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NOBLE ENGINEERING GROUP HOLDINGS LIMITED

怡康泰工程集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8445)

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 companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Noble Engineering Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange 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 in this announcement misleading.*

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company hereby announces the consolidated financial results of the Group for the year ended 31 March 2023, together with the comparative figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	237,211	275,626
Direct costs		<u>(235,676)</u>	<u>(299,512)</u>
Gross profit/(loss)		1,535	(23,886)
Other income and gain	5	64	7
Administrative and other operating expenses		(13,292)	(12,309)
Finance costs	6	<u>(4)</u>	<u>(15)</u>
Loss before tax		(11,697)	(36,203)
Income tax credit/(expense)	7	<u>86</u>	<u>(217)</u>
Loss and other comprehensive expense for the year attributable to owners of the Company	8	<u>(11,611)</u>	<u>(36,420)</u>
Loss per share	11		
– Basic and diluted (<i>HK\$</i>)		<u>(0.05)</u>	<u>(0.18)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		757	1,524
Right-of-use asset		334	135
Equity investment at fair value through other comprehensive income	12	70	70
Deferred tax assets		355	269
		<u>1,516</u>	<u>1,998</u>
Current assets			
Contract assets	13	49,434	43,837
Trade and other receivables	14	18,849	19,969
Bank and cash balances		47,296	44,516
		<u>115,579</u>	<u>108,322</u>
Current liabilities			
Trade and other payables	15	25,848	17,926
Lease liabilities		175	138
		<u>26,023</u>	<u>18,064</u>
Net current assets		<u>89,556</u>	<u>90,258</u>
Total assets less current liabilities		<u>91,072</u>	<u>92,256</u>
Non-current liabilities			
Lease liabilities		159	–
NET ASSETS		<u><u>90,913</u></u>	<u><u>92,256</u></u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		12,564	10,470
Reserves		78,349	81,786
TOTAL EQUITY		<u><u>90,913</u></u>	<u><u>92,256</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

The Noble Engineering Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 12 April 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 29 September 2017. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 9, 25/F., CRE Centre, 889 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of wet trade works service.

In the opinion of the directors of the Company, as at 31 March 2023, Land Noble Holdings Limited, a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate and ultimate parent; Mr. Tse Chun Yuen (“**Mr. Eric Tse**”) and Mr. Tse Chun Kuen (“**Mr. CK Tse**”) are the ultimate controlling parties of the Company.

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision of wet trades works services	<u>237,211</u>	<u>275,626</u>
Revenue from contracts with customers	<u>237,211</u>	<u>275,626</u>
Disaggregation of revenue from contracts with customers:		
Segments	Wet trades works services business <i>HK\$'000</i>	2023 Total <i>HK\$'000</i>
<i>Geographical markets</i>		
Hong Kong	<u>237,211</u>	<u>237,211</u>
<i>Major products/service</i>		
Provision of wet trades works services	<u>237,211</u>	<u>237,211</u>
<i>Timing of revenue recognition</i>		
Over time	<u>237,211</u>	<u>237,211</u>
Segments	Wet trades works services business <i>HK\$'000</i>	2022 Total <i>HK\$'000</i>
<i>Geographical markets</i>		
Hong Kong	<u>275,626</u>	<u>275,626</u>
<i>Major products/service</i>		
Provision of wet trades works services	<u>275,626</u>	<u>275,626</u>
<i>Timing of revenue recognition</i>		
Over time	<u>275,626</u>	<u>275,626</u>

Wet trades works services business

Recognition

The Group provides wet trades works (including tile laying, brick laying, plastering, floor screeding and marble works) under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the works at the customers' specified sites such that the Group's performance creates or enhances an asset that the customer controls as the Group performs.

