



華邦科技控股有限公司

HUABANG TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3638)



2023

ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Qu Hongqing (*appointed on 1 April 2022*)
Mr. Liu Qiaosong (*Vice Chairman*) (*resigned on 6 December 2022*)
Mr. George Lu (*Chief Executive Officer and Chairman*) (*resigned on 6 May 2022*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong
Mr. Li Huaqiang

AUTHORISED REPRESENTATIVES

Mr. Wong Kwok Ming
Mr. Qu Hongqing (*appointed on 6 December 2022*)
Mr. Liu Qiaosong (*appointed on 6 May 2022 and ceased on 6 December 2022*)
Mr. George Lu (*ceased on 6 May 2022*)

COMPANY SECRETARY

Mr. Wong Kwok Ming

AUDIT COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)
Mr. Zhu Shouzhong
Mr. Li Huaqiang

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)
Mr. Qu Hongqing (*appointed on 6 December 2022*)
Mr. Li Huaqiang
Mr. Liu Qiaosong (*appointed on 6 May 2022 and ceased on 6 December 2022*)
Mr. George Lu (*ceased on 6 May 2022*)

NOMINATION COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)
Mr. Qu Hongqing (*appointed on 6 December 2022*)
Mr. Li Huaqiang
Mr. Liu Qiaosong (*appointed on 6 May 2022 and ceased on 6 December 2022*)
Mr. George Lu (*ceased on 6 May 2022*)

CORPORATE GOVERNANCE COMMITTEE

Mr. Qu Hongqing (*Chairman*) (*appointed on 6 May 2022 and appointed as Chairman on 6 December 2022*)
Mr. Loo Hong Shing Vincent
Mr. Li Huaqiang (*appointed on 6 December 2022*)
Mr. Liu Qiaosong (*Chairman*) (*appointed on 6 May 2022 and ceased on 6 December 2022*)
Mr. Wong Kwok Ming (*Chairman*) (*ceased on 6 May 2022*)
Mr. George Lu (*ceased on 6 May 2022*)

REGISTERED OFFICE

PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

33/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
China Everbright Bank Co., Ltd. Hong Kong Branch
China Guangfa Bank Co., Ltd. Hong Kong Branch
China Merchants Bank Co., Ltd. Hong Kong Branch
Chiyu Banking Corporation Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Dah Sing Bank, Limited
Hang Seng Bank Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

STOCK CODE

3638

COMPANY WEBSITE ADDRESS

www.huabangtechnology.com
(information contained in this website does not form
part of this report)

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Level 8, K11 ATELIER King's Road
728 King's Road, Quarry Bay
Hong Kong

FINANCIAL SUMMARY

FINANCIAL SUMMARY

A summary of the results and the financial position of the Group for the last five financial years is set out as follows:

	Year ended 31 March				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Results					
Revenue	456,565	1,702,549	2,023,680	933,638	844,552
Gross profit	5,908	38,448	62,756	66,157	56,330
(Loss)/Profit before income tax	(109,659)	(259,605)	(105,910)	15,339	(37,576)
(Loss)/Profit for the year	(129,974)	(239,419)	(93,448)	9,742	(34,717)
(Loss)/Profit for the year attributable to owners of the Company	(127,605)	(241,018)	(93,108)	5,607	(34,717)
Financial position					
Total assets	437,887	514,774	935,989	1,061,936	813,916
Total liabilities	251,605	220,074	402,113	435,013	178,594
Total equity	186,282	294,700	533,876	626,923	635,322

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Huabang Technology Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2023 (the "Current Year") to shareholders for review.

During the year under review, the Group was principally engaged in (i) trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) financial services business (including securities brokerage business, advisory services business and money lending business).

Looking back the year, the outbreak of the novel coronavirus ("COVID-19") epidemic has continuously generated unprecedented challenges to the global economy and negatively affected the overall business environment during the year under review. It was a particularly difficult year with the shut down of certain major cities in China and other countries due to covid-19 pandemic, which adversely affect the economy and slowed down global production and hampered international trade. Under such an unfavorable economic and market situation, there were numerous challenges in the industry in which the Group operates. During the year under review, the Group's total revenue for the year was approximately HK\$456.6 million, a decrease of approximately HK\$1,245.9 million when compared to the previous year of approximately HK\$1,702.5 million. The loss for the year attributable to owners of the Company amounted to approximately HK\$127.6 million when compared to the previous year's loss attributable to owners of the Company of approximately HK\$241.0 million.

Given such market conditions, the Group continued to maintain robust business strategies and keep on tight control of its operations and focused on enhancing operational efficiency and implementing various cost reduction measures during the year. The management continued to devote substantial efforts to maintain a healthy balance sheet. The management has been dedicated to building a customer base and exploiting business opportunities in the trading business and financial services business. The Group also managed to enhance its long-term and close business relationship with customers and obtained full support from them while effectively satisfying their needs at the same time. The Group will continue to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

CHAIRMAN'S STATEMENT

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei International Food Limited and Legend International Food Limited pursuant to a sales and purchase agreement dated 3 October 2022. Shag Mei and Legend are principally engaged in trading of food products and provision of food processing in Hong Kong respectively. The acquisition presents a great opportunity for the Group to increase its overall competitiveness and strengthen its growth momentum by expanding its trading business layout to meet the ever-changing demands which are crucial in facing market uncertainty.

Looking ahead, we anticipate the global economy to be volatile and challenging in the coming year. Factors such as the relatively high interest rates in major economies such as the United States of America (the "USA") to curb inflation and the continuous trade disputes between the People's Republic of China (the "PRC") and the USA, all these factors will affect economic recovery. It is very difficult to predict when the global economy can resume its normal pace. However, it is anticipated that many countries may adopt flexible and accommodative monetary policies and fiscal stimulus to provide liquidity to counter economic downturn. We are still confident in the future development of the Group in long-term. Despite possible disruptions to the Mainland economy, we are confident about the mid-to-long-term recovery of the Mainland market. In Mainland China, it is expected that the economy will be stable with growth as the pandemic has been under control. We believe the central government will continue to provide accommodative monetary policy and fiscal stimulus necessary to support economic growth. We aim to continue to execute well and strive to make continuous improvements in the coming years. The Group will target the market of the Mainland China, particularly in the Greater Bay Area, as a majorly market and will adhere to the strategy of enlarging the market share and competitiveness through integration and improvement of its overall team strength. The Group will adhere to our principle of steady development, positively cope with any challenges and capture suitable opportunities. The Group will continue to examine prudently the opportunities to improve profitability and enhance the capital functioning. The Group will also continue dedicating itself to exploiting new business opportunities and new business segment from time to time, diversify and broaden revenue sources of the Group and generate tremendous returns and long-term values for the Shareholders.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors, business associates and customers for their generous support and trust, and to our Directors, management and all staff for their invaluable effort and contributions!

Qu Hongqing

Executive Director

Hong Kong, 20 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group was principally engaged in (i) computer products trading business, (ii) food trading business and (iii) financial services business.

(i) Computer products trading business

During the year under review, there are various factors such as the continuous threat of COVID-19 pandemic and its variants, the increase of interest rates by major economies such as US to curb inflation, the disruption in supply chain, the continuous trade disputes between the PRC and the USA, and the geopolitical tension in various regions, the Mainland China economic slowdown due to continuous lockdowns of major cities such as Guangzhou, Shenzhen, Shanghai, all these factors adversely affect the overall economic and business environment which slowed down global economy and hampered international trade. It has continuously generated unprecedented challenges and uncertainties to the overall trading business environment in which the Group operates during the year under review. Attributed to these market conditions, the Group's overall revenue in the computer products trading business segment decreased accordingly during the year under review, decreased by approximately HK\$1,255.4 million to approximately HK\$426.3 million, representing an diminishing of approximately 74.6%. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long-term and close business relationships with suppliers and customers. For the year ended 31 March 2023, the Group recorded a segment loss of approximately HK\$22.5 million (2022: segment profit of approximately HK\$4.6 million) for the computer products trading business segment. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

(ii) Food trading business

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei International Food Limited ("Shag Mei") and Legend International Food Limited ("Legend") pursuant to a sales and purchase agreement dated 3 October 2022. Shag Mei and Legend are principally engaged in trading of food products and provision of food processing in Hong Kong respectively.

The acquisition presents a great opportunity for the Group to increase its overall competitiveness and strengthen its growth momentum by expanding its trading business layout to meet the ever-changing demands which are crucial in facing market uncertainty.

The acquisition would allow the Group to accelerate business expansion in the trading segment. Upon completion of the acquisition, the Group further expand its trading products to food products. Given the difference in consumer demand between the Group's current computer products trading business and those operated by the new acquired food trading business (fast-moving nature of products), it is an opportunity for the Group to broaden its revenue streams.

Revenue and segment profit from this new food trading business contributed approximately HK\$24.9 million and 1.5 million respectively for the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Financial services business

The financial services business segment that the Group operates mainly includes securities brokerage business, advisory services business and money lending business. For the year ended 31 March 2023, the Group recorded an overall revenue of approximately HK\$5.3 million (2022: approximately HK\$20.8 million) and a segment loss of approximately HK\$62.9 million (2022: approximately HK\$280.5 million) for the business segment of financial services business.

The global economic and financial market continued to fluctuate and deteriorate and the PRC's economic slowdown which brought uncertainties to the overall business environment. During the year under review, the Group recorded a revenue of approximately HK\$0.5 million (2022: approximately HK\$12.6 million) and a segment loss of approximately HK\$68.1 million (2022: segment loss of approximately HK\$157.9 million) respectively in respect of the Group's securities brokerage business. The revenue was HK\$nil (2022: HK\$nil) and the Group recorded a segment loss of approximately HK\$nil (2022: approximately HK\$0.7 million) respectively in respect of the Group's advisory services business. The Group recorded a revenue of approximately HK\$4.8 million (2022: approximately HK\$8.2 million) and a segment profit of approximately HK\$5.2 million (2022: segment loss of approximately HK\$121.8 million) in respect of the Group's money lending business.

LOOKING AHEAD

In respect of the trading business of computer and peripheral products and electronics products, the global economic slowdown, the continuous trade disputes between the PRC and the USA and the disruption in supply chain generated unprecedented challenges to the global economy and negatively affected the overall business environment. However, it is anticipated that many countries may adopt flexible and accommodative monetary policies and fiscal stimulus to provide liquidity to counter economic downturn. We are still confident in the future development of the Group in long-term. Despite possible disruptions to the Mainland economy, we are confident about the mid-to-long-term recovery of the Mainland market. In Mainland China, it is expected that the economy will be stable with growth as the pandemic has been under control. We believe the central government will continue to provide accommodative monetary policy and fiscal stimulus necessary to support economic growth. The Group will target the market of the Mainland China, particularly in the Greater Bay Area, as a majorly market. Looking ahead, it is expected that, under the orderly pandemic prevention and control measures, resumption of work, production and business, the Mainland and domestic economy will continue to recover as well as the market demand of computer and peripheral products and electronics products in the second half of the year.

In respect of the food trading business, the Group took a positive view of the future prospects of the food trade business. Unlike other consumer discretionary products (such as durable goods and personal electronic products), food products enjoy a stable demand across a broad range of economic conditions. Based on the financial results of the business for the past few years, notwithstanding the social unrest experienced in Hong Kong in 2019 and the impact of the COVID-19 pandemic, this business performed steadily and continued to record profits even when broad sections of the economy in Hong Kong suffered. Looking ahead, as Hong Kong removed travel restrictions and as economic activities recover, the Group anticipates higher levels of consumer consumption, and higher demand from the local restaurants/catering service providers, resellers and retailers, which is expected to benefit the financial performance of the business.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the financial services business, this business segment's financial contribution to the Group's results has fluctuated over the years as global economic conditions worsened under the impact of the COVID-19 pandemic, financial markets continued to fluctuate and deteriorate, and the PRC's economic slowdown. These factors brought uncertainties to the overall business environment for the financial services business. In view of the uncertainties faced by the financial services business, which has particularly affected smaller brokerage business and money lending business like that operated by the Group, the Group would be receptive to downsize or terminate the financial services business and also the Group would be receptive to any feasible proposals to dispose of the financial service business as suitable opportunities arise. Notwithstanding the Group's sentiment towards the financial services business abovementioned, for the avoidance of doubt, the Group has not entered into any binding commitment in respect of the disposal of part or all of the Group's financial services business.

Looking ahead, the management is confident with the future development of the Group. The Group will continue to adhere to our principle of steady development and positively cope with any challenges and capture suitable opportunities. The Group will continue to dedicate to exploiting new business opportunities in other sectors from time to time in order to further diversify and broaden revenue sources of the Group and generate fabulous returns and long-term values for the Shareholders.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

Revenue by business segments for the Group's revenue for the year ended 31 March 2023 is as follows:

- Computer products trading business: approximately HK\$426.3 million, being a decrease of approximately HK\$1,255.4 million when compared to the previous year of approximately HK\$1,681.7 million
- Food trading business: approximately HK\$24.9 million
- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK\$5.3 million, being a decrease of approximately HK\$15.5 million when compared to the previous year of approximately HK\$20.8 million

The Group's total revenue for the year was approximately HK\$456.6 million, being a decrease of approximately HK\$1,245.9 million when compared to the previous year of approximately HK\$1,702.5 million. The decrease was mainly attributable to decrease in revenue derived from computer products trading business.

Gross profit margin for the year was approximately 1.3% (2022: approximately 2.3%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit earned from financial services business and computer products trading business for the year.

Selling Expenses

The decrease in selling expenses by approximately HK\$0.3 million was mainly due to the decrease in employee benefit expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

General and Administrative Expenses

General and administrative expenses for the year increased by approximately HK\$4.8 million from the Last Corresponding Year, which was mainly due to the impairment loss on property, plant and equipment of approximately HK\$6.0 million.

Expected Credit Loss on Financial Assets, net

Expected Credit Loss (“ECL”) on financial assets for the Current Year was approximately HK\$59.7 million, being a decrease of approximately HK\$185.8 million when compared to the Last Corresponding Year of approximately HK\$245.5 million. The change was mainly attributed to the change in ECL incurred from cash client receivables due to stock market volatility and the issue of recoverability as a result of the substantial deterioration of the economic environment during the Current Year. The Group did not engage any independent external valuers to perform the assessment of ECL on financial assets, instead, conducted an internal assessment and evaluation to support the impairment made. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Expected credit loss/(reversal of expected credit loss) on financial assets, net are as follows:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Loan receivables (i)	(5,970)	122,720
Cash client receivables (ii)	60,407	115,977
Trade receivables	(19)	(11)
Interest receivables (i)	5,312	6,774
Total ECL on financial assets recognised in profit or loss	59,730	245,460

The basis for determining the impairment of the Company is based on the ECL model according to HKFRS 9. Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the impairment allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the impairment allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the impairment allowance is measured at an amount equal to lifetime ECLs

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the above three-stage framework, if there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery, the relevant amount will be written off.

The assessment of the impairment is conducted based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The management of the Group regularly reviews the change of the factors in the ECL formula (if any), and determines whether the credit risk of financial assets has changed.

The Group always recognised lifetime ECL for trade receivables which are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information. For all other instruments, the Group measures the impairment equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, where the Group would then consider recognising lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk on the financial assets has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of a default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For further details on the basis of determining the ECL, please refer to Notes 3.19.3 and 5.1(b) to the consolidated financial statements.

(i) *Expected credit loss on loan receivables and interest receivables*

Loan receivables and interest receivables are arising from the money lending business. The business model of the money lending business is targeted to provide short-term loan financing to individual and corporate clients through its business network in Hong Kong. The term of loans is within one year. The interest rate is within a range from 8% to 18% by reference to the market.

Credit risk assessments were performed by the Group before each loan was advanced. Identity checks, financial background checks, relevant public searches (such as company search and land search) were conducted on the borrowers (where applicable). In credit assessment, the Company will normally take into account factors including, but not limited to personal financial background and repayment ability of the borrowers, internal and external credit checking results, and the borrowers' repayment record to assure the clients have the financial capacity to meet loan obligations.

Subsequent to the drawdown of loans, to ensure that loan repayments are punctual and past due accounts are handled efficiently, the Group actively reviews and monitors the loan repayment status on a regular basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has closely monitored the loans receivables for the purpose of assessing credit risk and has put effort into the collection procedures of the loan receivables, such as making phone calls and sending reminders to the relevant customers from time to time. The Group may also negotiate with customers on the repayment arrangements on a case-by-case basis according to the circumstances of the customers, especially during the COVID-19 pandemic. Legal actions may be brought against the relevant customers depending on the actual circumstances on a case-by-case basis.

ECL assessment is done based on the Group's historical credit loss experience, latest financial capabilities of the borrowers, general economic and financial conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group performs collective assessments on impairment allowance for the loan receivables and respective interest receivables on a regular basis by dividing its loans receivables into different groups according to the loan types, with each loan type sharing similar credit risk characteristics, and calculates the ECL for each loan type. The measurement of impairment allowance for collective assessment is mainly based on the amount of loans receivables and interest receivables of each loan type at a point of time and will take into the past-due status, the probability of default (which may be affected by the duration of delinquency), loss given default (i.e. the magnitude of the loss if there is a default), historical repayment performance and adjusted by forwarding-looking information such as the economic and financial environment, etc.

The Group also performs individual assessments on impairment allowance for the loan receivables and interest receivables. For individual assessment, the amount of impairment allowance on loans receivables and interest receivables will be considered on a case-by-case basis by way of expected cash flow, taking into account, among other factors, the expected date of recovery.

The Group considers the loan and respective interest receivables as a loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings.

For the year ended 31 March 2023, the Group recorded a reversal of expected credit loss on loans receivables of approximately HK\$6.0 million (2022: provision of approximately HK\$122.7 million) and recorded a provision of expected credit loss on interest receivables of approximately HK\$5.3 million (2022: approximately HK\$6.8 million), after assessing all the borrowers' financial background, repayment abilities and expected future cash flows. During the year, the repayment of loan receivables and interest receivables were approximately HK\$43.5 million and HK\$1.5 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan receivables

As at 31 March 2023

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Past due over 90 days	–	–	151,057	151,057
Gross carrying amount	–	–	151,057	151,057
ECL	–	–	130,695	130,695
ECL rate	N/A	N/A	86.52%	86.52%

Loan receivables

As at 31 March 2022

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Less than 31 days past due	–	68,700	–	68,700
31 to 90 days past due	–	–	111,830	111,830
Past due over 90 days	–	–	14,000	14,000
Gross carrying amount	–	68,700	125,830	194,530
ECL	–	18,239	118,426	136,665
ECL rate	N/A	26.55%	94.12%	70.25%

Interest receivables

As at 31 March 2023

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Past due over 90 days	–	–	12,730	12,730
Gross carrying amount	–	–	12,730	12,730
ECL	–	–	12,730	12,730
ECL rate	N/A	N/A	100.00%	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS

Interest receivables As at 31 March 2022

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Less than 31 days past due	–	9,286	–	9,286
31 to 90 days past due	–	–	4,428	4,428
Past due over 90 days	–	–	525	525
Gross carrying amount	–	9,286	4,953	14,239
ECL	–	2,465	4,953	7,418
ECL rate	N/A	26.55%	100.00%	52.10%

(ii) *Expected credit loss on cash client receivables*

Cash client receivables are arising from the securities brokerage business. For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and use the loan-to-collateral value (“LTV”) to make its assessment.

