year.

AUDIT COMMITTEE

The Company established the audit committee on 19 January 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the audit committee’s authority, duties and responsibilities are available on both the websites of the Stock Exchange and the Company. The audit committee has three members comprising the three independent non-executive Directors, namely Mr. Chiu Wai Hon, Mr. Chow Kwok Kee and Mr. Xu Zhi Qiang. The chairman of the audit committee is Mr. Chiu Wai Hon. The Group’s annual results for the year ended 31 March 2023 have been reviewed by the audit committee.

SCOPE OF WORK OF MESSRS. CCTH CPA LIMITED

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (“AGM”) of the Company will be held on Friday, 18 August 2023, at 11:00 a.m., at 2/F, Building 10W, 10 Science Park West Avenue, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the GEM Listing Rules in due course.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 15 August 2023 to Friday, 18 August 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited (the “**Hong Kong Share Registrar**”), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 14 August 2023.

PUBLICATION OF 2023 ANNUAL REPORT

The 2023 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at www.coolpointinnonism.com in due course.

By order of the Board
Coolpoint Innonism Holding Limited
Cheng Tsang Fu Dennis
Chairman and Chief Executive Officer

Hong Kong, 29 June 2023

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lee Lily, Mr. Chui Kai Tai and Ms. Lin Xiaoling; the non-executive directors of the Company are Prof. Leung Yiu Cheong and Prof. Leung Kwok Hi Michael; and the independent non-executive directors of the Company are Mr. Chow Kwok Kee, Mr. Xu Zhi Qiang and Mr. Chiu Wai Hon.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 announcement 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 herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its posting and on the website of the Company at www.coolpointinnonism.com.