Revenue is recognised progressively using output method which recognises revenue on the basis of direct measurements of the value to the customer of the promised goods or services transferred to date relative to the remaining goods or services promised under the contract with the customer. The progress towards complete satisfaction of the performance obligations in the contract is determined based on the value of performance completed to date as a percentage of total transaction price to depict the transfer of control of the goods or services to the customer. The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15.

Variable consideration

The Group considers both the terms of the contracts entered into with its customers and its customary business practices to determine the transaction prices for each of its construction projects. The Group determines the transaction price as the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to the customer. When estimating transaction prices for construction projects in progress, the Group recognises that the amounts of consideration would vary because of price discounts and rebates, which are usually finalised and agreed with the customers during the final certification stage of the projects. Although such variability relating to the consideration promised by the customers are not explicitly stated in the contracts, the Group considers that the customers have valid expectations arising from customary business practices that the price concessions would be given to the customers at the end of the construction projects. Hence the estimates of variable consideration are typically constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2023	2022
	HK\$'000	HK\$'000
Customer A	N/A [#]	35,976
Customer B	75,627	138,534
Customer C	24,280	N/A [#]
Customer D	N/A [#]	45,098
Customer E	24,587	31,614

The above customer represents a collection of companies within a group. All the revenue are generated from wet trades works services business.

[#] The corresponding revenue did not contribute over 10% of total revenue of the Group.

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's wet trades works services business as a single operating segment and regularly reviews the operating results of the Group as a whole when making decisions about resources to be allocated and assessing its performance. Also, the Group only engages its business in Hong Kong. Therefore, all revenue of the Group is derived from operations carried out in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no segment information is presented.

5. OTHER INCOME AND GAIN

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	<u>64</u>	<u>7</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Lease interests	4	9
Interest on bank overdrafts	<u>–</u>	<u>6</u>
Total borrowing costs	<u>4</u>	<u>15</u>

7. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Deferred tax	<u>86</u>	<u>(217)</u>
Total tax credit/(expense) for the year	<u>86</u>	<u>(217)</u>

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2023 as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

The reconciliation between the income tax credit/(expense) and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before tax	<u>(11,697)</u>	<u>(36,203)</u>
Tax at the domestic income tax rate of 16.5% (2022: 16.5%)	(1,930)	(5,973)
Tax effect of income that is not taxable	(1,653)	(1)
Tax effect of expenses that are not deductible	17	2
Tax effect of tax losses not recognised	<u>3,652</u>	<u>5,755</u>
Income tax credit/(expense)	<u>86</u>	<u>(217)</u>

8. LOSS FOR THE YEAR

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

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation of plant and equipment		1,111	2,079
Auditor's remuneration		700	700
Subcontracting fee included in direct costs		176,929	255,992
Wage subsidies from employment support scheme included in direct costs		(10,021)	–
(Reversal of)/provision for loss allowance on financial assets and contract assets	13, 14	(45)	511
Staff costs including directors' emoluments			
Salaries, bonus and allowances		20,823	20,850
Retirement benefits scheme contributions		695	735
		21,518	21,585

9. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$11,611,000 (2022: HK\$36,420,000) and the weighted average number of ordinary shares of approximately 239,232,000 (2022: 199,615,000) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2023.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Loss</i>		
Loss for the purpose of calculating basic and diluted earnings per share	11,611	36,420

	2023 '000	2022 '000
<i>Number of shares</i>		
Weighted average number of ordinary shares in issue during the year for the purposes of the basic and diluted loss per share	<u>239,232</u>	<u>199,615</u>

Note: The weighted average number of ordinary shares for the year ended 31 March 2023 for the purposes of calculating basic and diluted loss per share have been adjusted for the issue of new shares by way of placement which took place on 15 July 2022.

12. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity security, at fair value		
Unlisted equity security	<u>70</u>	<u>70</u>
Analysed as:		
Non-current assets	<u>70</u>	<u>70</u>

The above investment is intended to be held for the medium to long-term. Designation of this investment as equity investment at fair value through other comprehensive income can avoid the volatility of the fair value changes of this investment to the profit or loss.