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

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Group may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

For the year ended 31 March 2023, the Group recorded an expected credit loss on cash client receivables of approximately HK\$60.4 million (2022: approximately HK\$116.0 million). The change was mainly due to stock market volatility and the economic downturn during the year. The market value of the pledged securities of each client decreased significantly and repayment abilities deteriorated.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash client receivables As at 31 March 2023

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
LTV at 100% or above	–	–	239,722	239,722
LTV less than 100%	1,568	–	–	1,568
Gross carrying amount	1,568	–	239,722	241,290
ECL	–	–	225,325	225,325
ECL rate	N/A	N/A	93.99%	93.38%

Cash client receivables As at 31 March 2022

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
LTV at 100% or above	–	19	175,227	175,246
LTV less than 100%	68,900	–	–	68,900
Gross carrying amount	68,900	19	175,227	244,146
ECL	18	–	164,900	164,918
ECL rate	0.03%	N/A	94.11%	67.55%

Further details of the movements in ECL on loan receivables, cash client receivables and interest receivables are disclosed in Notes 19, 20 and 21 respectively, to the consolidated financial statements.

Other Income and Gains, net

The Group's other income and gains for the year was approximately HK\$0.4 million, being a decrease of approximately HK\$0.4 million when compared to the other income and gains in previous year of approximately HK\$0.8 million. The change was mainly due to the increase in realised loss on disposal of equity investments at fair value through profit or loss of approximately HK\$1.7 million recorded during the year (2022: gain of approximately HK\$2.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Gain on Disposal of Property, Plant and Equipment

Gain on disposal of property, plant and equipment for the year was approximately HK\$0.3 million (2022: HK\$41.3 million). The gain for the year was mainly due to the Group disposed of certain property, plant and equipment with the aggregate carrying amount of HK\$0.4 million during the year.

Impairment of Goodwill

Impairment of goodwill for the year was approximately HK\$3.4 million (2022: HK\$48.6 million). Based on the assessment, the recoverable amount of the securities brokerage CGU, as included in the financial services business segment, is determined to be approximately HK\$0.3 million. The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$3.4 million is recognised in the profit or loss.

Finance Costs

Finance costs for the year was approximately HK\$8.7 million, being an increase of approximately HK\$2.5 million when compared to the previous year of approximately HK\$6.2 million. The increase was mainly attributable to the increase in loan interest rate during the year.

Income Tax Expense/Credit

Income tax expense for the year was approximately HK\$20.3 million (2022: income tax credit approximately HK\$20.2 million). The change was mainly due to the decrease in the assessable profits and decrease in deferred tax assets for the year.

Loss for the Year

The Group recorded a loss of approximately HK\$130.0 million for the Current Year, as compared to loss of approximately HK\$239.4 million for the Last Corresponding Year.

Loss for the Year Attributable to Owners of the Company

The loss for the year attributable to the owners of the Company amounted to approximately HK\$127.6 million (2022: approximately HK\$241.0 million), resulted in a basic loss per share for the year of HK26.55 cent (2022: HK55.51 cent) and diluted loss per share for the year of HK26.55 cent (2022: HK55.51 cent).

Inventories, Loan Receivables and Account Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 31 March 2023 was approximately HK\$27.7 million (31 March 2022: approximately HK\$14.7 million). The overall inventories turnover days remained healthy and reasonable for the year under review. The Group recorded a reversal of impairment of inventories of approximately HK\$1.6 million for the year ended 31 March 2023 (2022: provision of approximately HK\$1.6 million).

As at 31 March 2023, the Group's loan receivables amounted to HK\$20.4 million (31 March 2022: approximately HK\$57.9 million), which arise from its money lending business in Hong Kong. The Group recorded a reversal of expected credit loss of approximately HK\$6.0 million for the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continues to closely monitor the settlements from its customers on an ongoing basis to manage the credit risk from time to time. As at 31 March 2023, include in the account receivables, there are trade receivables, cash client receivables and clearing house receivables, which amounted to HK\$43.0 million (31 March 2022: approximately HK\$nil), approximately HK\$16.0 million (31 March 2022: approximately HK\$79.2 million) and HK\$nil (31 March 2022: approximately HK\$0.1 million), respectively. Trade receivables are arising from its trading business. Cash client receivables and clearing house receivables are arising from its securities brokerage business. The Group recorded a reversal of expected credit loss on trade receivables of approximately HK\$0.1 million and recorded an expected credit loss on cash client receivables of approximately HK\$60.4 million and no expected credit loss for clearing house receivables for the Current Year.

Liquidity, Financial Resources, Working Capital and Treasury Policy

As at 31 March 2023, cash and cash equivalents of the Group amounted to approximately HK\$31.0 million (31 March 2022: approximately HK\$46.7 million), and the Group's net assets amounted to approximately HK\$186.3 million (31 March 2022: approximately HK\$294.7 million). As at 31 March 2023, there was approximately HK\$173.1 million outstanding borrowings balance (31 March 2022: approximately HK\$177.4 million).

As at 31 March 2023, non-current assets of the Group amounted to approximately HK\$250.4 million (31 March 2022: approximately HK\$260.8 million), the Group's current assets amounted to approximately HK\$187.5 million (31 March 2022: approximately HK\$254.0 million), and net current liabilities as at 31 March 2023 amounted to approximately HK\$55.2 million (31 March 2022: net current asset approximately HK\$34.1 million). As at 31 March 2023, the current ratio was approximately 0.8 (31 March 2022: approximately 1.2) (calculated by dividing the total current assets by the total current liabilities).

This gearing ratio of the Group is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits. The gearing ratio as at 31 March 2023 was approximately 43.3% (31 March 2022: approximately 30.7%).

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from the Company's equity fund raising exercises. In order to release the Group's liquidity stress, the Group will resolve different approaches including but not limited to reduction of overall operating cost of in all aspects and endeavor to obtain both long-term and short-term credit facilities. The Group will strive to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group would also be receptive to any feasible proposals to dispose of the low utilizing properties as suitable opportunities arise. The Group will continue to make efforts to improve the Group's liquidity and financial position by any ways including actively and regularly reviewing its capital structure negotiating with banks and other institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by issuing bonds or new shares, where appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

On 19 September 2022, the Group completed a placing of new shares under general mandate, 87,684,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$21.9 million. The net proceeds of approximately HK\$21.6 million from the Placing are intended to be used for trading business of the Group for the payment for procurement of computer and peripheral products. As at 31 March 2023, all of the net proceeds of approximately HK\$21.6 million had been fully utilised as intended for the payment for procurement of computer and peripheral products for trading business.

As at 31 March 2023, the number of ordinary shares of the Company issued and fully paid was 526,162,200 (2022: 438,478,200 (after share consolidation)).

Capital Commitments

Other than disclosed in Note 37 to the consolidated financial information, the Group had no other capital commitments as at 31 March 2023.

Pledge of Assets

As at 31 March 2023, the Group's bank borrowings of HK\$151.3 million (2022: HK\$177.4 million) are secured by the Group's owned properties situated in Hong Kong of HK\$195.0 million (2022: HK\$209.1 million).

As at 31 March 2023, the Group's bank borrowings of HK\$11.8 million and other borrowings of HK\$10.0 million are guaranteed by a shareholder and the spouse of the substantial shareholder of the Company respectively.

Foreign Currency Exposure

The Group is exposed to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US\$") as most of the transactions are denominated in Hong Kong dollar ("HK\$"), RMB and US\$. The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the year, the Group recorded a foreign exchange gain of approximately HK\$0.2 million (2022: foreign exchange loss of approximately HK\$0.5 million). The Group manages its exposure to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the year, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep it at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Emolument Policy

As at 31 March 2023, the Group had a total of 44 employees. Employee benefits expenses, including Directors' remuneration for the year ended 31 March 2023, totally amounted to approximately HK\$12.9 million (2022: approximately HK\$14.5 million). The Group's remuneration policy is based on the position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme and a share award scheme for providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Dividend

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

Material Acquisition

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei and Legend pursuant to a sales and purchase agreement dated 3 October 2022. Shag Mei and Legend are principally engaged in trading of food products and provision of food processing in Hong Kong respectively. Reference is made to the announcements of the Company dated 3 October 2022, 16 December 2022 and 11 January 2023.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. QU Hongqing, aged 53, was appointed as an Executive Director on 1 April 2022. Mr. Qu is a member of the Corporate Governance Committee since 6 May 2022. Mr. Qu has over 15 years of experience in the computer and peripheral products and electronics products industry. Mr. Qu is the supervisor and deputy general manager of Bodatong Technology (Shenzhen) Company Limited (“Bodatong”) and a legal representative, an executive director and the general manager of Hangzhou Jing Xin Xi Technology Company Limited (“Hangzhou Jing Xin”), both are wholly-owned subsidiaries of the Group. Mr. Qu joined Bodatong and Hangzhou Jing Xin in July 2007 and March 2018 respectively. Mr. Qu was responsible for the operation management of Bodatong and Hangzhou Jing Xin. Mr. Qu is the brother-in-law of Mr. George Lu and Ms. Shen Wei, spouse of Mr. George Lu and the controlling shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent, aged 57, was appointed as an independent Non-Executive Director in June 2012. Mr. Loo is the chairman of the Remuneration Committee, the Audit Committee and the Nomination Committee and a member of the Corporate Governance Committee of the Company. Mr. Loo has over 35 years of experience in the accounting, auditing, corporate finance and business advisory areas. Before joining the Group, Mr. Loo has over 17 years of auditing experience with PricewaterhouseCoopers in Hong Kong. Mr. Loo was the vice president, chief financial officer and company secretary of Cosmo Lady (China) Holdings Company Limited (stock code: 2298) from 2016 to 2022, a company listed on the Main Board of the Stock Exchange. Before joining Cosmo Lady (China) Holdings Company Limited, Mr. Loo was an executive director, chief financial officer and company secretary of Hengan International Group Company Limited (stock code: 1044), a company listed on the Main Board of the Stock Exchange. Mr. Loo is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.

Mr. ZHU Shouzhong, aged 66, was appointed as an independent Non-Executive Director of the Company on 2 October 2018. Mr. Zhu is a member of the Audit Committee of the Company. Mr. Zhu has over 30 years of substantial operation and management experience in the insurance industry. In 1978, Mr. Zhu joined the Lanxi Branch of the People’s Bank of China. Mr. Zhu joined The People’s Insurance Company of China (“PICC”) in 1984. From 1984 to 2003, Mr. Zhu successively served as the deputy manager and manager of PICC Lanxi Branch, the deputy manager and manager of the Property and Casualty Division of PICC Zhejiang Provincial Branch, the general manager and party committee secretary of PICC Jiaying Branch, and the deputy general manager and party committee member of PICC Zhejiang Provincial Branch. From 2004 to 2010, Mr. Zhu successively served as the general manager and party committee secretary in Zhejiang Provincial Branch and Shanghai Branch of PICC Property and Casualty Company Limited (stock code: 2328), a company listed on the Main Board of the Stock Exchange, and he was also the vice chairman of the Shanghai Insurance Association. In 2010, Mr. Zhu joined China Export & Insurance Corporation, Shanghai Branch as the general manager and party committee secretary and he retired in 2017. Mr. Zhu was awarded “Shanghai Labour Day Medal for Finance Industry” in 2016 by Shanghai Committee of Chinese Financial Workers’ Union. Mr. Zhu is a master postgraduate and a senior economist. He graduated from Zhejiang University majoring in finance and obtained a master’s degree in business administration from the Southern Cross University of Australia.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Huaqiang, aged 65, was appointed as an independent Non-Executive Director of the Company on 1 November 2018. Mr. Li is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Li has served as a non-executive director of China Everbright Bank Company Limited (stock code: 6818), a company listed on the Main Board of the Stock Exchange, between September 2016 to June 2018. Mr. Li worked at Central Huijin Investment Limited (“CHI”), a state-owned investment company established in accordance with the PRC Company Law, and served as director of China Everbright Group Limited. Mr. Li served successively as an engineer of Zhuzhou Smelter Factory of China National Nonferrous Metals Industry Corporation, deputy secretary of the Communist Youth League Committee of the Main Plant, deputy director of the Second Plant and general manager of the joint venture in Shenzhen; assistant general manager and department director of Shenzhen Science and Industry Park Corporation Joint Venture Shenzhen (Moscow); deputy general manager of the Investment Banking Department of Guosen Securities Company Limited; chairman of the board of directors, secretary of CPC Committee and president of Founder Securities Limited; vice president of Huaxi Securities Company Limited and president and deputy CPC committee secretary of China Lion Securities Company Limited; designated director of CHI (serving at China Investment Securities Company Limited); vice chairman of the board of directors of CSC Financial Co. Ltd.; chief head of the First Division of Equity Management of Securities Institutions of Securities Institution Management Department/Insurance Institution Management Department of CHI. Mr. Li holds a Master’s degree of EMBA from Peking University. He also obtained an external degree of DBA in Finance from California American University.

SENIOR MANAGEMENT

Mr. WONG Kwok Ming, aged 46, is the Chief Financial Officer of the Group. Mr. Wong is responsible for the overall financial management of the Group. Mr. Wong was appointed as the Chief Financial Officer and the Company Secretary of the Company since 2016. Mr. Wong has over 20 years of experience in the areas of auditing, accounting, taxation, capital markets, business advisory and corporate finance. Mr. Wong has worked at PricewaterhouseCoopers Hong Kong for over 10 years in audit and assurance department covering various industry sectors and he worked at a well-established and sizable manufacturing company as the chief financial officer after he left PricewaterhouseCoopers. Mr. Wong was also an executive director of Qianhai Health Holdings Company Limited (stock code: 911), a company listed on the Main Board of the Stock Exchange, from 2016 to 2019. Mr. Wong possesses a Master Degree in Accounting from Curtin University of Technology. Mr. Wong is a Practicing Certified Public Accountant in Hong Kong. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Society of Chinese Accountants & Auditors.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in trading business and financial services business.

PRINCIPAL SUBSIDIARIES AND INTERESTS IN ASSOCIATES

Details of the principal subsidiaries and interests in associates as at 31 March 2023 are set out in Notes 16 and 17 to the consolidated financial statements respectively.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future development are provided in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 6 and pages 7 to 19 respectively of this annual report. This discussion forms part of this directors' report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 67 and 68 of this annual report.

Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: nil).

Final dividend

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 13 to the consolidated financial statements.

DONATIONS

No charitable donation was made by the Group during the year (2022: nil).

REPORT OF THE DIRECTORS

BORROWINGS

Details of the Group's borrowings as at 31 March 2023 are set out in Note 32 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 25 to the consolidated financial statements.

Details of the shares issued in the year ended 31 March 2023 are set out in Note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in Note 40(a) to the consolidated financial statements and the consolidated statement of changes in equity on pages 71 and 72, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2023, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus, net of shares held for share award scheme and accumulated losses, amounted to approximately HK\$111.0 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK\$515.7 million may be applied for paying distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

REPORT OF THE DIRECTORS

DIVIDEND POLICY

The Company has a dividend policy. Under the dividend policy, the Company may declare dividends in any currency to the shareholders but no dividends shall exceed the amount recommended by the Board of Directors of the Company subject to the Companies Law of the Cayman Islands (as amended from time to time) (the "Companies Law") and the memorandum and articles of association of the Company (the "Articles"). In accordance with the applicable requirements of the Company Law and the Articles, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium.

In accordance with the applicable requirements of the Companies Law and the Articles, the Board may:

- (a) from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company;
- (b) pay half-yearly or at other intervals to be selected by the Board any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment; and
- (c) from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as it thinks fit.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

- (a) the Group's actual and expected financial performance and conditions and liquidity position;
- (b) the shareholder's interests;
- (c) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (e) the Group's expected working capital requirements and future expansion plans;

REPORT OF THE DIRECTORS

- (f) statutory and regulatory restrictions;
- (g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the dividend policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the dividend policy from time to time, and the dividend policy shall in no way constitute an assurance or a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend in any particular amount for any given period.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the top five customers and the largest one accounted for approximately 89.3% and approximately 49.8% respectively of the total sales for the year. Purchases from top five suppliers and the largest one accounted for approximately 80.8% and 51.0% respectively of the total purchases for the year.

None of the Directors, or any of their close associates or any shareholder (which of the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are aware that the Group is exposed to various risks, including some specific to the Group or the industries in which the Group operates. The directors managed that significant risks which may adversely affect the Group's performance and ability to deliver on its strategies, as well as those which may present positive opportunities, are identified, reported, monitored, and managed on a continuous basis. The financial risk management policies and practices of the Group are shown in Note 5 to the consolidated financial statements.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the directors and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operations and there was no material breach of or non-compliance with the applicable laws and regulations during the year.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. Regular and continuous communication with our suppliers, customers and other stakeholders is carried out through regular meetings, conferences, and promotional events.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining high environmental and social standards to ensure the sustainable development of its business and has complied with the relevant laws and regulations regarding its business including safe workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution, we have encouraged employees and other stakeholders to participate in environmental and social activities that benefit the whole community. The Group maintains strong relationships with its employees and has enhanced cooperation with its suppliers and has provided high quality products and services to its customers to ensure sustainable development. Our commitment to protecting the environment is also well reflected by our continuous efforts in promoting green awareness in our daily business operations. The Group encourages environmental protection and promotes an awareness of environmental protection among the employees and encourages the principle of recycling and reducing and putting efforts to implement green office practices. Detail of the Group's environmental, social and governance practices are in the "Environmental, Social and Governance Report" section of this annual report.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

The Directors who were in office during the year and up to the date of this report are as follows:

Executive Directors

Mr. Qu Hongqing (*appointed on 1 April 2022*)

Mr. Liu Qiaosong (*Vice Chairman*) (*resigned on 6 December 2022*)

Mr. George Lu (*Chief Executive Officer and Chairman*) (*resigned on 6 May 2022*)

Independent Non-Executive Directors

Mr. Loo Hong Shing Vincent

Mr. Zhu Shouzhong

Mr. Li Huaqiang

In accordance with Article 16.18 of the Articles of Association, Mr. Qu Hongqing and Mr. Li Huaqiang will retire from office by rotation and being eligible, have offered themselves for re-election at the forthcoming Annual General Meeting (“AGM”).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent Non-Executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchanges of Hong Kong Limited (“Listing Rules”). The Company considers all of them to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 20 to 21 of this annual report.

DIRECTORS’ SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REPORT OF THE DIRECTORS

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in Notes 41 and 33 to the consolidated financial statements respectively.

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

As at 31 March 2023, none of the Directors nor chief executive of the Company has registered an interest and short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2023, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Divisions 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital (Note 2)
Forever Star Capital Limited	Beneficial owner	243,989,600	46.37
Ms. Shen Wei	Interest in controlled corporation (Note 1)	243,989,600	46.37
Mr. Lin Ruiping	Beneficial owner	47,184,000	8.97

Note:

- (1) There are 243,989,600 shares were registered in the name of Forever Star Capital Limited ("Forever Star"), Ms. Shen Wei holds 100% interest in Forever Star, a company incorporated in the British Virgin Islands.
- (2) The percentage holding in calculated based on the issued share capital of the Company as at 31 March 2023 comprising 526,162,200 shares.

Save as disclosed above, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

On 21 August 2013 (“the date of adoption”), the Company conditionally approved a share option scheme (the “Share Option Scheme”) and refreshed on 24 February 2017, under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a trading day (“Offer Date”); (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company’s shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing. The purpose of the Share Option Scheme is to recognize and motivate eligible persons to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group.

Pursuant to the Share Option Scheme, the participants of the scheme are, inter alia, executive, shareholder of any member of the Group, supplier, customer, consultant, business or joint venture partners, franchisee, contractor, agent, representative or service providers of any member of the Group, as may be determined by the Directors at their absolute discretion. Upon acceptance of the share option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The maximum number of Shares issued and to be issued upon exercise of the options granted to any eligible person (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. An option may be exercised at any time during the period commencing immediately after the business day on which the share option is deemed to be granted in accordance with the Share Option Scheme but shall not exceed 10 years from the date of adoption. The Board may, at its absolute discretion, fix any minimum period for which a share option must be held. The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 August 2013.

Without take into account the effect of Share Consolidation, on 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and Directors under the Share Option Scheme. The exercise price of the granted options is HK\$0.55 per share and number of 1,932,000 and 56,666,667 share options were exercised and forfeited during the year ended 31 March 2018 respectively. Reference is made to the announcement of the Company dated 28 August 2017 and 29 June 2018, the Group conditionally granted 85,000,000 share options to a former non-executive Director of the Company under the Share Option Scheme respectively, which the grants were subject to acceptance of the grantee and approval by the shareholders in general meeting. However, those share options have not been granted subsequently as the conditions were not being fulfilled, whereas, no share options were granted during the year ended 31 March 2018 and 31 March 2019. The number of share options of 101,500,000 and 127,901,333 were expired and lapsed accordingly as no share option were exercised by the employees during the year ended 31 March 2019 and 2020.

There was no outstanding options as at 1 April 2022 and as at 31 March 2023. No option was granted, exercised, cancelled or lapsed during the year ended 31 March 2023, details of accounting policies adopted for the share options are described in Note 3.12 to the consolidated financial statements. Taking into account the options granted but not accepted or the conditions of grant not being fulfilled, the total number of Shares available for issue under the Share Option Scheme is 21,565,600 (after Share Consolidation) representing approximately 4.92% of the total number of Shares as at the date of this annual report.

REPORT OF THE DIRECTORS

SHARE AWARD SCHEME

On 14 March 2019, the Company adopted the share award scheme (the “Share Award Scheme”) under which shares of the Company (the “Awarded Shares”) may be awarded to selected employees (including executive directors), consultants or advisers of or to the Group and non-executive directors (including independent non-executive directors) of the Group (the “Selected Person(s)”) pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the “Trust Deed”). The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the “Trustee”) in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the “Trust”) for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed, and The Board of Directors may instruct the Trustee to purchase shares of the Company on the Stock Exchange and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the “Eligible Persons”). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

During the Current Year, no ordinary share of the Company for the Share Award Scheme was acquired (2022: nil) and no Awarded Shares were granted to any Eligible Persons of the Group since the adoption of the Share Award Scheme (2022: nil). As at 31 March 2023, 4,274,400 shares of the Company were held by the trustee.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements that would enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during or at the end of the year ended 31 March 2023.

REPORT OF THE DIRECTORS

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2023, none of the Directors, controlling shareholders of the Company or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

MANAGEMENT CONTRACTS

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

DEED OF NON-COMPETITION

Each of Forever Star, Mr. George Lu, Ms. Shen Wei and Ms. Lau Wing Sze (together as the “Controlling Shareholders”) had entered into a deed of non-competition dated 21 August 2013 (the “Deed of Non-Competition”) in favour of the Company (for itself and on behalf of all members of the Group), pursuant to which, each of the Controlling Shareholders would not, and would use his/her/its best endeavours to procure his/her/its associates (except any members of our Group) not to directly or indirectly carry on, engage, participate or hold any right or interest in or render any services to or otherwise be interested and/or involved (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by the Group from time to time, except where the Company’s approval is obtained.

Details of the Deed of Non-Competition are set out in the section headed “Relationship with our Controlling Shareholders – Non-Competition Undertakings” of the Prospectus.

The Deed of Non-Competition given by Ms. Lau Wing Sze ceased to have effect when Ms. Lau Wing Sze ceased to be a director of the Company.

The Company confirms that each of Forever Star, Mr. George Lu and Ms. Shen Wei have complied with the Deed of Non-Competition throughout the year ended 31 March 2023. In order to ensure Forever Star, Mr. George Lu and Ms. Shen Wei have complied with the Deed of Non-Competition, Forever Star, Mr. George Lu and Ms. Shen Wei have provided to the Company a written confirmation that (i) in respect of his/her/its compliance with the Deed of Non-Competition for the year ended 31 March 2023 or up to the date he ceased to be an Executive Director during the year ended 31 March 2023 (as the case maybe) and no personal interests were ever declared by Mr. George Lu and Ms. Shen Wei at the Directors’ meetings; and (ii) stating that they and their respective associates did not directly or indirectly, carry on or hold any right or interests in or render any services to, or is otherwise involved in, any business which maybe in competition with the business carried on by the Group from time to time.

The independent Non-Executive Directors of the Company have also reviewed the status of the compliance by each of Forever Star, Mr. George Lu and Ms. Shen Wei with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach by any of Forever star, Mr. George Lu and Ms. Shen Wei of the undertakings in the Deed of Non-Competition given by them.

REPORT OF THE DIRECTORS

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of position, duties and performance of the employees.

The emoluments of the Directors are decided by the Board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings according to the Model Code as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2023.

CONNECTED TRANSACTIONS

Details of the related party transactions undertaken in the usual course of business are set out in Note 39 to the consolidated financial statements. As these related party transactions constitute fully exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, they are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float (i.e. at least 25% of the issued shares were held by the public) throughout the Current Year and up to the date of this report.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 34 to 44 of this annual report.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2023 and as at 31 March 2023, the Company has purchased liabilities insurance for the Directors and officers, which provides appropriate insurance cover for the Group's directors and officers. A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 March 2023.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2023 complies with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

AUDITOR

The consolidated financial statements for the year ended 31 March 2023 have been audited by Baker Tilly Hong Kong Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint Baker Tilly Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

Save as the above, there has been no other change in the auditor of the Company in the preceding three years.

On behalf of the Board

Qu Hongqing

Executive Director

Hong Kong, 20 June 2023

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors. In this regard, a Corporate Governance Committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The Company has adopted the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had complied with the code provisions set out in the CG Code for the Current Year, to the extent applicable and permissible with the exception of the deviation as set out under "Chairman and Chief Executive Officer" and "Audit Committee" below.

Accordingly, the Board is pleased to present the Corporate Governance Report for the Current Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by Directors during the Current Year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's overall businesses, strategic decisions and performance.

The respective responsibilities, accountabilities and contributions of the Board and the Company's management have been divided through the adoption of a list of matters reserved for the Board (which has been reviewed by the Board annually to ensure that the list would remain appropriate to the needs of the Company), as opposed to other matters which could be delegated to the management from time to time. The list of matters reserved for the Board covers (among other things) the Group's strategy, objectives, business plans, budgets and overall management; changes in capital structure or corporate structure; approval of dividend policy and declaration of interim and final dividends, as appropriate; major investments; and approval of internal policies, codes and guidelines.

Subject to the foregoing, the Board has delegated its powers to the management for the daily management and operations of the Group. In addition, the Board has delegated its powers to the Board committees. The Board has four Board committees, namely the remuneration committee, the audit committee, the nomination committee and the corporate governance committee, each of which discharges its functions and duties in accordance with the respective terms of reference with reference to the relevant provisions under the CG Code.

CORPORATE GOVERNANCE REPORT

The Board currently comprises four Directors, with one Executive Directors and three independent Non-Executive Directors. The Directors who were in office during the Current Year and up to the date of this report are as follows:

Executive Directors

Mr. Qu Hongqing (*appointed on 1 April 2022*)

Mr. George Lu (*Chief Executive Officer and Chairman*) (*resigned on 6 May 2022*)

Mr. Liu Qiaosong (*Vice Chairman*) (*resigned on 6 December 2022*)

Independent Non-Executive Directors

Mr. Loo Hong Shing Vincent

Mr. Zhu Shouzhong

Mr. Li Huaqiang

The biographical details of the Directors and relationship between them (if any) are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 20 to 21 of this annual report.

The Articles of Association provide that one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

The Board is responsible for the formulation of the Group’s business strategies and overall policies, and monitoring the performance of the management and corporate governance functions. The Executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent Non-Executive Directors provide their professional advices to the Group whenever necessary.

Composition of the Board, including names of the independent Non-Executive Directors, is disclosed in all corporate communications to shareholders of the Company.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

CORPORATE GOVERNANCE REPORT

ATTENDANCE OF DIRECTORS AT MEETINGS

The Board held nine Board meetings and two general meetings (including one annual general meeting and one extraordinary general meetings) for the year ended 31 March 2023.

The attendances of the Directors at various meetings held during the Current Year are set out below:

	Number of meetings attended/eligible to attend					Corporate Governance Committee meetings
	General meetings	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	
Mr. Qu Hongqing ^{1, 3, 7} (appointed on 1 April 2022)	2/2	8/8	N/A	N/A	2/2	1/1
Mr. George Lu (resigned on 6 May 2022)	N/A	1/1	N/A	1/1	1/1	N/A
Mr. Liu Qiaosong (resigned on 6 December 2022)	1/1	7/7	N/A	2/2	2/2	1/1
Mr. Loo Hong Shing Vincent ^{2, 4, 6, 7}	2/2	9/9	2/2	3/3	3/3	1/1
Mr. Zhu Shouzhong ⁵	2/2	9/9	2/2	N/A	N/A	N/A
Mr. Li Huaqiang ^{1, 3, 5, 7}	2/2	9/9	2/2	3/3	3/3	N/A

Notes:

1. Member of Remuneration Committee
2. Chairman of Remuneration Committee
3. Member of Nomination Committee
4. Chairman of Nomination Committee
5. Member of Audit Committee
6. Chairman of Audit Committee
7. Member of Corporate Governance Committee

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with A.6.5 of the CG Code with regards to continuous professional development, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. To further ensure all Directors are adequately informed about the Company's business and operations as well as his/her responsibilities under relevant laws, rules and regulations, the management provides all Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

The management encouraged all Directors to actively participate in continuous professional development by way of a combination of in-house training, attending webinars, seminars, briefings, conference, forums, workshops or other appropriate courses and distribution of relevant reading materials, newsletters and publications, to (i) develop and refresh their knowledge and understanding of the Group and its business; (ii) update their skills and knowledge with respect to the latest development or changes in the relevant commercial, legal and regulatory statutes, the Listing Rules and corporate governance practices; and (iii) enhance their awareness on the responsibilities for a director of a listed corporation.

CORPORATE GOVERNANCE REPORT

The Directors received the following training for the year ended 31 March 2023 according to the records provided by the Directors:

	Training on corporate governance, regulatory development and other relevant topics
Directors	
Executive Directors	
Mr. Qu Hongqing (<i>appointed on 1 April 2022</i>)	✓
Mr. George Lu (<i>Chief Executive Officer and Chairman</i>) (<i>resigned on 6 May 2022</i>)	✓
Mr. Liu Qiaosong (<i>Vice Chairman</i>) (<i>resigned on 6 December 2022</i>)	✓
Independent Non-Executive Directors	
Mr. Loo Hong Shing Vincent	✓
Mr. Zhu Shouzhong	✓
Mr. Li Huaqiang	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code provision A.2.1

Code provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. During the period from 1 April 2022 to 6 May 2022, the Chairman and CEO of the Company was Mr. George Lu. The Board believes that vesting the roles of both Chairman and CEO in the same person will not impair the balance of power and authority between the Directors and the management of the Company. Mr. George Lu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company. The Board is of the view that although the Chairman is also the CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meets from time to time to discuss issues affecting operation of the Company. The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. Reference is made to the announcement of the Company dated 6 May 2022, Mr. George Lu has resigned as an Executive Director, Chairman and CEO of the Company with effect from 6 May 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent Non-Executive Directors, all of them have appropriate professional qualification or related financial management expertise. The Company has received a written confirmation of independence from each of the independent Non-Executive Directors. The Company considers that each of the independent Non-Executive Directors is independent.

CORPORATE GOVERNANCE REPORT

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the independent Non-Executive Directors have signed letters of appointment with the Company with a term of three years.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each Director of the Company has either entered a service contract with the Company or has an appointment letter. The Directors were appointed for a term of three years unless terminated by either party by a specific months of notice in writing. Under the service contract, the initial annual emoluments of each Executive Director is fixed and the remuneration payable to each of them will be reviewed by the Board each year.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. Pursuant to the Company's Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. Pursuant to the Company's Articles of Association, at each annual general meeting, one third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one third), shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages of the Directors and senior management of the Company to the Board for approval. The Company's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal system varies according to the positions of the employees. During the Current Year, the performance appraisal is supervised by each member of the Remuneration Committee, namely Mr. Loo Hong Shing Vincent (Chairman), Mr. Qu Hongqing and Mr. Li Huaqiang.

The Remuneration Committee comprises two independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Remuneration Committee, Mr. Li Huaqiang and an Executive Director, namely Mr. Qu Hongqing (appointed on 6 December 2022). Mr. Liu Qiaosong (appointed on 6 May 2022 and ceased on 6 December 2022) and Mr. George Lu (ceased on 6 May 2022) were also the members of Remuneration Committee during the Current year.

During the Current Year, three meetings of the Remuneration Committee were held to make recommendation to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and on the establishment of a procedure for developing policy on such remuneration; and determine or recommend to the Board on the remuneration packages of all the Executive Directors and the senior management, and recommend to the Board of the remuneration of the Non-Executive Directors. All members of the Remuneration Committee attended all meeting held during the Current Year.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration by band of the members of the Directors and senior management of the Company, for the year ended 31 March 2023, are set out below:

Band of remuneration (HK\$)	Number of individuals
HK\$0 to HK\$1,000,000	4
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1

NOMINATION COMMITTEE

The Board has established a Nomination Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company.

The Nomination Committee is responsible for reviewing the Board composition, Board diversity, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of independent Non-Executive Directors.

The Nomination Committee reviews the structure, size and composition of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board exist, the Nomination Committee will carry out the selection process based on the Company's nomination policy by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs, the Board Diversity Policy and other relevant statutory requirements and regulations.

During the Current Year, the Nomination Committee comprises two independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Nomination Committee, Mr. Li Huaqiang, and an Executive Director, namely Mr. Qu Hongqing (appointed on 6 December 2022). Mr. Liu Qiaosong (appointed on 6 May 2022 and ceased on 6 December 2022) and Mr. George Lu (ceased on 6 May 2022) were also the members of Nomination Committee during the Current Year.

During the Current Year, three meetings of the Nomination Committee were held to review the structure and composition of the Board, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, review of the board diversity policy and revise written terms of reference to the Nomination Committee. All members of the Nomination Committee attended all meetings held during the Current Year.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Directors appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The board diversity policy provides that the Board shall take opportunities to balance our Board members' gender diversity over time when selecting and making recommendations on suitable candidates for Board appointments, with the ultimate goal of bringing our Board to gender parity. Currently, all members of the Board are male. To achieve gender diversity on the Board, the Board will appoint a female member no later than 31 December 2024. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for board appointments. The Company has also taken and continues to take steps to promote diversity at all levels of its workforce. As at 31 March 2023, our total workforce comprised approximately 41% female and 59% male.

AUDIT COMMITTEE

The Board has established an Audit Committee with its role and function set out in its written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. All of the committee members are independent Non-Executive Directors with the chairman of who possesses the appropriate professional qualifications and accounting experience. The principal duties of the Audit Committee include the following:

- (i) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.
- (ii) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.
- (iii) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.
- (iv) To review arrangements which employees of the Company can use to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the Current Year, the Audit Committee comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of Audit Committee, Mr. Zhu Shouzhong and Mr. Li Huaqiang. The Audit Committee held two meetings during the Current Year to review interim results, annual results, financial reporting and compliance procedures, risk management and internal control system of the Group. The Audit Committee has also made recommendations to the Board on the re-appointment of the external auditors after reviewing the scope of work offered, taking into account their remuneration and terms of engagement. All of the meetings were attended with the Company's independent auditor so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor. All members of the Audit Committee attended all meetings held during the Current Year.

CORPORATE GOVERNANCE REPORT

Under Code Provision D.2.5 of the CG Code, the Company should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective and adequate by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditors of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

Procedures and Controls over Handling and Dissemination of Inside Information

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

CORPORATE GOVERNANCE COMMITTEE

The Board has established a Corporate Governance Committee with its role and function set out in its written terms of reference in accordance with the provisions set out in the CG Code and Corporate Governance Report as set out in the Listing Rules, which are posted on the websites of the Stock Exchange and the Company.

Its primary functions include: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report as required under Appendix 14 to the Listing Rules; and (vi) to consider other matters, as authorised by the Board.

During the Current Year, the Corporate Governance Committee comprises an Executive Director, namely Mr. Qu Hongqing (appointed on 6 December 2022) as the Chairman of the Corporate Governance Committee, two independent Non-Executive Directors, namely Mr. Loo Hong Sing Vincent and Mr. Li Huaqiang (appointed 6 December 2022). Mr. Liu Qiaosong (appointed on 6 May 2022 and ceased on 6 December 2022), Mr. George Lu (ceased on 6 May 2022) and Mr. Wong Kwok Ming (ceased on 6 May 2022) were also the members of Corporate Governance Committee during the Current Year. The Corporate Governance Committee held one meeting during the Current Year and each committee member had full attendance for all the meetings.