The net assets of the unlisted equity security mainly represent cash and bank balance. The carrying amount of the unlisted equity security approximate its respective fair value.

13. CONTRACT ASSETS

Disclosures of revenue-related items:

	As at 31 March 2023 <i>HK\$'000</i>	As at 31 March 2022 <i>HK\$'000</i>	As at 1 April 2021 <i>HK\$'000</i>
Contract assets – wet trades works services	51,358	45,777	50,743
Provision for loss allowance	<u>(1,924)</u>	<u>(1,940)</u>	<u>(1,540)</u>
Total contract assets	<u>49,434</u>	<u>43,837</u>	<u>49,203</u>

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
– 2023	–	170,858
– 2024	128,265	105,128
– 2025	49,203	–
	<u>177,468</u>	<u>275,986</u>

Significant changes in contract assets during the year:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Increase due to operations in the year	34,423	26,901
Increase/(decrease) due to impairment of contract assets	16	(400)
Transfer of contract assets to receivables	(28,842)	(31,531)
Adjustment of contract assets for reduction of revenue due to contract modification during the year	–	336
	<u>–</u>	<u>336</u>

The Group's contract assets are analysed as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets		
Unbilled revenue	23,158	17,417
Retention monies receivables	26,276	26,420
	<u>49,434</u>	<u>43,837</u>

The carrying amounts of the Group's contract asset are denominated in HK\$.

Contract assets are initially recognised for revenue earned from contract works as the Group's rights to receive consideration from its customers are conditional upon the completion of surveys of works carried out. Upon completion of the surveys of work, payment certificates would then be issued, upon which the Group's right to consideration become unconditional and the amounts recognised as contract assets are reclassified to trade receivables. Typically, the time interval between the performance of works and the Group's right to consideration becoming unconditional range from 1 to 12 months for the construction contracts engaged by the Group (2022: from 1 to 12 months), except for retention monies receivables (see below).

As at 31 March 2023, the balance of contract assets included retention monies receivables from customers amounting to approximately HK\$26,276,000, net of provision for credit loss allowance (2022: HK\$26,420,000). Retention monies receivables were to be settled in accordance with the terms of respective contract.

The Group generally allows 5% to 10% of total contract price of its contracts as retention (2022: 5% to 10%), which are unsecured, interest-free and recoverable at the completion of the defect's liability period of individual contracts which range from 12 to 24 months from the date of the completion of the respective contract (2022: 12 to 24 months). The Group is responsible for rectifying defects or imperfections in relation to the contract works done which are discovered after completion.

The due date for settlement of the Group's retention monies receivables are based on the completion of defects liability period as at 31 March 2023 and 2022 as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within one year	17,651	21,624
Due more than one year	8,625	4,796
	26,276	26,420

The entire balance of the Group's retention monies receivables as at 31 March 2023 and 2022 were not yet due. The Group does not hold any collateral over this balance.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. To measure the ECL, contract assets have been grouped based on individual risk assessment and/or collectively using a provision matrix with appropriate groupings. The ECL below also incorporate forward looking information.

Provision for loss allowance in respect of retention monies receivables as at 31 March 2023 includes an amount of approximately HK\$1,815,000 (2022: HK\$1,536,000) in respect of a customer which was individually assessed to be credit-impaired during the years ended 31 March 2023 and 2022. Based on the Group's assessment of this customer is under winding up process, a 100% (2022: 100%) expected loss rate was applied to the retention monies receivables outstanding as at 31 March 2023.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
ECL rate (average)	3.75%	4.24%
Gross carrying amount	51,358	45,777
ECL	1,924	1,940

The movement in the provision for loss allowance in respect of contract assets during the years ended 31 March 2023 and 2022 was as follows:

	Lifetime ECL	Lifetime ECL – credit-impaired	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April 2021	4	1,536	1,540
Provision for the year	105	295	400
At 31 March 2022 and 1 April 2022	109	1,831	1,940
Reversal of impairment for the year	(1)	(15)	(16)
At 31 March 2023	108	1,816	1,924

14. TRADE AND OTHER RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 17 to 33 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	12,484	12,795
Provision made for the year	(200)	(227)
	<u>12,284</u>	<u>12,568</u>
Carrying amount		
Other receivables	6,590	7,428
Provision for loss allowance	(25)	(27)
	<u>6,565</u>	<u>7,401</u>
Carrying amount		
	<u><u>18,849</u></u>	<u><u>19,969</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	10,194	11,802
31 to 60 days	1,632	759
Over 90 days	458	7
	<u>12,284</u>	<u>12,568</u>

Reconciliation of loss allowance for trade receivables:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 April	227	143
(Decrease)/increase in loss allowance for the year	(27)	84
At 31 March	<u><u>200</u></u>	<u><u>227</u></u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

	Current <i>HK\$'000</i>	31 to 60 days past due <i>HK\$'000</i>	61 to 90 days past due <i>HK\$'000</i>	Over 90 days past due <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2023					
Weighted average expected loss rate	0.44%	0.61%	0.00%	24.05%	
Receivable amount	10,239	1,642	–	603	12,484
Loss allowance	45	10	–	145	200
At 31 March 2022					
Weighted average expected loss rate	0.64%	0.65%	0.00%	95.42%	
Receivable amount	11,878	764	–	153	12,795
Loss allowance	76	5	–	146	227

Reconciliation of loss allowance for other receivables:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 April	27	–
(Decrease)/increase in loss allowance for the year	(2)	27
At 31 March	<u>25</u>	<u>27</u>

15. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	24,551	15,178
Accruals and other payables	<u>1,297</u>	<u>2,748</u>
	<u>25,848</u>	<u>17,926</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	24,488	15,148
31 to 60 days	<u>63</u>	<u>30</u>
	<u>24,551</u>	<u>15,178</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group performs wet trades works as a subcontractor in Hong Kong.

For the year ended 31 March 2023, the Group recorded a net loss of approximately HK\$11.6 million as compared to a net loss of approximately HK\$36.4 million for the year ended 31 March 2022.

OUTLOOK

In Hong Kong, business communities welcome the easing of COVID-19-related restrictions, awaiting a more dynamic market, yet the economic benefits of the recent policy shift have not been shown yet. With local COVID-19-related restrictions in place throughout most of the year, the construction industry remained one of the most challenging industries. In addition, the Board is of the view that due to the relatively high level of competition in the Hong Kong construction industry, the Group's profit margin for new projects will continue to be under pressure during tendering. Due to the aforesaid COVID-19-related restrictions, there was overall delay in the work status of the Group's projects on hand and delayed the Group's cash flows from operation. Although the overall business environment has gradually improved during the year ended 31 March 2023, the Group's tendering result, were still not satisfying. The intense market competition may lead to smaller number of successful tenders and quotations and lower value of contracts awarded to the Group. The Group's gross profit margin is also under pressure from competitive project pricing on tenders and quotations, which in turn affects financial performance of the Group.

In order to maintain its market share in the wet trades works industry, the Group will continue to closely monitor the market and respond to changes in market conditions. The Directors are confident that with the Group's reputation in the wet trades works industry and its experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers. The Group will also continue to proactively seek opportunities to expand its customer base and its market share and undertake more wet trades projects which will enhance value to the Shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2023, the Group's revenue amounted to approximately HK\$237.2 million, which decreased by approximately 13.9% as compared to the year ended 31 March 2022. The decrease in revenue was primarily attributable to (i) substantial completion of the projects on hand during the year ended 31 March 2022 and competitive construction project pricing arising from intense market competition; and (ii) delay of certification of the Group's certain work done by the relevant customers as the relevant customers required additional time for certification of the work done involved in several variation orders of the relevant project.