CORPORATE GOVERNANCE FUNCTIONS

The Board and the Corporate Governance Committee have reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of Directors and senior management and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the Current Year.

CONFLICTS OF INTEREST

If a Director has a conflict of interest with a transaction or proposal to be considered by the Board, such Director is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction. The Group also adopted certain internal control policies to manage potential conflicts of interest.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Wong Kwok Ming, the company secretary of the Company, is a full-time employee of the Group and has day-to-day knowledge of the Company's affairs. The company secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its loss and cash flows for the year ended 31 March 2023. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The responsibilities of the auditor of the Company, Baker Tilly Hong Kong Limited, are set out in the section headed "Auditor's responsibilities for the audit of the consolidated financial statements" in the Independent Auditor's Report on pages 61 to 66 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the overall responsibilities for the internal control of the Group, including risk management. To facilitate effective and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of the risk management and internal control system which is also indispensable to mitigating the Group's risk exposures. The Group's risk management and internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives.

The risk management and internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory. The Audit Committee oversees the risk management and internal control system of the Group and communicates any material issues with the Board.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

The Board has conducted review of the effectiveness of the risk management and internal control system and is of the view that the risk management and internal control system adopted during the year ended 31 March 2023 is sound, adequate and effective to safeguard the interests of the shareholders and the Group's assets.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The auditor, Baker Tilly Hong Kong Limited, has provided both audit and non-audit services to the Group. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the independent auditor.

For the year ended 31 March 2023, the fee for audit service and non-audit services provided to the Group amounted to approximately HK\$0.9 million and HK\$0.8 million respectively (2022: HK\$1.0 million and HK\$0.1 million, respectively).

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2023, there were several changes and updates on the Memorandum and Articles of Association of the Company being proposed in order to comply with the latest requirements of the Listing Rules and other laws and regulations. Such proposed amendments were duly passed by way of special resolution at the annual general meeting of the Company held on 21 September 2022. Reference is made to the announcements and circulars of the Company dated 26 August 2022 and 21 September 2022 respectively. The amended and restated Memorandum and Articles of Association of the Company are available on the websites of the Stock Exchange and of the Company.

COMMUNICATION WITH SHAREHOLDERS

During the Current Year, the Company strives for maintaining effective and on-going communication with and timely disclosing useful information to the shareholders and potential investors of the Company.

To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company had established a shareholders' communication policy and reviewed its implementation regularly to ensure its effectiveness.

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including the annual general meeting, interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website (www.huabangtechnology.com).

Subject to applicable laws and regulations, including the Listing Rules and the Articles of Association as amended from time to time, shareholders may convene a general meeting/put forward proposals in accordance with the following provisions:

1. One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings can deposit a written request to convene an extraordinary general meeting ("EGM") at the principal place of business of the Company in Hong Kong, for the attention of the Board or the Company Secretary.
2. The written request must state the name of the shareholders concerned, their respective shareholdings, the objects of the meeting, including details of the business(es) and resolutions proposed to be considered and approved at the meeting, signed by the shareholders concerned.

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3. The request will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an EGM will not be convened as requested.
4. If within 21 days of such deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.
5. The notice period to be given to the shareholders in respect of the EGM varies according to the nature of the proposal. Notice of the EGM at which the passing of a special resolution is to be considered, notice of the EGM shall be arranged to be sent to the shareholders at least 21 clear days or 10 clear business days (whichever is longer) before such EGM.

Procedures for shareholders sending enquiries to the Board

1. *Enquiries about shareholdings*
Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
2. *Enquiries about corporate governance or other matters to be put to the Board and the Company*
The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board or Company Secretary, by mail to 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2314 0822 for any assistance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Huabang Technology Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) hereby presents this Environmental, Social and Governance (“ESG”) report (“ESG report”) for the year ended 31 March 2023 (the “Year”), in order to comply with the requirements set forth in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited. This report provides an overview of the Company’s policies implementation and performance with respect to sustainable development and social responsibilities areas.

The Board is responsible for evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management of the Group has provided a confirmation to the Board on the effectiveness of the related system and will continue to review the scope of report regularly according to its materiality principles and the key stakeholder’s opinions, and will extend the scope in the future if necessary.

The reporting scope of the ESG Report includes the Company and its subsidiaries, unless otherwise specified, the environmental key performance indicators (“KPIs”) of this report cover the operations of the Group’s offices in Hong Kong, accountable for almost all of the Group’s revenue, while excluding the operations in the PRC, due to the operations of the PRC subsidiaries is not material. The Group is primarily engage in trading business and financial services business.

APPROACH AND STRATEGY

The Group believes in delivering long term sustainable value creation to our shareholders. In doing so, while we carry on our business, we make choices that bring positive impacts to the communities. We have adopted a sustainability policy which covers employment and labour practices, business integrity, the environment and the community. The Group is committed to support good environmental standards and to ensure implementation of environmental-friendly measures.

REPORTING PRINCIPLES

Materiality:

Important and relevant information to stakeholders on different ESG aspects is covered in this report, and relative importance of ESG topics has been determined through materiality assessment and approved by the Board.

Quantitative:

Quantitative information is provided in this report, and where appropriate, with narrative and comparative data to assist readers in meaningful interpretation of figures and enable them to perform fair assessment of the Group’s ESG performance.

Consistency:

Consistent methodologies (as presented in previous reports) are used to prepare and present ESG data provided in this report, unless otherwise specified.

Balance:

Unbiased information is provided in this report, without the inappropriate use of selections, omissions or presentation formats that would mislead the readers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS' ENGAGEMENT

The Group understand stakeholder engagement is a critical element to the success of the Group. To conduct the Group's materiality assessment in identifying and understanding the main concerns and material interests of stakeholders. We communicate with stakeholders from all circles on a regular basis, constantly collect their suggestions and feedback, and fully comprehend their opinions on the Group's performance and expectations on and demands for the Group by establishing different channels such as general meetings, annual reports, announcements, and company website.

The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with stakeholders:

Stakeholder	Expectation	Engagement channel	Measure
Shareholders and Investors	<ul style="list-style-type: none"> • Robust operational compliance • Good returns on investment • Disclosure of information in a fair, transparent and timely manner 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Interim reports, annual report, announcements • Company's website • Meeting with investor 	<p>Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements, circulars, interim report and annual report in the Year.</p> <p>Carried out different forms of investor activities with an aim to improve investors' recognition. Disclosed company contact details on website and in reports and ensured all communication channels available and effective.</p>
Government, public and communities	<ul style="list-style-type: none"> • To comply with the laws • Ensure safety, environmental protection and social responsibility 	<ul style="list-style-type: none"> • On-site inspections and checks • Discussion through work reports preparation and submission for approval 	<p>Operated, managed according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder	Expectation	Engagement channel	Measure
Employees	<ul style="list-style-type: none"> • Safeguard the rights and interests of employees • Salary and welfare • Working environment • Career development opportunities • Health and safety • Training and briefing sessions 	<ul style="list-style-type: none"> • Policies and procedures • Channels for employees to express their opinions • Performance assessment • Team activities 	<p>Provided a healthy and safe working environment; established policies and procedures according to local labour law; developed communication channel with management; developed a fair mechanism for promotion; cared for employees by helping those in need and organizing employee activities.</p>
Customers	<ul style="list-style-type: none"> • Assurance on quality and quantity of product • Stable relationship • Group's reputation and brand image • Market demand 	<ul style="list-style-type: none"> • Site visit • Email and customer service • Regular meetings 	<p>Organised marketing activities and site visit.</p>
Suppliers/Partners	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fair and open policy • Information resources sharing • Timely payment 	<ul style="list-style-type: none"> • Strategic cooperation • Regular meetings and visits • Tendering process 	<p>Invited tenders to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors.</p>

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Stakeholder	Expectation	Engagement channel	Measure
Peer/Industry associations	<ul style="list-style-type: none"> • Experience sharing • Corporations • Fair competition 	<ul style="list-style-type: none"> • Industry conference • Site visit • Website 	Stuck to fair play, cooperated with peers to realise winwin, shared experiences and attended seminars and meetings of the industry so as to promote sustainable development of the industry.

Stakeholders' valuable opinions regarding the Group's policies and approaches in terms of sustainable development are the vital driving force for the Group's continuous improvement. The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please mail to the Group's office at 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

MATERIALITY ASSESSMENT

Materiality assessment was conducted in accordance with the expectation and feedback from the key stakeholders. Based on the assessment, the management of the Group prioritises employees' rights and obligations and product responsibility as material aspects of the long-term sustainability. Effective internal control systems on these aspects are reinforced with the aim of enhancing efficiency of operations and generating the environmental and social benefits to our stakeholders.

ENVIRONMENT

The Group mainly engaged in trading business and financial services business in Hong Kong, while it does not constitute any significant impact to the environment and does not generate any material level of greenhouse gas ("GHG") or any material hazardous and non-hazardous waste. The Group has developed a guidance memorandum regarding environmental protection practices in relation to air and GHG emissions, use of resources, waste discharges and generation of hazardous and non-hazardous waste, which will be reviewed annually and delivered to staff. The Group upholds its commitment to sustainable development and complies with relevant laws and regulations on environmental protection. We encourage our employees to focus on and enhance their awareness of environmental protection. The Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness on environmental protection and complying with the relevant environmental laws and regulations.

In order to mitigate the environmental impacts produced by the Group's operation, we have adopted and implemented relevant environmental policies. These policies apply the emission mitigation principle as well as the use of resources and waste management principle of "Reduce, Reuse, Recycle and Replace", with the objectives of minimizing the adverse environmental impacts and ensuring the emission being generated or waste disposed are managed in an environmentally responsible manner. The Group mainly consumed petrol, electricity, water and paper during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strives to comply with all relevant environmental laws and regulations that are applicable to its business operation. The Group also pays attention to the regional and international update of the climate-related issues. As the Group's business does not involve industrial production activities in nature, there is no significant impact on the climate-related issue, environment and natural resources arising from its business operations. Its business does not involve in the production-related air, water, or land pollutions which are regulated under the laws and regulations of Hong Kong.

During the reporting period, the Group did not identify any material non-compliance with related environmental laws and regulations. The Group has not violated any environmental laws or regulations, nor has any compliant, penalty, or sanctions been imposed upon the Group for the violation of any environmental laws or regulations.

Emissions

The Group was principally engaged in (i) trading business and (ii) financial services business. Based on the aforesaid, the Group's operations is not expected to have a significant impact on the environment arising from its operating activities and will not generate hazardous pollutants. The Group's major sources of air emissions and greenhouse gas emissions were originated from petrol consumed by vehicles, consumption of purchased electricity and business air travel by employees. The Group has developed guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educates employees to turn off engines for idling vehicles, and conducts regular vehicle inspections and maintenance to enhance vehicle efficiency.

The Group targets to minimise hazardous emissions, the Group has developed measures and encourages its employees to:

1. Take public transport instead of driving during travels, whenever possible, to reduce vehicle exhaust emissions;
2. Use telephone or video conferencing to replace business trips as far as feasible to reduce carbon emissions;
3. Take the eco-friendly modes of transportation that have low levels of pollution, such as railway lines, trams, LPG minibuses, etc.; and
4. Use environmentally-friendly cleaning agents to reduce water pollution.

The Group is not aware of any circumstances arising from its business operations leading to significant air pollution, water pollution and land pollution and generation of hazardous waste during the Year.

I. Air emissions

Due to our business nature, the Group considers the relevant air emissions generated are not expected to be significant. The Group's major sources of exhaust gas emissions were originated from petrol consumed by vehicles. Petrol was used in private cars for business meetings and travels. The Group has developed guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educate employees to turn off engines for idling vehicles, and conduct regular vehicle inspections and maintenance to enhance vehicle efficiency. For the year ended 31 March 2023, the air emissions of Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x) and Particulate Matter (PM) was 2,112.7g, 93.3g and 155.6g (2022: 2,582.0g, 70.5g and 190.1g) respectively, representing an increase/(decrease) of (469.3g), 22.8g and (34.5g) respectively.

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II. Greenhouse gas emissions

The major sources of the Group's GHG emissions were (i) direct GHG emissions generated from petrol consumed by vehicles (Scope 1), (ii) indirect GHG emissions from consumption of purchased electricity (Scope 2) and (iii) other indirect GHG emission from paper use and business air travel by the employees (Scope 3). For the year ended 31 March 2023, the summary of GHG emission from the Group's operation are as follows:

Type of GHG emissions	Equivalent Carbon dioxide (CO ₂) emission		
	2023	2022	Increase/(decrease)
Scope 1 – Direct emissions	15.0 tonnes	11.3 tonnes	3.7 tonnes
Scope 2 – Indirect emissions	63.9 tonnes	42.8 tonnes	21.1 tonnes
Scope 3 – Other indirect emissions	6.2 tonnes	2.0 tonnes	4.2 tonnes
Total GHG emissions	85.1 tonnes	56.1 tonnes	29 tonnes
Total GHG emission intensity	1.9 tonnes/employee	2.0 tonnes/employee	(0.1) tonnes/employee

The Group has set the emission target for the coming year to maintain the emission intensity level as in the current year. In order to achieve this emission target, the Group will continue to implement a number of emission reduction measures as mentioned in the section headed "Emissions".

III. Waste management

The Group's operations do not produce any hazardous waste. The non-hazardous wastes generated by the Group were mainly papers and solid wastes generated in our offices during our operation. During the reporting period, the Group took necessary steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions, and seeks to find less harmful ways to protect the environment in the operations. Our internal guidelines have complied with all the relevant laws and regulations applicable to our operations under different jurisdictions. In order to ensure the sustainability of the environment, the Group has instilled the attitude of "Less Use and Less Waste" to advocate the waste reduction, and used the concept of "Reduce, Reuse, and Recycle" to improve the utilization of energy and resources and achieve the benefit of economic efficiency. During the reporting period, the Group has devoted substantial efforts to waste management by minimising solid waste to landfills through waste reducing, waste reusing and waste recycling. One of the essential measurements is through promoting the importance of waste reduction among the employees of the Group through training and education. Going paperless is always our key message passed to the employees of the Group and they are encouraged to use electronic copies for filing purpose and use recycled papers for printing in order to reduce waste. Our efforts to reduce paper usage include implementing paperless e-Payroll systems. In addition, to strengthen the support for waste recycling, the Group sets up a collection area to collect waste paper for recycling. The Group will provide guidance to the employees to develop a recycling habits not just only at work, but also in their daily life and influence their surroundings by their actions.

Due to the Group's business nature, the non-hazardous waste and hazardous waste are not deemed to be material to the Group's business. No related statistics of both non-hazardous waste and hazardous waste produced were recorded. The Group has set a target for the coming year to maintain minimal and immaterial non-hazardous waste and hazardous waste same as the current year. In order to achieve this target, the Group will continue to take steps to monitor the waste management as mentioned above. We shall closely follow regulatory changes and update our disclosure accordingly in the future.

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Use of Resources

The resources used by the Group for its operations are mainly electricity consumption, petrol consumption, water consumption and paper consumption. In order to uphold its commitment to sustainable development, the Group educates its employees to be aware on energy and resources conservation and environmental protection. The Group's employees have kept the use of resources to a minimum through various green practices.

I. Electricity consumption

The world is facing historic global warming challenges and the Group strives to save energy and resources to create a low-carbon and operate in all our business sectors in a sustainable way. The following guidelines have been developed by the Group to aim to minimize the electricity consumption:

1. Use of energy-efficient lights and electrical appliances in office workplace.
2. Staff are encouraged to dress in smart casual and indoor temperature is maintained at around 25°C in the summer time.
3. Turn off some lights and air conditioning during lunch hours and non-office hours.
4. Enable the "Standby" or "Sleep" mode of printers and computers.

For the year ended 31 March 2023, the electricity consumption by offices of the Group and cold stores of food trading business is as follows:

Use of resources:	Electricity consumption		
	2023	2022	Increase/(decrease)
Direct consumption:	96,855 Kilowatt per hour	64,831 Kilowatt per hour	32,024 Kilowatt per hour
Intensity:	2,201 Kilowatt per hour/employee	2,315 Kilowatt per hour/employee	(114) Kilowatt per hour/employee

II. Petrol consumption

Petrol was consumed by the vehicles of the Group for its daily operation. Petrol was used in private cars for business meetings and local travels and trucks for delivery of product. The Group has developed guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educate employees to turn off engines for idling vehicles, and conduct regular vehicle inspections and maintenance to enhance vehicle efficiency.

For the year ended 31 March 2023, the petrol consumption by vehicles of the Group is as follows:

Use of resources:	Petrol consumption		
	2023	2022	Increase/(decrease)
Direct consumption:	6,349.6 Litres	4,797.4 Litres	1,552.2 Litres
Intensity:	144.3 Litres/employee	171.3 Litres/employee	(27.0) Litres/employee

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. Water consumption

Water consumption included consumption from offices of the Group for its operation and food processing factory of the food trading business acquired during the year. The Group regularly reminds its staff to conserve water resources through publishing notices and reminders. To reduce water consumption, staff are reminded to control tap flow and report any dripping taps or water leakage to relevant department promptly. Since the Group only focuses on office operations, there are no issues in sourcing water that is fit for the purpose.

For the year ended 31 March 2023, we followed the practice of last year to measure the data for water usage for comparison. The water consumption of the Group is as follows:

Use of resources:	Water consumption		
	2023	2022	Increase/(decrease)
Direct consumption:	147 Cubic meter	107 Cubic meter	40 Cubic meter
Intensity:	3.3 Cubic meter/ employee	3.8 Cubic meter/ employee	(0.5) Cubic meter/ employee

IV. Use of paper

The Group prioritises to consume environmental-friendly and sustainable products for its office supplies and encourage recycling in its operations. The Group's existing business does not involve producing packaging material used for finished products. The Group's existing businesses are not expected to pose a significant use of packaging materials; however, the Group has developed guidelines to the employees to reduce usage of paper. The Group recommends the employees to handle the informal documents electronically and to use double-sided printing for any documents other than formal and confidential documents. Re-using single-sided paper and recycling doubled-sided used paper are also required. For the year ended 31 March 2023, the Group consumed 328 kg (2022: 400 kg) of printing paper, representing a decrease of 72 kg of printing paper. The paper consumption intensity was 7.5 kg per employee (2022: 14.3 kg), representing a decrease of 6.8 kg per employee.

The Group has set a target for the coming year to maintain a similar level of electricity consumption, petrol consumption, water consumption and paper consumption as in the current year. The Group will continue to implement various measures as mentioned above in order to achieve this target.

Environment and Natural Resources

Although the core business of the Group has limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, we recognise the responsibility in minimising the negative environmental impacts of our operations in achieving sustainable development to generate long-term values to our stakeholders and community. The Group is committed in building an environmental-friendly corporation that pays close attention to conserve natural resources. To incorporate environmental sustainability into the Group's operations, the Group strives to minimise its environmental impact and move forward to a low-carbon future.

Regulatory Compliance

For the year ended 31 March 2023, the Group did not have any material non-compliance issues in respect of any applicable laws and regulations on environmental protection relating to air, GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste. The Group's management continuously oversees the implementation of relevant policies and measurements. In addition, the Group's management will adjust and reform the policies from time to time to ensure the achievement of better results.

Climate Change

Climate change is one of the challenges facing the world. Rising temperatures and extreme weather are threatening society and our business operations. The Group regularly reviews the impact of climate change on its daily business operations. It is committed to adopting various environmentally-friendly operating measures to reduce greenhouse gas emissions and the pressure caused by global climate change. At the same time, we will actively assess and manage climate-related operational risks and improve our ability to adapt to climate change.

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Since our major business operation is carried out on office premises, climate change does not have a direct significant impact on the business. The Group may experience productivity loss due to an increase in extreme weather conditions, such as super typhoons and heavy rainstorms. Under the extreme weather events, the safety of our employees is threatened and our office may be damaged, which may cause disruption to the normal business operations of the Group. To minimise the potential risks, the Group adopts flexible working arrangements and employees may work from home in adverse weather conditions, if applicable.

SOCIAL

Employment and Labour Practices

Employment

The Group treasures talent as it is one of the most valuable assets and keys for driving success and maintaining sustainable development. The Group strives to provide its staff with a safe and competitive platform for career development and advancement.

The Group strictly complies with the relevant laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits set out in the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China as well as the Employment Ordinance, Employees' Compensation Ordinance, and Minimum Wage Ordinance of Hong Kong. In addition, the Group reviews and updates its employment practices and internal guidelines on a regular basis to comply with the latest regulatory requirements.

The Group strictly prohibits the recruitment of child labor or forced labor, by strictly compliance in accordance with the Law of the People's Republic of China on the Protection of Minors, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, and the Implementing Regulations of the Employment Contract Law of the PRC as well as the Employment of Children Regulations of Hong Kong, the Group will examine the identification documents of job seekers during recruitment to ensure that they qualify for corresponding posts. To further protect the rights and interests of employees, the Group signs contracts with all employees, which stipulate wages, benefits, working hours, holidays, employee responsibilities, dismissal and so on, to ensure that the Group and employees have the same understanding of operating posts and conditions.

The Group contributes to mandatory provident fund, employees' compensation insurance, social insurances and housing fund for all the staff in a timely manner. The Group determines working hours and rest periods for employees in line with relevant employment laws and employment contracts with employees. In addition to statutory holidays such as the basic paid annual leave, employees are also entitled to maternity leave.

During the Year, the Group is not aware of any non-compliance with the laws or regulations relating to employment and labour practices that have a significant impact on the Group.

To attract high-calibre workforce, the Group offers competitive and fair remuneration and benefits based on individuals' performance, professional qualifications and experiences. In order to motivate and reward existing management and employees, the Group conducts regular salary review to ensure that its staff are recognised by the Group with regard to their working efforts and contributions. Meanwhile, any termination of employment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kinds of unfair or unreasonable dismissals.

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As an equal opportunity employer, the management of the Company is committed in creating a fair, respectful and diversified working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of their gender, race, age, disability, family status, marital status, pregnancy status, sexual orientation, religious beliefs, nationality, social and ethnic origin or any other non-job related factors in all business units. The Group's equal opportunities policy enforces zero tolerance to any workplace discrimination, harassment or victimisation. If there is any discrimination incidents, employees can report to human resources department of the Group. Disciplinary actions would be taken against any employee if there is any non-compliance or breach of legislation related to the equal opportunities policies. The number of employees and turnover rate of the Group as at 31 March 2023 are as follows.

(Number of employees)	2023	2022
Total number of employees	44	28
By gender		
Male	26	13
Female	18	15
By employment type		
Full-Time	44	28
Part-time	0	0
By age group		
Aged 21-30	2	3
Aged 31-40	11	14
Aged 41-50	13	2
Aged 51 above	18	9
By region		
Hong Kong	43	26
Mainland China	1	2

	2023	2022
Employee turnover rate¹	47%	33%
(Number of employees)		
By gender		
Male	12	5
Female	9	6
By age group		
Aged 21-30	4	2
Aged 31-40	10	2
Aged 41-50	3	5
Aged 51 above	4	2
By region		
Hong Kong	21	11
Mainland China	0	0

Note:

1 Employees who did not pass the probation are not included.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HEALTH AND SAFETY

The Group places strong importance in securing the health and safety of employees and in maintaining workplace safety and comfort for its staff. The Group regularly reviews and monitors potential occupational health and safety risks within the office and warehouses to ensure a safer workplace environment for the employees.

The Group endeavors to create a safe, healthy, and comfortable working environment for employees. Although the Group's business does not involve high-risk work, it strictly complies with relevant laws and regulations including the Law of the People's Republic of China on Work Safety and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases as well as the Occupational Safety Health Ordinance of Hong Kong, to implement the most comprehensive protection for employees.

We implemented the followed measures:

- Check the office area carefully before leaving, turn off the unnecessary power, close the doors and windows and eliminate dangers;
- If unsafe equipment is found and can cause accidents, it is required report immediately to the relevant departments and make adjustments;
- Keep the workplaces with good ventilation;
- Avoid overcrowded workplaces;
- Add warning signs in the dangerous areas to warn others to keep distance;
- Keep basic first aid equipment in the office;
- Report immediately to the relevant people and handle properly when there is an accident; and
- Propose adjustment plans to avoid the similar incidents, etc.

In response to the outbreak of the COVID-19 pandemic, the Group has also implemented a series of precautionary measures and has complied with guidelines from the regional government authorities to ensure the health and safety of its employees. In addition to requiring employees to perform regular community test, the Group requires employees to check and record their temperatures upon arriving to the workplace and reminds employees the importance of maintaining social distancing and provides surgical masks to employees whenever necessary. To further prevent cross infection within the workplace, clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus.

During the Year, the Group is not aware of any non-compliance with the relevant laws and regulation on occupational health and safety that have a significant impact on the Group. The number of lost days due to work related injury during the Year was zero days. The Group has no work-related fatalities case during the past three years (include the Current Year).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

DEVELOPMENT AND TRAINING

The Group endeavours to enhance the skills of each employee in various aspects by providing staff trainings. In order to assist employees in reaching the “keep moving” spirit, the Group supports individual learning and self-improvement of our employees at all levels by providing tailor-made training sessions and education subsidies. The trainings are beneficial for our employees in adopting professional knowledge and improving efficiency in the Group’s business operations which also ultimately increase their job satisfaction and morale. The Group has constantly provided on-job education and trainings for its employees to improve their knowledge and expertise.

The Group encourages employees to participate in on-the job training and continuing education to create opportunity for career development. The Group provides orientation training to all new employees in order to give a better understanding to the culture, practices and safety requirements of the Group. The Group provides diversified on-the-job training to employees covering topics such as management skills, professional skills, technical knowledge, latest news and information about corporate culture and ensure employees are able to meet the changing demands in the Group and the market. By providing continuous training, employees gain satisfaction and enjoyment from their roles and increase the motivation. Through a series of training covering various topics, our staff’s understanding towards the Group’s business, management structure and corporate culture would be gradually enhanced. Employees are encouraged to fully develop their potential and strengths.

During the Year, the Group provided internal training to all directors and senior management of the Group which covered the major changes of the Listing Rules and regulations. The average training hours completed per director and senior management is 19 hours. During the Year, internal trainings were also provided to all the Group’s administrative and supporting staff regarding the system usages, technical updates and market knowledge updates. The average training hours completed per administrative and supporting staff were 5 hours. During the Year, total number of hours of training received by male employees and female employees are 155 hours and 92 hours respectively. The average training hours completed per male employee and female employee are 12 hours and 6 hours respectively.

LABOUR STANDARDS

The Group strictly abides by the Employment Ordinance and other laws and regulations to prohibit any child and forced labour. To combat against illegal employment, the human resources department of the Group is responsible for recruitment which requires the job applicants to provide valid identity documents prior to the confirmation of employment to ensure that the applicants are lawfully employable. The Group prohibits any force of work under threat or duress. The Group encourages the employees to report any suspected case of child or forced labour to the management. If any case is reported, investigation will be carried out and appropriate actions will be taken to prevent future occurrence.

The human resources department of the Group is responsible for monitor and ensure compliance of latest and relevant laws and regulations in relation to the prevention of child labour and forced labour. During the Year, no violation of relevant laws and regulations in relation to the prevention of child labour and forced labour was noted.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HARMONIOUS WORKPLACE

The Group believes employees hold strong positions in the success of our business. Therefore, the Group is determined to promote workplace diversity, protect employees' rights and encourage a friendly corporate culture. With the aim of motivating its employees to demonstrate its core values and to ultimately boost their sense of belonging, the Group strictly implements employment practices, internal equality and nondiscrimination principles.

To ensure the ability to attract and retain employees, the Group regularly reviews the remuneration and welfare policy such as an attractive bonus system and medical insurance.

OPERATING PRACTICES

Supply Chain Management

The Group aims to maintain long-term, stable and strategic cooperative relationships with suppliers in order to achieve a co-development relationship with the suppliers. The Group expects all suppliers to embrace corporate social responsible value since the supply chain management is an essential part of the corporate responsibility.

The Group has established a rigorous supplier selection system. When selecting suppliers, the Group takes various factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance.

In view of growing social concern on environmental issues, the Group has also incorporated environmental and social considerations in the supplier selection process. We expect suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

To identify environmental and social risk along the supply chain, the Group conducts sustainability evaluations in accordance with internal standards and processes, including site inspections and document checks. The Group provides improvement guidance and advice to the suppliers that fail to meet the standard.

To shorten the transportation time and minimise associated pollution from transportation, the Company prioritises suppliers which are in the same region. During the Current Year, 84.5% (2022: 87.5%) of our suppliers were based in Hong Kong.

The Group has also formulated policies and procedures to ensure that suppliers could compete in a transparent and fair manner. We do not differentiate and discriminate against any suppliers, and we do not tolerate any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are also not allowed to participate in relevant procurement activities.

The Group has strict quality control in each operation step: procurement, production and warehousing. The Group checks quality and stability of products, so as to select high-quality product-suppliers and to ensure the quality of products. In respect of warehouse management, warehouse inventory follows the principle of convenient storage and management which can minimise errors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the number of suppliers by geographical region is as follows:

Geographical region	Number of suppliers	
	2023	2022
Hong Kong	49	7
Norway	7	0
Japan	2	0
Korea	1	1

PRODUCT RESPONSIBILITY

The Group has dedicated to deliver safe and high-quality products to the customers, as the Group believes these are the key factors to establish reputation and to maintain a long-term relationship with customers which are essential to the success of any business. The Group is principally engaged in (i) computer products trading business, (ii) food trading business and (iii) financial services business.

Regarding the computer products trading business, the computer and peripheral products and electronics products being sourced were all manufactured by famous brands in the world. In terms of quality assurance control, suppliers provide warranty on the products they supply to the Group for distribution of electronic components and finished products. They are also responsible for providing or procuring the provision of in-warranty service to the end customers.

The Group also adopts the following quality assurance control and recall procedures policies on the products:

- a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- if any defects are identified for products after sale, the relevant product will be recalled from customers and returned to the supplier for replacement.

Regarding the food trading business, the Group employs stringent procedures to source products through our global network of suppliers. It is the Group's responsibility to ensure that all the products are safe to consume for the population as food safety is critical for protecting the health and wellbeing of people and sustainability of the food industry.

The Group adopts the following policies to ensure safe and good quality products are deliver to the customers:

- ensure timely deliveries of products to best conditions
- full traceability for all products
- competencies and an understanding of risk within food safety
- compliance with requirements for food safety in accordance with all relevant food safety regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In respect of warehouse management, the Group has adequate and suitable warehouse facilities to keep the products in good condition and good quality.

The Group strictly complies with all applicable laws and regulations and obtains all the licences relating to product responsibility.

During the Year, the Group was not aware of any non-compliance with the laws or regulations relating to product responsibility issues. During the Year, no sold-products were recalled for safety and health reasons.

The Group attaches great importance to maintain customer relationships and values customers' opinions. The Group maintains close communication with the customers in order to obtain better understanding of the customers' expectations and feedbacks. During the Year, the Group did not receive any complaints from customers. Should any complaint arise, the Group will carefully consider and investigate to identify the issues.

DATA PRIVACY

Protecting the security and privacy of stakeholders' personal data is important to the Group. The Group ensures compliance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and other statutory requirements to meet a high standard of security and confidentiality of personal data privacy protection. The following data protection principles are adopted in preserving proper security and use of data:

- We only collect personal data that are relevant and required for our businesses;
- We will not share personal data to any entity that is not a member of the Group without consent unless it is required by law or it was previously notified; and
- We maintain appropriate data collection, storage, and processing practices and security measures to protect against unauthorised access to personal information.

During the Year, no complaints regarding breaches of customer data and privacy were received, and no reported incident of non-compliance with laws and regulations relating to product responsibility.

Intellectual Property

The Group respects intellectual property rights, including but not limited to trademarks, patents, copyrights and designs in the preparation of marketing and communication materials. The Group requires its staff to comply with regulatory requirements in collecting, holding, processing, disclosing and using personal information, as well as protecting confidential information received in the course of business. Consents are required prior to usage of any trademarks.

The Group ensures compliance with the Hong Kong Intellectual Property Law and carried out the following measures:

- Ensure that the Company's trademarks, commercial and technical secrets, software and other intellectual property rights are not infringed;
- Monitor regularly intellectual property rights in the market; and

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Use copyright-protected application software and avoid legal disputes caused by security vulnerability and software copyrights, etc.

ANTI-CORRUPTION

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption, such as the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and bribery irrespective of the area or country where the Group is conducting business. The Group has formulated and strictly enforced anti-corruption policies pursuant to which the Group will not tolerate any form of corruption. All employees are expected to discharge their duties with integrity and self-discipline. They should abstain from engaging in any activities related to bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business.

The Group has issued relevant whistle-blowing procedures in setting up a private communication channel on reporting suspicious fraudulent actions to the Group's management directly. In addition, when the Group cooperates with external parties, the Group implements proper internal control process and tendering process to prevent any potential threats on corruption.

During the Year, there was no legal case regarding corrupt practices brought against the Group or its employees. There were no suspected enquiries or reported cases involving fraud against the Group. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering. The Group will continue to review and improve the internal control and corporate governance to maintain high standard of ethics and integrity in all business operations.

During the year, training materials were sent out to the Board and employees to refresh their knowledge on the Group's Standards on business ethics as well as the latest anti-corruption resources published by the Independent Commission Against Corruption.

COMMUNITY INVESTMENT

The Group emphasises the importance of social responsibility awareness to its staff and encourages them to participate in social activities and charitable activities.

The Group believes in people-oriented management principle, carries out a variety of activities in fulfilling our social responsibilities, actively pursues social contribution initiatives and strives to create a sustainable and harmonious society.

The Group encourages its employees to dedicate their time and skills to support the local communities and encourages its business partners to implement and improve corporate social responsibility policies. The Group strives to develop long-term relationship with our stakeholders and brings a positive impact on community development.

During the Year, the Group mainly allocated its resources on business expansion, which resulted in less contribution to community investment. In the coming years, the Group shall review policies in relation to community investment and explore the feasibility of increasing community investment activities.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF HUABANG TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huabang Technology Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 192, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements which indicates that the Group had net current liabilities of approximately HK\$55,248,000 as at 31 March 2023 and loss for the year of approximately HK\$129,974,000 for the year then ended. These conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment on loan receivables and cash client receivables</p> <p>Refer to Notes 4(b), 5.1(b), 19 and 20 to the consolidated financial statements.</p> <p>We identified impairment assessment on loan receivables and cash client receivables as a key audit matter due to the significance of these amounts to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses at the end of the reporting period.</p> <p>As at 31 March 2023, the gross balance of loan receivables and cash client receivables were HK\$151 million and HK\$241 million respectively; the corresponding impairment allowances were HK\$131 million and HK\$225 million respectively.</p> <p>The impairment assessment on loan receivables and cash client receivables involves significant management judgements and estimates in the assessment of credit risk, the uses of models and the choices of inputs in the calculation of expected credit loss at the reporting date.</p> <p>At each reporting date, the Group assesses whether there has been a significant increase in credit risk since their initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.</p>	<p>Our procedures to evaluate the Group's impairment assessments on loan receivables and cash client receivables as at 31 March 2023 included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of the Group's credit risk management and practices, and assessed the Group's impairment provision policy and related management judgements;• assessing the appropriateness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into the three stages. Our assessment included reviewing the loan overdue information, loan-to-value percentage for cash client receivables or other related information, and considering the appropriateness of the three stages classification determined by the Group;• evaluating the Group's estimation methodology of expected credit losses, checking the parameters to external data sources where available, including default rates provided by credit rating agency, and assessing and testing the sensitivity of the impairment allowance to changes in modelling assumptions, including the forward-looking probability weighted economic scenarios;• for loan receivables and cash client receivables classified at stage 3, checking the valuation of the collateral and other sources of cash flows, and developed a reasonable range of expected cash shortfall for comparison with the Group's assessment of impairment allowance;• assessing the adequacy of the disclosures in relation to credit risk in the consolidated financial statements with reference to the prevailing accounting standards; and• assessing the assumptions and estimates made by management for the assessment of impairment allowances for loan receivables and cash client receivables by performing a retrospective review of the historical accuracy of these assumptions and estimates, including historical default data and estimated loss rates.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
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Impairment assessment on loan receivables and cash client receivables (continued)

In assessing the lifetime expected credit losses on credit-impaired loan receivables and cash client receivables that are classified as stage 3, the Group performs an assessment based on the Group's historical credit loss experience, adjusted for factors specific to the borrowers, general economic conditions, the current conditions at the reporting date and forward-looking analysis. The Group also reviews the amount and timing of future cash flows, guarantees, value of the collateral received from the customers in measuring impairment. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Based on the procedures described above, we considered the methodology used, key assumptions, judgements and estimates applied in the impairment assessment on loans receivables and cash client receivables were supportable by available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Gao Yajun.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong

Gao Yajun

Practising certificate number P06391

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2023

	Note	Year ended 31 March	
		2023 HK\$'000	2022 HK\$'000
Revenue	6	456,565	1,702,549
Cost of sales		(450,657)	(1,664,101)
Gross profit		5,908	38,448
Selling expenses		(93)	(355)
General and administrative expenses		(44,358)	(39,584)
Expected credit loss on financial assets, net	7	(59,730)	(245,460)
Other income and gains, net	8	366	807
Gain on disposal of property, plant and equipment		302	41,349
Impairment of goodwill	15	(3,391)	(48,622)
Operating loss		(100,996)	(253,417)
Finance costs	9	(8,663)	(6,188)
Loss before income tax	10	(109,659)	(259,605)
Income tax (expense)/credit	11	(20,315)	20,186
Loss for the year		(129,974)	(239,419)
(Loss)/profit attributable to:			
Owners of the Company		(127,605)	(241,018)
Non-controlling interests		(2,369)	1,599
		(129,974)	(239,419)
Loss per share attributable to owners of the Company	12		
Basic		HK(26.55) cent	HK(55.51) cent
Diluted		HK(26.55) cent	HK(55.51) cent

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2023

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loss for the year	(129,974)	(239,419)
Other comprehensive (expense)/income		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(365)	243
Total comprehensive expense for the year	(130,339)	(239,176)
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(127,970)	(240,775)
Non-controlling interests	(2,369)	1,599
	(130,339)	(239,176)

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	As at 31 March	
		2023	2022
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	208,524	218,885
Right-of-use assets	14	11,120	–
Intangible assets	15	12,090	3,391
Interest in an associate	17	–	–
Deposits, prepayments and other receivables	21	1,495	497
Deferred tax assets	29	17,152	38,034
		250,381	260,807
Current assets			
Inventories	18	27,672	14,740
Loan receivables	19	20,362	57,865
Account receivables	20	58,943	79,315
Deposits, prepayments and other receivables	21	45,828	39,266
Financial assets at fair value through profit or loss	22	372	847
Income tax recoverable		1,056	2,782
Bank balances held on behalf of clients	23	2,314	12,492
Cash and cash equivalents	24	30,959	46,660
		187,506	253,967
Total assets		437,887	514,774
EQUITY			
Share capital	25	4,385	3,654
Other reserves	27	559,600	538,775
Accumulated losses		(384,050)	(256,445)
Total equity attributable to owners of the Company		179,935	285,984
Non-controlling interests		6,347	8,716
Total equity		186,282	294,700

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2023

	Note	As at 31 March	
		2023	2022
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liability			
Lease liabilities	14	7,943	–
Deferred tax liabilities	29	908	200
		8,851	200
Current liabilities			
Account payables	30	56,648	29,305
Other payables and accrued expenses	30	9,412	7,076
Contract liabilities	31	–	5,437
Lease liabilities	14	3,577	–
Borrowings	32	173,052	177,373
Income tax payables		65	683
		242,754	219,874
Total liabilities		251,605	220,074
Total equity and liabilities		437,887	514,774
Net current (liabilities)/assets		(55,248)	34,093
Total assets less current liabilities		195,133	294,900

These consolidated financial statements on pages 67 to 192 were approved for issue by the Board of Directors on 20 June 2023 and were signed on its behalf by:

Qu Hongqing
 Director

Loo Hong Shing, Vincent
 Director

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2023

	Attributable to owners of the Company											
	Other reserves									Non-controlling interests	Total equity	
	Share capital	Share premium	Shares held for share award scheme	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve	Sub total	Accumulated losses			Total
			Note 26							Note 27(a)	Note 27(b)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
For the year ended 31 March 2023												
Balance at 1 April 2022	3,654	502,332	(21,630)	50,374	2,480	1,042	4,177	538,775	(256,445)	285,984	8,716	294,700
Loss for the year	-	-	-	-	-	-	-	-	(127,605)	(127,605)	(2,369)	(129,974)
Other comprehensive expense												
Currency translation differences	-	-	-	-	-	-	(365)	(365)	-	(365)	-	(365)
Total comprehensive expense for the year	-	-	-	-	-	-	(365)	(365)	(127,605)	(127,970)	(2,369)	(130,339)
Transactions with owners:												
Issuance of shares upon placement (Note 25)	731	20,860	-	-	-	-	-	20,860	-	21,591	-	21,591
Others	-	-	-	-	330	-	-	330	-	330	-	330
Total transaction with owners	731	20,860	-	-	330	-	-	21,190	-	21,921	-	21,921
Balance at 31 March 2023	4,385	523,192	(21,630)	50,374	2,810	1,042	3,812	559,600	(384,050)	179,935	6,347	186,282

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the Year Ended 31 March 2023

	Attributable to owners of the Company											
	Share capital	Share premium	Other reserves					Sub total	Accumulated losses	Total	Non-controlling interests	Total equity
			Shares held for	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve					
			share award scheme									
Note 26	Note 27(a)	Note 27(b)	Note 27(c)									
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the year ended 31 March 2022												
Balance at 1 April 2021	3,654	502,332	(21,630)	50,374	2,480	1,042	3,934	538,532	(15,427)	526,759	7,117	533,876
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(241,018)	(241,018)	1,599	(239,419)
Other comprehensive income												
Currency translation differences	-	-	-	-	-	-	243	243	-	243	-	243
Total comprehensive (expense)/income for the year	-	-	-	-	-	-	243	243	(241,018)	(240,775)	1,599	(239,176)
Balance at 31 March 2022	3,654	502,332	(21,630)	50,374	2,480	1,042	4,177	538,775	(256,445)	285,984	8,716	294,700

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2023

	Note	Year ended 31 March	
		2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	36(a)	(1,216)	25,645
Income tax paid		(1,765)	(2,363)
Income tax refunded		2,196	–
Net cash flows (used in)/generated from operating activities		(785)	23,282
Cash flows from investing activities			
Interest received		33	137
Purchase of property, plant and equipment	13	(3,789)	(448)
Proceeds from disposal of property, plant and equipment	36(b)	665	77,815
Acquisition of financial assets at fair value through profit or loss		–	(1,474)
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	38	(7,692)	–
Proceeds from disposal of financial assets at fair value through profit or loss		340	3,129
Release of pledged bank deposits		–	41,427
Net cash flows (used in)/generated from investing activities		(10,443)	120,586
Cash flows from financing activities			
Interest paid	36(c)	(8,440)	(6,660)
Drawdown of borrowings	36(c)	164,742	983,105
Repayments of borrowings	36(c)	(181,545)	(1,141,686)
Repayment of principal portion of lease liabilities	36(c)	(498)	–
Repayment of interest portion of lease liabilities	36(c)	(557)	–
Issuance of shares	25	21,921	–
Net cash flows used in financing activities		(4,377)	(165,241)
Net decrease in cash and cash equivalents		(15,605)	(21,373)
Cash and cash equivalents at beginning of year		46,660	68,286
Effect of foreign exchange rate changes, net		(96)	(253)
Cash and cash equivalents at end of year	24	30,959	46,660

The notes on pages 74 to 192 are integral parts of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) computer products trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) financial services business (including securities brokerage business, advisory services business and money lending business).

The directors considered Forever Star Capital Limited and Ms. Shen Wei to be the immediate holding company and the ultimate controlling shareholder respectively.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousands, unless otherwise stated.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
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 positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.2 New and amendments to HKFRSs in issue but 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	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
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 1 January 2024

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

2.2 New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs 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 recognises 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 2023, the application of the amendments will not result in reclassification of the Group’s liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the 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 The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* (“HKFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets* (“HKAS 36”).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation *(Continued)*

The Group had net current liabilities of approximately HK\$55,248,000 as at 31 March 2023 and loss for the year of approximately HK\$129,974,000 for the year then ended. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its repayment obligations, as and when they fall due. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

- the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from computer products trading business and food trading business to generate additional operating cash inflows; and
- the Group is actively and regularly reviewing its capital structure and negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by issuing new shares, where appropriate.

In addition, bank borrowings of HK\$151,250,000 as at 31 March 2023 were secured by the Group's owned properties situated in Hong Kong. The Group considered it has sufficient collateral to support the roll-over or refinancing of a substantial portion of the existing borrowings to extend the repayment dates to beyond twelve months from the end of the reporting period. In making this assessment, the Group has considered, among other things, the nature, the value and the volatility of value of its owned properties.

After considering the above, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to achieve the above plans and measures such that it would not be operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts and to provide for financial liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation *(Continued)*

The principal accounting policies adopted are set out below.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of subsidiaries. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control subsidiaries.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of subsidiaries, the assets and liabilities of subsidiaries and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of subsidiaries attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to subsidiaries are accounted for as if the Group had directly disposed of the related assets or liabilities of subsidiaries (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Business combinations *(Continued)*

For business combinations in which the acquisition date is on or after 1 April 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 3.5 below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associate are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Investments in associates *(Continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associates.

Where a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised only to the extent of interests in the associate that are not related to the Group.

3.6 Revenue recognition

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Revenue recognition *(Continued)*

Existence of significant financing component (Continued)

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

(a) Sales of goods

Revenue from the sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Provision of underwriting and placing services

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income from underwriting and placing is recognised when the underlying securities are being written or placed.

(c) Provision of securities brokerage services

The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income on securities dealing and broking is generally due within two days after trade date.

Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustment to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, the estimated useful lives are as follows:

Leasehold properties	50 years
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The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Leases *(Continued)*

The Group as a lessee (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Retirement benefits costs and short-term employee benefits

(a) *Pension obligations*

The Group participates in general defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), employees based in the PRC of subsidiaries participate in various defined contribution retirement benefit, housing fund, medical insurance and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the relevant subsidiaries and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expenses when they are incurred.

(b) *Bonus plans*

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Share-based payments

(a) *Equity-settled share-based payment transactions*

The Group operates a share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments (options or awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options and awarded shares granted:

- including any market performance conditions (for example, company's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holdings shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

After vesting, when the share options are forfeited before expiry or expired, the amount previously recognised in employee share-based compensation reserve will be transferred to "accumulated losses"/"retained earnings".

For the share award scheme, the Group may purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were accounted for as treasury shares and recognised in "Shares held for share award scheme" as a deduction of equity. Upon vesting of the awarded shares, the related costs of the purchased shares are reduced from the "Shares held for share award scheme", and the related fair value of the awarded shares are debited to employee share-based compensation reserve with the difference charged/credited to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Share-based payments *(Continued)*

(b) Share-based payment transactions among group entities

The grant of options by the Company over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding increase in equity in the Company's financial statements.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted (loss)/earnings per share.

3.13 Taxation

Taxation represents the sum of the income tax income currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Taxation *(Continued)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.14 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

The estimated useful lives by class of assets are as follows:

Leasehold properties	50 years or over the lease terms, whichever is a shorter period
Leasehold improvements	5 to 10 years or over the remaining lease terms, whichever is a shorter period
Machineries	3 to 10 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.15 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

- Money lending license

The Group's money lending license has a finite useful life and is carried at cost less accumulated amortisation and accumulated impairment. Amortisation is calculated using the straight-line method to allocate the cost of the license over its estimated useful life of not more than 5 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

- Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.19 Financial assets

3.19.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.1 Initial recognition and measurement *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3.19.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.2 Subsequent measurement *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.19.3 Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets *(Continued)*

The Group always recognises lifetime ECL for trade receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

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

For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and uses the loan-to-collateral value ("LTV") to make its assessment.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Group may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets *(Continued)*

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.3 Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

General approach

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the impairment allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the impairment allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the impairment allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial assets *(Continued)*

3.19.4 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Financial liabilities *(Continued)*

Subsequent measurement

Financial liabilities are classified as subsequently measured at amortised cost using the effective interest rate method, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and financial liabilities held for trading. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

3.21 Offsetting financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.22 Bank balances held on behalf of client

A subsidiary of the Company maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The subsidiary has classified the clients' monies as client trust bank balances under the current assets in the consolidated statement of financial position as the subsidiary is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding account payables to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the subsidiary is not allowed to use the clients' monies to settle its own obligation.

3.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held for share award scheme are disclosed as treasury shares and deducted from contributed equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.24 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(a) Provision for ECL allowance on trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision matrix are based on aging as groupings of various customer that have similar loss patterns.

The provision rates are based on the Group's historical observed default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the provision rates are adjusted. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Provision for ECL allowance on other financial assets measured at amortised cost

The Group calculate ECL allowance for other financial assets measured at amortised cost, including loan receivables, cash clients receivables and interest receivables, based on the estimated probability of default of counterparties with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition or considers a financial asset in default. Further details are set out in Note 3.19.3.

The information about the ECLs on the Group's other financial assets measured at amortised cost is disclosed in Notes 19, 20 and 21.

(c) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 March 2023, the carrying amount of goodwill is HK\$8,035,000 (2022: HK\$3,391,000), net of accumulated impairment loss of HK\$56,654,000 (2022: HK\$53,263,000). Details of the recoverable amount calculation are disclosed in Note 15.

(d) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisable lives and therefore affect the depreciation and amortisation charges in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) *Current and deferred income tax*

The Group is principally subject to income taxes both in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

As at 31 March 2023, a deferred tax asset of HK\$17,550,000 (2022: HK\$34,970,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of HK\$372,087,000 (2022: HK\$150,003,000) for other subsidiaries due to the unpredictability of future profit streams.

The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instruments to hedge its risk exposures.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group operates in Hong Kong and Mainland China and most of their transactions are denominated in Hong Kong dollar ("HK\$"), Renminbi ("RMB") and United States dollar ("US\$"). The Group is exposed to foreign exchange risk primarily through expense transactions that are denominated in currencies other than the functional currencies of the group companies. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk *(Continued)*

As at 31 March 2023, if Hong Kong dollar had weakened/strengthened by 5% (2022: 5%) against RMB with all other variables held constant, pre-tax loss for the year would have been HK\$55,000 lower/higher (2022: HK\$1,000 higher/lower), primarily due to exchange gain/loss (2022: loss/gain) arising from revaluation of net RMB denominated monetary assets (2022: net RMB denominated monetary liabilities).

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

(ii) Price risk

The Group is exposed to equity securities price risk from equity instruments held by the Group which is classified in the consolidated statement of financial position as financial assets at fair value through profit or loss. Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such a change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets. The Group mitigates its price risk by performing detailed due diligence analysis of investments and dedicated professionals are assigned to oversee and monitor the performance of investments.

As at 31 March 2023, if the equity price of financial assets at fair value through profit or loss had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the year ended 31 March 2023 would have decreased/increased approximately by HK\$19,000 (2022: HK\$42,000).

(iii) Cash flow interest rate risk

The Group's interest rate risk arises mainly from borrowings. Borrowings carried at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates.

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(iii) Cash flow interest rate risk *(Continued)*

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (“IBORs”) with alternative nearly risk-free rates. Details of the impacts on the Group’s risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under Note 5.1(d).

Based on the sensitivity analysis performed by management, if interest rates had been 100 (2022: 100) basis points higher/lower on the Group’s borrowings with all other variable held constant, pre-tax loss for the year would have been HK\$1,557,000 (2022: HK\$1,774,000) higher/lower.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk at group level and has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions.

(i) Cash and cash equivalents, pledged bank deposits and bank balances

The credit risk on liquid funds, including cash and cash equivalents, pledged bank deposits and bank balances held on behalf of clients, is limited because cash at banks are placed with reputable financial institutions in Hong Kong and the PRC which management believes are of sound credit quality and without major credit risk.

(ii) Deposits and other receivables

For deposits and other receivables (excluding interest receivables), the directors of the Company make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL. For the years ended 31 March 2023 and 2022, the Group assessed the ECL for deposits and other receivables were insignificant and thus no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(iii) Trade receivables

The Group has concentrations of credit risk from account receivables from its customers of the trading business. The Group manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customers based on their financial positions, past experience and other factors. The group's top five account receivables of the trading business accounted for approximately 95% (2022: 95%) of the gross account receivables of the trading business at 31 March 2023. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

(iv) Loan receivables/Interest receivables

For the Group's money lending business, the Group manages and analyses the credit risk by making reference to the financial strength, purpose of borrowing, and repayment ability of each of the borrower before incepting business with them. The Group also reviews the latest financial capabilities of the borrowers in determining whether there is credit risk on the loan receivables at any point in time.

The Group considers the loan and respective interest receivables as loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings. The Group has concentrations of credit risk from loan receivables from its customers of the money lending business. The top five loan receivables accounted for approximately 97% (2022: 93%) of the gross loan receivables balances as at 31 March 2023.

(v) Cash client receivables

The Group has concentrations of credit risk from account receivables from its customers of the securities business. The Group's five largest customers (excluding clearing house) of the securities business in aggregate accounted for 90% (2022: 89%) of the Group's total gross account receivables (excluding clearing house) of the securities business at 31 March 2023. The Group maintains frequent communications with these customers and reviews the recoverable amount for each individual account receivable of the securities business at each reporting date to ensure that adequate allowance for impairment is made for irrecoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Maximum exposure as at 31 March 2023

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2023 and 2022. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs		Lifetime ECLs		HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Loan receivables					
– Less than 31 days past due	–	–	–	–	–
– 31 to 90 days past due	–	–	–	–	–
– Past due over 90 days	–	–	151,057	–	151,057
Trade receivables included in account receivables	–	–	87,821	43,036	130,857
Cash client receivables included in account receivables					
– LTV at 100% or above	–	–	239,722	–	239,722
– LTV less than 100%	1,568	–	–	–	1,568
Financial assets included in deposits, prepayments and other receivables					
– Not yet past due	44,728	–	–	–	44,728
– Past due over 90 days	–	–	12,730	–	12,730
Bank balances held on behalf clients					
– Not yet past due	2,314	–	–	–	2,314
Cash and cash equivalents					
– Not yet past due	30,959	–	–	–	30,959
	79,569	–	491,330	43,036	613,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Maximum exposure as at 31 March 2022

	12-month ECLs		Lifetime ECLs		HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Loan receivables					
– Less than 31 days past due	–	68,700	–	–	68,700
– 31 to 90 days past due	–	–	111,830	–	111,830
– Past due over 90 days	–	–	14,000	–	14,000
Trade receivables included in account receivables	–	–	87,677	–	87,677
Cash client receivables included in account receivables					
– LTV at 100% or above	–	19	175,227	–	175,246
– LTV less than 100%	68,900	–	–	–	68,900
Due from clearing house					
– Not yet past due	87	–	–	–	87
Financial assets included in deposits, prepayments and other receivables					
– Not yet past due	31,153	–	–	–	31,153
– Less than 31 days past due	–	9,286	–	–	9,286
– 31 to 90 days past due	–	–	4,428	–	4,428
– Past due over 90 days	–	–	525	–	525
Bank balances held on behalf clients					
– Not yet past due	12,492	–	–	–	12,492
Cash and cash equivalents					
– Not yet past due	46,660	–	–	–	46,660
	159,292	78,005	393,687	–	630,984

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 20(b).

Further quantitative data in respect of the Group's exposure to credit risk arising from loan receivables, trade receivables, cash client receivables and interest receivables are disclosed in Notes 19, 20 and 21, respectively, to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term borrowings.