Gross profit/loss and gross profit/loss margin

The gross profit of the Group for the year ended 31 March 2023 amounted to approximately HK\$1.5 million, turning loss into profit as compared to a gross loss of approximately HK\$23.9 million for the year ended 31 March 2022. The gross profit margin for the year ended 31 March 2023 was approximately 0.6%, compared to the gross loss margin for the year ended 31 March 2022 of approximately 8.7%. The increase in gross profit margin was mainly due to the improvement of costs control.

Other income and gain

Other income and gain increased by approximately HK\$57,000 from approximately HK\$7,000 for the year ended 31 March 2022 to approximately HK\$64,000 for the year ended 31 March 2023. The increase was mainly due to the increase of bank interest income for the year ended 31 March 2023.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$1.0 million or 8.0% from approximately HK\$12.3 million for the year ended 31 March 2022 to approximately HK\$13.3 million for the year ended 31 March 2023. The increase was mainly due to increase in repair and maintenance expenses for the office premise during the year ended 31 March 2023.

Finance costs

Finance costs decreased by 73.3% to approximately HK\$4,000 for the year ended 31 March 2023 from approximately HK\$15,000 for the year ended 31 March 2022, which was mainly due to decrease in interest on bank overdrafts for the year ended 31 March 2023.

Loss for the year

For the year ended 31 March 2023, the Group recorded loss attributed to owners of the Company of approximately HK\$11.6 million as compared to the year ended 31 March 2022 of approximately HK\$36.4 million. The decrease was mainly attributable to the increase in gross profit and gross profit margin for the year ended 31 March 2023.

Final dividend

The Directors do not recommend the payment of final dividend for the year ended 31 March 2023 (2022: nil).

Capital structure

As at 31 March 2023, the total issued share capital of the Company was HK\$12,564,000 divided into 251,280,000 ordinary shares of HK\$0.05 each.

The share capital of the Company only comprises ordinary shares.

The placing of new shares under general mandate in 2022

In July 2022, the Company raised net proceeds of approximately HK\$10.3 million (the “**Placing Proceeds**”) from its placing of 41,880,000 Shares to two places at the placing price of HK\$0.25 each per placing share under general mandate for the general working capital and working capital for four wet-trade works projects of the Group.

As at 31 March 2023, all of the Placing Proceeds had been used.

Issue of shares under Rights Issue

As disclosed in the Company’s announcement dated 24 March 2021 and the prospectus dated 12 May 2021, the Company proposed to implement a rights issue (the “**Rights Issue**”) on the basis of one (1) rights share for every two (2) consolidated shares held on a record date at a subscription price of HK\$0.215 per rights share.

On 11 June 2021, the Company issued 69,800,000 ordinary shares upon completion of the Rights Issue. Accordingly, the number of shares of the Company increased from 139,600,000 shares to 209,400,000 shares. The gross proceeds from the Rights Issue were approximately HK\$15.0 million. The net proceeds after deducting related expenses of approximately HK\$1.2 million were approximately HK\$13.8 million.

Detailed terms of the Rights Issue and its results were set out in the Company’s prospectus dated 12 May 2021 and the results announcement dated 31 May 2021, respectively.

As at 31 March 2023, the actual use of the net proceeds of the Rights Issue are as follows:

	Planned use of net proceeds as stated in the prospectus dated 12 May 2021 <i>HK\$ million</i>	Actual use of proceeds up to 31 March 2022 <i>HK\$ million</i>	Amount utilised during the year ended 31 March 2023 <i>HK\$ million</i>	Unutilised net proceeds up to 31 March 2023 <i>HK\$ million</i>
Expansion and development of the existing businesses	7.2	7.2	–	–
Future investment opportunities	5.5	–	0.5	5.0
General working capital	1.1	1.1	–	–

As at 31 March 2023, approximately HK\$8.8 million out of the net proceeds from the Rights Issue had been used. The remaining unutilised net proceeds as at 31 March 2023 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the prospectus dated 12 May 2021. The remaining unutilised net proceeds are expected to be utilised by 31 December 2023.