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

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

	Weighted average interest rate	On demand HK\$'000	Less than 1 year HK\$'000	Total HK\$'000	Carrying amount HK\$'000
As at 31 March 2023					
Account and other payables	–	56,648	9,412	66,060	66,060
Borrowings	6.92%	173,052	–	173,052	173,052
		229,700	9,412	239,112	239,112

	Weighted average interest rate	On demand HK\$'000	Less than 1 year HK\$'000	Total HK\$'000	Carrying amount HK\$'000
As at 31 March 2022					
Account and other payables	–	29,305	7,076	36,381	36,381
Borrowings	2.62%	177,373	–	177,373	177,373
		206,678	7,076	213,754	213,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (Continued)

5.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the “on demand” time band in the above maturity analysis. As at 31 March 2023, the aggregate carrying amounts of these bank borrowings amounted to HK\$173.1 million (2022: HK\$177.4 million). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Beyond 5 years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
As at 31 March 2023	152,109	8,227	17,654	638	178,628	173,052
As at 31 March 2022	157,752	4,818	15,881	–	178,451	177,373

(d) Interest rate benchmark reform

As further disclosed in Note 32, several of the Group’s London Interbank Offered Rate (“LIBOR”) and Hong Kong Interbank Offered Rate (“HIBOR”) bank loans will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative.

HIBOR

While the Hong Kong Dollar Overnight Index Average (“HONIA”) has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(d) Interest rate benchmark reform (Continued)

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs and HIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits.

The Group's strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios as at 31 March 2023 and 2022 were as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Borrowings (Note 32)	173,052	177,373
Less: Cash and cash equivalents (Note 24) and pledged bank deposits	(30,959)	(46,660)
Net debt	142,093	130,713
Total equity	186,282	294,700
Total capital	328,375	425,413
Gearing ratio	43.27%	30.73%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value and fair value hierarchy of financial instruments

(a) Financial instruments measured at fair value

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	Quoted prices in active markets (Level 1) HK\$'000	Fair value measurements using		Total HK\$'000
		Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
31 March 2023				
Financial assets at fair value through profit or loss	372	-	-	372

	Quoted prices in active markets (Level 1) HK\$'000	Fair value measurements using		Total HK\$'000
		Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
31 March 2022				
Financial assets at fair value through profit or loss	847	-	-	847

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: nil)

(b) Financial instruments not measured at fair value

The carrying amounts of the Group's other financial instruments including cash and cash equivalents, pledged bank deposits, bank balances held on behalf of clients, loan receivables, account receivables, financial assets included in deposits, prepayments and other receivables, account payables, borrowings and financial liabilities included in other payables and accrued expenses approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers (Note i)	451,324	1,682,162
Revenue from other sources		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	4,779	8,234
– cash client receivables	462	12,153
	5,241	20,387
Total revenue	456,565	1,702,549

(i) *Disaggregated revenue information for revenue from contracts with customers*

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Type of goods or services		
<i>Sales of goods</i>	451,216	1,681,730
<i>Service income</i>		
– Provision of underwriting and placing services	–	195
<i>Commission income</i>		
– Provision of securities brokerage services	108	237
	451,324	1,682,162
Timing of revenue recognition		
A point in time	451,324	1,682,162

All the sales of goods, service income and commission income have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

In 2023, after the acquisition of food trading business (see Note 38), the CODM considers that the Group has three operating and reportable segments which are (i) computer products trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) financial services business (including securities brokerage business, advisory services business and money lending business).

The CODM assesses the performance of the operating segments based on segment (loss)/profit. Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of the respective segments. Unallocated income and expenses are not included in the result for each operating segment that is reviewed by the CODM.

Segment assets consist primarily of certain property, plant and equipment, right-of-use assets, intangible assets, inventories, account receivables, loan receivables, certain deposits, prepayments and other receivables, certain financial assets at fair value through profit or loss, certain cash and cash equivalents and bank balances held on behalf of clients. They exclude interest in an associate, deferred tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

Segment liabilities consist primarily of account payables, lease liabilities, certain borrowings, certain other payables and accrued expenses and contract liabilities. They exclude deferred tax liabilities, income tax payables and other unallocated liabilities, which are managed centrally.

Food trading business were commenced during the year ended 31 March 2023 as a result of the acquisition of subsidiaries (Note 38). Therefore, a new segment of food trading business was added in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results

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

	For the year ended 31 March 2023			
	Computer products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	426,324	24,892	5,349	456,565
Cost of sales from external customers	(430,661)	(19,996)	–	(450,657)
	(4,337)	4,896	5,349	5,908
Selling expenses	(25)	(9)	(59)	(93)
General and administrative expenses	(10,528)	(3,208)	(5,011)	(18,747)
(Expected credit loss)/reversal of expected credit loss on financial assets, net	–	19	(59,749)	(59,730)
Other income/(expenses) and gains/(losses), net	145	11	(55)	101
Gain on disposal of property, plant and equipment	1	–	–	1
Impairment of goodwill	–	–	(3,391)	(3,391)
Finance costs	(7,760)	(167)	–	(7,927)
Segment (loss)/profit	(22,504)	1,542	(62,916)	(83,878)
Unallocated income and expenses, net				(25,781)
Loss before income tax				(109,659)
Income tax expense				(20,315)
Loss for the year				(129,974)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results (Continued)

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

	For the year ended 31 March 2022		
	Computer products trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	1,681,730	20,819	1,702,549
Cost of sales from external customers	(1,664,101)	–	(1,664,101)
	17,629	20,819	38,448
Selling expenses	(269)	(86)	(355)
General and administrative expenses	(7,612)	(7,629)	(15,241)
Reversal of expected credit loss/(expected credit loss) on financial assets, net	11	(245,471)	(245,460)
Other income/(expenses) and gains/(losses), net	(254)	607	353
Impairment of goodwill	–	(48,622)	(48,622)
Finance costs	(4,875)	(104)	(4,979)
Segment profit/(loss)	4,630	(280,486)	(275,856)
Unallocated income and expenses, net			<u>16,251</u>
Loss before income tax			(259,605)
Income tax credit			<u>20,186</u>
Loss for the year			<u>(239,419)</u>

Interest revenue of HK\$5,241,000 (2022: HK\$20,387,000) was included in revenue from external customer, wholly contributed by financial services business segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Computer products trading business	Food trading business	Financial services business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 March 2023				
Segment assets	127,677	48,853	43,667	220,197
Segment liabilities	205,101	25,537	2,625	233,263
31 March 2022				
Segment assets		72,650	182,188	254,838
Segment liabilities		199,687	12,876	212,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment assets and liabilities (Continued)

The reconciliations of segment assets to total assets and segment liabilities to total liabilities are provided as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Segment assets	220,197	254,838
Cash and cash equivalents	3,728	8,155
Property, plant and equipment	195,284	209,995
Deposits, prepayments and other receivables	470	637
Financial assets at fair value through profit or loss	–	333
Deferred tax assets	17,152	38,034
Income tax recoverable	1,056	2,782
Total assets	437,887	514,774
Segment liabilities	233,263	212,563
Deferred tax liabilities	908	200
Income tax payables	65	683
Borrowings	10,000	–
Other payables and accrued expenses	7,369	6,628
Total liabilities	251,605	220,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Other segment information

	For the year ended 31 March 2023			
	Computer products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Additions to property, plant and equipment	13	3,776	–	3,789
Depreciation of property, plant and equipment	1,617	159	126	1,902
Depreciation of right-of-use assets	527	524	–	1,051
Amortisation of intangible assets	–	139	–	139
Reversal of impairment of inventories	(1,562)	–	–	(1,562)

	For the year ended 31 March 2022		
	Computer products trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Additions to property, plant and equipment	448	–	448
Depreciation of property, plant and equipment	1,607	141	1,748
Amortisation of intangible assets	–	113	113
Impairment of inventories	1,562	–	1,562

The Group commenced its food trading business after the acquisition of certain subsidiaries (see Note 38) on 11 January 2023. There was no such business carried out by the Group in the prior years. Therefore, the segment information for the year ended 31 March 2022 was not re-presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Majority of the Group's revenue were derived from operations located in Hong Kong.

Information about the Group's total non-current assets (excluding financial instruments and deferred tax assets) is presented below based on the geographical location of the assets:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	231,528	221,609
The PRC	206	667
	231,734	222,276

Information about major customers

Revenue from the top five customers for all reportable segments is as follows:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Revenue from top five customers	407,675	1,617,616
Total revenue	456,565	1,702,549
Percentage	89%	95%
Number of customers that individually accounted for more than 10% of the Group's revenue	2	1

For the year ended 31 March 2023, there were two customers individually contributing over 10% of the total revenue of the Group. The revenue was arisen from computer products trading business and amounting to HK\$227,330,000 (2022: not over 10%) and HK\$93,751,000 (2022: HK\$1,399,932,000) for the year ended 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

Expected credit loss ("ECL")/(reversal of expected credit loss) on financial asset, net are as follows:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loan receivables (Note 19)	(5,970)	122,720
Cash client receivables (Note 20)	60,407	115,977
Trade receivables (Note 20)	(19)	(11)
Interest receivables (Note 21)	5,312	6,774
	59,730	245,460

8 OTHER INCOME AND GAINS, NET

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Finance income	33	137
Exchange gains/(losses)	219	(464)
Realised (losses)/gains on disposal of equity investments at fair value through profit or loss	(1,738)	2,224
Unrealised gains/(losses) on the change in fair value of equity investments at fair value through profit or loss	1,603	(1,652)
Handling fee income	–	601
Others	249	(39)
	366	807

9 FINANCE COSTS

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Finance costs		
– Interest expense on bank and other borrowings	8,592	6,188
– Interest expense on lease liabilities	71	–
	8,663	6,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

(a) Employee benefit expenses (including directors' emoluments)

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Short term employee benefits	11,945	14,073
Post-employment benefits (Note i)	353	396
Others	638	28
	12,936	14,497

Notes:

(i) These mainly represent:

- the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK\$1,500 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations. Contributions to the scheme vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.
- the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC. These PRC subsidiaries are required to contribute certain percentage of the employees' basic salaries to the pension plans depending on the applicable local regulations. Contributions to the plans vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

(ii) For the year ended 31 March 2023, Covid-19 related government grants under "Employment Support Scheme" of the Hong Kong government, amounting to approximately HK\$509,000 (2022: HK\$nil) have been offset against employee benefit expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 LOSS BEFORE INCOME TAX (Continued)

Loss before income tax has been arrived at after charging: (Continued)

(b) Other items

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventories sold (Note 18)	450,657	1,664,101
Auditor's remuneration		
– audit service	900	1,008
– non-audit service	750	53
Depreciation of property, plant and equipment (Note 13)	10,200	10,960
Depreciation of right-of-use assets (Note 14)	1,051	–
Amortisation of intangible assets (Note 15)	139	113
Impairment loss on property, plant and equipment (Note 13)	6,000	–
Short-term lease rentals of premises	8	12
Service fees for broker supplied systems	1,277	1,526

11 INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong Profits Tax	2	684
Over-provision in prior years	(585)	(5,760)
Deferred income tax (Note 29)	20,898	(15,110)
	20,315	(20,186)

Under the two-tiered Hong Kong Profits Tax rates regime, the first HK\$2 million of assessable profits of the qualifying group entity are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime are charged at a flat rate of 16.5%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE/(CREDIT) (Continued)

The Group has no assessable profit in PRC and is not subject to any PRC corporate income tax during the years ended 31 March 2023 and 2022. The applicable PRC corporate income tax rate during the years ended 31 March 2023 and 2022 is 25%.

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities in the respective jurisdictions as follows:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Loss before income tax	(109,659)	(259,605)
Tax calculated at domestic tax rates applicable to loss in the respective jurisdictions	(18,137)	(49,651)
Tax effects of:		
– Expenses not deductible	1,995	8,313
– Income not subject to tax	(135)	(2)
– Temporary difference not recognised	4,343	6,882
– Tax losses not recognised	12,530	20,032
– Reversal of Deferred tax assets recognised in prior years	20,304	–
– Over-provision in prior years	(585)	(5,760)
Tax expense/(credit)	20,315	(20,186)

During the year ended 31 March 2023, the Group assessed and considered that it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities where deferred tax assets have been recognised in prior years for their cumulative unused tax losses. Consequently, deferred tax assets of HK\$20,304,000 has been reversed and charged to profit or loss in 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	Year ended 31 March	
	2023	2022
Loss attributable to owners of the Company (HK\$'000)	(127,605)	(241,018)
Weighted average number of ordinary shares in issue	480,568,216	434,203,800
Basic loss per share	HK(26.55) cent	HK(55.51) cent

(b) Diluted

Diluted loss per share for the years ended 31 March 2023 and 2022 was the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 March 2023							
Opening net book amount	209,103	8,117	–	580	388	697	218,885
Additions	–	3,201	407	42	139	–	3,789
Acquisition of subsidiaries (Note 38)	–	1,668	73	24	209	489	2,463
Disposals (Net)	–	–	–	–	–	(363)	(363)
Depreciation (Note 10(b))	(8,081)	(1,268)	(8)	(314)	(243)	(286)	(10,200)
Impairment loss recognised (Note 10(b))	(6,000)	–	–	–	–	–	(6,000)
Exchange realignment	–	(19)	–	–	–	(31)	(50)
Closing net book amount	195,022	11,699	472	332	493	506	208,524
At 31 March 2023							
Cost	241,378	16,532	480	1,703	1,721	2,552	264,366
Accumulated depreciation and impairment	(46,356)	(4,833)	(8)	(1,371)	(1,228)	(2,046)	(55,842)
Net book amount	195,022	11,699	472	332	493	506	208,524
31 March 2022							
Opening net book amount	254,328	8,842	–	857	639	1,165	265,831
Additions	–	412	–	36	–	–	448
Disposals (Net)	(36,463)	–	–	–	(3)	–	(36,466)
Depreciation (Note 10(b))	(8,762)	(1,148)	–	(313)	(248)	(489)	(10,960)
Exchange realignment	–	11	–	–	–	21	32
Closing net book amount	209,103	8,117	–	580	388	697	218,885
At 31 March 2022							
Cost	241,378	11,663	–	1,637	1,373	3,226	259,277
Accumulated depreciation and impairment	(32,275)	(3,546)	–	(1,057)	(985)	(2,529)	(40,392)
Net book amount	209,103	8,117	–	580	388	697	218,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation of the Group's property, plant and equipment of HK\$10,200,000 (2022: HK\$10,960,000) was included in general and administrative expenses in the consolidated income statement.

During the year ended 31 March 2023, the operations of the computer product trading business and financial services business were loss-making which indicates the Group's property, plant and equipment may not be recoverable. The Group has assessed the recoverable amount of the relevant property, plant and equipment. As a result, impairment losses of HK\$6,000,000 were recognised and included in "general and administrative expenses" in the consolidated income statement to reduce the carrying amount of certain corporate assets to their recoverable amount of HK\$193,984,000, being the fair value less cost of disposal of these assets. The fair value less cost of disposal of these assets were estimated using the income approach and such measurement is categorised within Level 3 of the fair value hierarchy. The key assumption involved in estimating the fair value less cost of disposal includes monthly rental rate per square foot of HK\$24.9.

At 31 March 2023, the Group's leasehold properties with a net carrying amount of HK\$195,022,000 (2022: HK\$209,103,000) were pledged to secure general banking facilities granted to the Group (Note 32).

The Group holds several office units and parking spaces. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 RIGHT-OF-USE ASSETS

This note provides information for leases where the group is a leasee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 HK\$'000	2022 HK\$'000
Right-of-use assets		
Leasehold properties	11,120	–
Lease Liabilities		
Current	3,577	–
Non-current	7,943	–
	11,520	–

Additions to the right-of-use assets during the year ended 31 March 2023 were HK\$12,171,000 (2022: HK\$nil).

(ii) Amounts recognised in the consolidated income statement

The statement of profit or loss shows the following amounts relating to leases:

	Notes	2023 HK\$'000	2022 HK\$'000
Depreciation charge of right-of-use assets			
Leasehold properties		1,051	–
Interest expenses (included in finance cost)	9	71	–
Expense relating to short-term lease (included in administrative expenses)	10(b)	8	12

Total cash outflow for leases in 2023 was HK\$1,063,000 (2022: HK\$12,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS

	Goodwill HK\$'000	Money lending license HK\$'000	Customer relationship HK\$'000	Total HK\$'000
31 March 2023				
Opening carrying amount	3,391	–	–	3,391
Acquisition of subsidiaries (Note 38)	8,035	–	4,194	12,229
Amortisation (Note 10(b))	–	–	(139)	(139)
Impairment	(3,391)	–	–	(3,391)
Closing carrying amount	8,035	–	4,055	12,090
At 31 March 2023				
Cost	64,689	1,703	6,950	73,342
Accumulated amortisation and impairment	(56,654)	(1,703)	(2,895)	(61,252)
Net carrying amount	8,035	–	4,055	12,090
31 March 2022				
Opening carrying amount	52,013	113	–	52,126
Amortisation (Note 10(b))	–	(113)	–	(113)
Impairment	(48,622)	–	–	(48,622)
Closing carrying amount	3,391	–	–	3,391
At 31 March 2022				
Cost	56,654	1,703	2,756	61,113
Accumulated amortisation and impairment	(53,263)	(1,703)	(2,756)	(57,722)
Net carrying amount	3,391	–	–	3,391

For the year ended 31 March 2023, amortisation charge of HK\$139,000 (2022: HK\$113,000) was included in general and administrative expenses in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS *(Continued)*

Money lending license

In July 2016, the Group acquired a money lending license in Hong Kong through acquisition of a Hong Kong incorporated company. The money lending license has a legal life of one year but is renewable at insignificant cost. The directors of the Company are of the opinion that the Group could renew the money lending license and maintain the license continuously. At the end of the reporting period, the money lending license has been fully amortised.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relations have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship.

The useful life of customer relationships recognised during acquisition of Shag Mei was five years. At the end of the reporting period, the remaining amortisation period of the customer relationship of Shag Mei is 58 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (Continued)

Goodwill

The table below sets out the information for the goodwill allocated to the following CGUs:

	Food trading cash-generating unit HK\$'000	Securities brokerage cash- generating unit HK\$'000
Cost		
At 1 April 2021, 31 March 2022 and 1 April 2022	–	52,013
At 31 March 2023	8,035	52,013
Accumulated impairment		
At 1 April 2021	–	–
At 31 March 2022 and 1 April 2022	–	(48,622)
At 31 March 2023	–	(52,013)
Carrying amount		
At 31 March 2022	–	3,391
At 31 March 2023	8,035	–

Impairment tests for goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Securities brokerage cash-generating unit; and
- Food trading cash-generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (Continued)

Goodwill (Continued)

Impairment tests for goodwill (Continued)

Securities brokerage cash-generating unit

The Group recognised goodwill of HK\$52,013,000 during the year ended 31 March 2018 as a result of acquisition of the equity interest in Huabang Securities. Huabang Securities is principally engaged in the securities brokerage business in Hong Kong (the "Securities Brokerage CGU").