Liquidity and financial resource

The Group financed the operations primarily through cash generated from the operating and financing activities. During the year ended 31 March 2023, the Group did not have any bank borrowings (2022: nil). As at 31 March 2023, the Group had cash and cash equivalents of approximately HK\$42.0 million (2022: HK\$39.3 million) and a pledged bank deposit of approximately HK\$5.3 million (2022: HK\$5.2 million).

The Group's primary uses of cash and cash equivalents have been and are expected to continue to be operating costs and capital expenditure.

Gearing ratio

The gearing ratio for the Group as at 31 March 2023 was nil (2022: nil). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

Treasury policy

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Significant investments held, material acquisitions and disposals of subsidiaries, associated companies and joint ventures

Save as disclosed in this announcement, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the year ended 31 March 2023.

Future plans for material investments and capital assets

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2023.

Foreign exchange exposure

Most of the Group's transactions are denominated in Hong Kong dollars which is the functional and presentation currency of the Group. As such, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

Charge of Group assets

As at 31 March 2023, aside from a pledged bank deposit of approximately HK\$5.3 million (2022: HK\$5.2 million), no asset of the Group was pledged as security for bank borrowing or any other financing facilities.

Capital expenditure

Total capital expenditure for the year ended 31 March 2023 was approximately HK\$0.3 million (2022: nil), which was used in the purchases of plant and equipment.

Contingent liabilities

As at 31 March 2023, the Group had no material contingent liabilities.

Capital commitments

As at 31 March 2023, the Group had no material capital commitments.

Segment information

Management considers that the Group had only one operating segment which is mentioned in Note 4 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

The placing of new shares under general mandate

On 2 June 2023, Bloomyears Limited as the placing agent (the “**Placing Agent**”) and the Company entered into a placing agreement (the “**2022 Placing Agreement**”) pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis to subscribe for the convertible bonds in the aggregate principal amount of up to approximately HK\$65.0 million at the initial conversion price of HK\$1.34 per conversion share.

The gross proceeds from the placing (after deducting the placing commission and other expenses) will be used for the up-front cost of four newly awarded wet-trade works of the Group and for general working capital of the Group. Up to the date of this announcement, the placing of new shares under general mandate has not yet completed.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholder value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2023, to the best knowledge of the Board, the Company has complied with the code provisions of the CG Code.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated statement of profit or loss and other comprehensive income of this announcement. The financial position of the Group as at 31 March 2023 are set out in the consolidated statement of financial position. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023.

INFORMATION OF EMPLOYEES

As at 31 March 2023, the Group had 58 full-time employees working in Hong Kong (2022: 57). The total staff costs, including Directors’ emoluments incurred during the year ended 31 March 2023 were approximately HK\$21.5 million (2022: HK\$21.6 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Audit Committee was established on 29 September 2017. The chairman of the Audit Committee is Mr. Tang Chi Wai, an independent non-executive Director, and other members include Mr. Wong Yiu Kwong Kenji and Ms. Chung Lai Ling, both independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The Group's annual results for the year ended 31 March 2023 has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditors, Zhonghui Anda CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2023. The work performed by Zhonghui Anda 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 Zhonghui Anda CPA Limited on this announcement.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement and the annual report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.nobleengineering.com.hk. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed annual report, at any time by writing to the Company.

By order of the Board
Noble Engineering Group Holdings Limited
Tse Chun Yuen
Chairman and executive Director

Hong Kong, 27 June 2023

As at the date of this announcement, the executive Directors are Mr. Tse Chun Yuen, Mr. Tse Chun Kuen and Mr. Cao Yaqun, the non-executive Director is Ms. Dang Hongying, and the independent non-executive Directors are Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.nobleengineering.com.hk.