With assistance from an independent professional valuer, the Group assessed the recoverable amount of the CGU based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2022: 5-year). Thereafter, the cash flows are extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the CGU operate.

The key assumptions used in value-in-use calculation are as follows:

	As at 31 March	
	2023	2022
Terminal growth rate	3.0%	3.0%
Discount rate (pre-tax)	19.8%	16.4%

For the year ended 31 March 2023, the cash client receivables net of credit-impaired provision of the Securities Brokerage CGU has decreased by approximately 77% compared to the year ended 31 March 2022. As a result, the valuer adjusted the revenue downward for the forecast period from the year ended 31 March 2024 to the year ended 31 March 2028 on the basis of the cash client receivables net of credit-impaired provision for the year ended 31 March 2023.

There were no significant changes in the value of inputs and assumptions from those previously adopted, other than the updates in the Company's management's estimate of the future revenue growth. Up to date of approval of these consolidated financial statements, there are no subsequent changes to the valuation methods.

Based on the assessment, the recoverable amount of the Securities Brokerage CGU, as included in the financial services business segment, is determined to be HK\$320,000 (2022: HK\$4,994,000). The carrying amount of the CGU has been reduced to the recoverable amount accordingly and an impairment loss of HK\$3,391,000 is recognised in the profit or loss for the year ended 31 March 2023 (2022: HK\$48,622,000). No other write-down of the assets of the Securities Brokerage CGU is considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS (Continued)

Goodwill (Continued)

Impairment tests for goodwill (Continued)

Food trading cash-generating unit

The Group recognised goodwill of HK\$8,035,000 during the year ended 31 March 2023 as a result of acquisition of the equity interest in Shag Mei. Shag Mei is principally engaged in the food trading business in Hong Kong (the "Food Trading CGU").

The recoverable amount of the CGU is determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period. Thereafter, the cash flows are extrapolated using the terminal growth rate not exceeding the long-term average growth rate for the business in which the CGU operate.

The key assumptions used in value-in-use calculation are as follows:

	As at 31 March 2023
Terminal growth rate	2.1%
Discount rate (pre-tax)	18.4%

Management determined the budgeted revenue based on their expectations of market developments with the growth rates being estimated based on the industry forecasts and management's expectations. The terminal growth rate is based on the expected inflation rate. The discount rates reflect specific risks relating to the relevant operating segments. As at 31 March 2023, the estimated recoverable amounts of the Food Trading CGU exceeded its carrying value and the directors are of the opinion that there was no impairment of goodwill as at 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2023 and 2022, are as follows:

Name	Legal status	Place of incorporation/ Principal place of business	Principal activities	Particulars of issued, registered/paid up capital	Interest held	
					2023	2022
Directly owned:						
Golden Profit Global Trading Limited	Limited liability company	British Virgin Islands ("BVI")	Investment holding	US\$10,000	100%	100%
Indirectly owned:						
Top Harvest Capital Limited	Limited liability company	BVI/Hong Kong	Property holding	US\$100	100%	100%
Goldenmars Technology (Hong Kong) Limited	Limited liability company	Hong Kong	Assembling and trading of electronic components and products	HK\$43,000,000	100%	100%
Goldenmars Components Company Limited	Limited liability company	Hong Kong	Assembling and trading of electronic components and products	US\$1,000,000	51%	51%
Huabang Finance Limited	Limited liability company	Hong Kong	Money lending business	HK\$10,000	100%	100%
Huabang Financial Investments Limited	Limited liability company	BVI/Hong Kong	Property holding	US\$100	100%	100%
Huabang Corporate Finance Limited	Limited liability company	Hong Kong	Advisory services business	HK\$15,000,000	100%	100%
Huabang Securities Limited	Limited liability company	Hong Kong	Securities brokerage business	HK\$97,500,000	100%	100%
Shag Mei International Food Limited	Limited liability company	Hong Kong	Food trading business	HK\$10,000	100%	-

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Goldenmars Components Company Limited

	2023 HK\$'000	2022 HK\$'000
Non-controlling interest percentage	49%	49%
Current assets	109,638	26,298
Non-current assets	–	–
Current liabilities	(96,685)	(8,510)
Equity attributable to owners of the Company	6,606	9,072
Non-controlling interests	6,347	8,716
Revenue	332,573	254,758
Expenses	(337,407)	(251,494)
(Loss)/profit and total comprehensive (expense)/income for the year	(4,834)	3,264
(Loss)/profit and total comprehensive (expense)/income attributable to owners of the Company	(2,465)	1,665
(Loss)/profit and total comprehensive (expense)/income attributable to the non-controlling interests	(2,369)	1,599
(Loss)/profit and total comprehensive (expense)/income for the year	(4,834)	3,264
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	6,604	6,172
Net cash inflow from investing activities	–	–
Net cash outflow from financing activities	(4,094)	(4,978)
Net cash inflow	2,510	1,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INTEREST IN AN ASSOCIATE

	As at 31 March	
	2023 HK\$'000	2022 HK\$'000
Costs of investment in an associate	9,921	9,921
Share of post-acquisition loss and other comprehensive expense, net of dividends received	(3,996)	(3,996)
Impairment loss recognised	(6,258)	(6,258)
Exchange adjustments	333	333
	–	–
Share of loss of an associate during the year	–	–

The Group has not recognised a share of result of the associate for the year as it has been limited to HK\$nil because the accumulated share of losses and impairment loss recognised are greater than the interest in this associate. The unrecognised share of losses for the year and accumulated share of losses up to and as at 31 March 2023 is approximately HK\$nil and HK\$4,036,000 respectively (2022: share of losses and accumulated losses of HK\$40,000 and HK\$4,036,000 respectively).

Particulars of the Group's associate are as follows:

Name	Particulars of issued, registered/paid up capital	Place of incorporation and principal place of business	Percentage of						Principal activities
			Ownership interest		Voting power		Profit sharing		
			2023	2022	2023	2022	2023	2022	
Hangzhou Shierzhangwen Wenhua Chuanbo Company Limited ("Shierzhangwen") 杭州十二章紋文化傳播有限公司	RMB11,641,384	PRC	40%	40%	40%	40%	40%	40%	Publication of comic books

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INVENTORIES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Finished goods	29,483	18,113
Less: provision for impairment of inventories	(1,811)	(3,373)
	27,672	14,740

The cost of inventories recognised as expenses and included in cost of sales amounted to HK\$450,657,000 (2022: HK\$1,664,101,000), which include a reversal of impairment of inventories of HK\$1,562,000 (2022: an impairment of inventories of HK\$1,562,000).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Beginning of the year	3,373	1,811
(Reversal of impairment)/provision for impairment of inventories	(1,562)	1,562
End of the year	1,811	3,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LOAN RECEIVABLES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loan receivables	151,057	194,530
Less: Impairment		
– Stage 1	–	–
– Stage 2	–	(18,239)
– Stage 3	(130,695)	(118,426)
	20,362	57,865

The Group's loan receivables, which arise from its money lending business in Hong Kong, are denominated in HK\$, unsecured, bearing fixed interest rate from 8% to 18%, and recoverable within one year from the dates of inception of the loan agreements (2022: Same).

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date and net of impairment allowance, is as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Within one year	20,362	57,865

An aging analysis of the loan receivables as at the end of the reporting period, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Not past due	–	–
Less than 31 days past due	–	50,461
31 to 90 days past due	–	6,724
Past due over 90 days	20,362	680
	20,362	57,865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LOAN RECEIVABLES (Continued)

The following is the analysis of the gross carrying amount of the loan receivables as at 31 March 2023 and 2022 by the past due date and year end classification:

As at 31 March 2023

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Past due over 90 days	–	–	151,057	151,057
	–	–	151,057	151,057

As at 31 March 2022

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Less than 31 days past due	–	68,700	–	68,700
31 to 90 days past due	–	–	111,830	111,830
Past due over 90 days	–	–	14,000	14,000
	–	68,700	125,830	194,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LOAN RECEIVABLES (Continued)

The movements in the impairment allowance of loan receivables were as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2022	–	18,239	118,426	136,665
Changes due to financial instruments recognised as at 1 April 2022				
– Repayments	–	(1,844)	(36,529)	(38,373)
– Transfer from Stage 2 to Stage 3	–	(16,395)	16,395	–
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	(1,538)	(1,538)
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	–	–	33,941	33,941
As at 31 March 2023	–	–	130,695	130,695
ECL rate	N/A	N/A	86.52%	86.52%

During the year ended 31 March 2023, included in the impairment allowance of approximately HK\$33,941,000 from net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3 was mainly attributable to a gross carrying amount of loan receivables of HK\$61,756,000. The directors of the Company have assessed the relevant borrower's financial background, repayment abilities and expected future cash flows; and determined that an impairment allowance of approximately HK\$33,941,000 was provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LOAN RECEIVABLES (Continued)

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2021	1,065	–	12,880	13,945
Changes due to financial instruments recognised as at 1 April 2021				
– Transfer from Stage 1 to Stage 2	(405)	405	–	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	–	17,834	–	17,834
– Transfer from Stage 1 to Stage 3	(660)	–	660	–
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	439	439
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	–	–	104,447	104,447
As at 31 March 2022	–	18,239	118,426	136,665
ECL rate	N/A	26.55%	94.12%	70.25%

During the year ended 31 March 2022, included in the impairment allowance of approximately HK\$104,447,000 from new financial assets originated or purchased under Stage 3 was mainly attributable to a gross carrying amount of loan receivables of HK\$111,830,000. The directors of the Company have assessed the relevant borrower's financial background, repayment abilities and expected future cash flows; and determined that an impairment allowance of approximately HK\$104,447,000 was provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES

	Note	As at 31 March 2023 HK\$'000	2022 HK\$'000
Trade receivables	(b)	130,857	87,677
Cash client receivables	(a)	241,290	244,146
Due from clearing house	(c)	–	87
		372,147	331,910
Less: Impairment		(313,204)	(252,595)
		58,943	79,315

Account receivables are denominated in the following currencies:

	As at 31 March 2023 HK\$'000	2022 HK\$'000
HK\$	24,835	79,315
US\$	34,108	–
	58,943	79,315

Other than those disclosed in Note (a) below, the Group does not hold any collateral as security for other account receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes:

- (a) Analysis of cash client receivables

The carrying amount of cash client receivables of the Group was as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Cash client receivables	241,290	244,146
Less: Impairment		
– Stage 1	–	(18)
– Stage 2	–	–
– Stage 3	(225,325)	(164,900)
	15,965	79,228

- (i) As at 31 March 2023, the Group held securities with an aggregate fair value of HK\$46,358,000 (2022: HK\$248,991,000) as collaterals over the receivables. The cash client receivables are interest-bearing and have no fixed repayment terms.

No aging analysis is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of brokerage business.

- (ii) The following is the analysis of the gross carrying amount of the cash client receivables as at 31 March 2023 and 2022 by Loan-to-collateral value (“LTV”) and year end classification:

As at 31 March 2023

	12-month ECLs	Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
LTV at 100% or above	–	–	239,722	239,722
LTV less than 100%	1,568	–	–	1,568
	1,568	–	239,722	241,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) Analysis of cash client receivables (Continued)

(ii) The following is the analysis of the gross carrying amount of the cash client receivables as at 31 March 2023 and 2022 by Loan-to-collateral value ("LTV") and year end classification: (Continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
LTV at 100% or above	–	19	175,227	175,246
LTV less than 100%	68,900	–	–	68,900
	68,900	19	175,227	244,146

For the gross receivables of stage 3 cash client receivables, fair value of marketable securities pledged was HK\$17,005,000 (2022: HK\$12,309,000).

(iii) The movements in the impairment allowance of cash client receivables were as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2022	18	–	164,900	164,918
Changes in the impairment allowance due to financial assets as at 1 April 2022				
– Transfer from Stage 1 to Stage 3	(18)	–	18	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	–	–	60,118	60,118
– Net remeasurement of ECL due to change in credit risk without transfer of stage			288	288
New financial assets originated or purchased	–	–	1	1
As at 31 March 2023	–	–	225,325	225,325
ECL rate	N/A	N/A	93.99%	93.38%

The following significant changes in the gross carrying amounts of cash client receivables contributed to the increase in the impairment allowance during the year ended 31 March 2023:

- Transfer of cash client receivables of HK\$64,348,000 from stage 1 to stage 3 results in an increase in impairment allowance of HK\$60,118,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) Analysis of cash client receivables (Continued)

(iii) The movements in the impairment allowance of cash client receivables were as follows: (Continued)

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2021	9	10,896	38,036	48,941
Changes in the impairment allowance due to financial assets as at 1 April 2021				
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	–	–	2	2
– Transfer from Stage 2 to Stage 3	–	(10,896)	10,896	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	–	–	112,854	112,854
New financial assets originated or purchased	9	–	3,112	3,121
As at 31 March 2022	18	–	164,900	164,918
ECL rate	0.03%	N/A	94.11%	67.55%

The following significant changes in the gross carrying amounts of cash client receivables contributed to the increase in the impairment allowance during the year ended 31 March 2022:

- Transfer of cash client receivables of HK\$129,644,000 from Stage 2 to Stage 3 results in an increase in impairment allowance of HK\$112,854,000.

Management has assessed the market value of the pledged securities of each individual client at the end of each reporting period. The collateral held can be sold at the Group's discretion to settle any outstanding amount owned by the cash clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Analysis of trade receivables

The carrying amount of trade receivables of the Group was as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Trade receivables	130,857	87,677
Less: Impairment	(87,879)	(87,677)
	42,978	–

- (i) The Group grants credit period ranging from 1 day to 60 days (2022: from 1 day to 60 days) to the customers of trading business. The aging analysis of relevant trade receivables at the end of the reporting period based on invoice date and before impairment allowance is as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
1 – 30 days	41,772	–
31 – 60 days	1,264	–
61 – 90 days	–	–
91 – 180 days	–	–
Over 180 days	87,821	87,677
	130,857	87,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Analysis of trade receivables (Continued)

(ii) The following is the analysis of the gross carrying amount of the trade receivables as at 31 March 2023 and 2022 by ECL assessment and year end classification:

As at 31 March 2023

	Lifetime ECL (provision matrix) HK\$'000	Credit-impaired HK\$'000	Total HK\$'000
Trade receivables included in account receivables			
– Not yet past due	41,772	–	41,772
– Past due	1,264	87,821	89,085
	43,036	87,821	130,857

As at 31 March 2022

	Lifetime ECL (provision matrix) HK\$'000	Credit-impaired HK\$'000	Total HK\$'000
Trade receivables included in account receivables			
– Not yet past due	–	–	–
– Past due	–	87,677	87,677
	–	87,677	87,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Analysis of trade receivables (Continued)

(iii) The movements in the impairment allowance of trade receivables were as follows:

	As at 31 March					
	2023			2022		
	Not credit-impaired HK\$'000	Credit-impaired HK\$'000	Total HK\$'000	Not credit-impaired HK\$'000	Credit-impaired HK\$'000	Total HK\$'000
At the beginning of year	–	87,677	87,677	601	87,677	88,278
Changes in the impairment allowance due to financial assets at the beginning of year						
– Net remeasurement of ECL due to change in credit risk without transfer of stage	–	–	–	(11)	–	(11)
Acquisition of subsidiaries						
– New financial assets originated or purchased	82	101	183	–	–	–
– Net remeasurement of ECL due to change in credit risk without transfer of stage	(24)	43	19	–	–	–
Write-offs	–	–	–	(590)	–	(590)
At end of year	58	87,821	87,879	–	87,677	87,677

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its trading business because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

During the year ended 31 March 2023, for trade receivables with gross carrying amount of HK\$87,821,000 in total, which has been past due over 180 days. A full provision had been made after the Group's assessment on the relevant customers' financial background, repayment abilities, expected future cash flows; and taken consideration of their non-response to collection activities. Based on our understanding, the Covid-19 outbreak had generated challenges for some companies in manufacturing and trading business. Consequently, those customers failed to obtain sufficient cashflow from operating business and to repay the amount owing to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Analysis of trade receivables (Continued)

(iii) The movements in the impairment allowance of trade receivables were as follows: (Continued)

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors that are credit-impaired with gross carrying amounts of HK\$87,821,000 as at 31 March 2023 (2022: HK\$87,677,000) were assessed individually. As at 31 March 2022, there are HK\$nil trade receivables subject to collective assessment, accordingly the expected credit loss rate table is not presented.

As at 31 March 2023

	Not past due	Past due	Total
Expected credit loss rate	0.03%	3.64%	0.13%
Gross carrying amount (HK\$'000)	41,772	1,264	43,036
Expected credit losses (HK\$'000)	12	46	58

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2023, the Group provided HK\$58,000 (2022: provided HK\$nil) impairment allowance for trade receivables, based on the provision matrix. Impairment allowance of HK\$nil (2022: HK\$nil) were made on credit-impaired debtors.

(c) Due from clearing house

The settlement terms of receivables arising from the ordinary course of business of dealing in securities from clearing house are within two days after trade date. Clearing house receivables are neither past due nor impaired and represent unsettled trades transacted on the last two days prior to the end of each financial year and solely related to the Hong Kong Securities Clearing Company Limited ("HKSCC") for which there is limited risk of default.

In presenting the amounts due from HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payable to HKSCC. Further details are set out in Note 35 to the consolidated financial statements.

No aging analysis is disclosed for account receivables from clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

As at 31 March 2022, the amount due from clearing house was not past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 March 2023 HK\$'000	2022 HK\$'000
<hr/>			
Non-current			
Other non-current deposits		1,290	292
Other assets	(1)	205	205
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		1,495	497
<hr/>			
Current			
Prepayments		2,595	1,789
Deposits and other receivables	(2)	43,233	30,656
Interest receivables	(3)	–	6,821
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		45,828	39,266
<hr/>			
Total deposits, prepayments and other receivables		47,323	39,763
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Deposits, prepayments and other receivables are denominated in the following currencies:

	As at 31 March 2023 HK\$'000	2022 HK\$'000
<hr/>		
HK\$	7,931	35,115
RMB	995	824
US\$	38,397	3,824
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	47,323	39,763
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

(1) Other assets

The gross carrying amount of other assets of the Group was as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong Securities Clearing Company Limited		
– guarantee fund deposit	50	50
– admission fee	50	50
The Stock Exchange of Hong Kong Limited		
– compensation fund deposit	50	50
– fidelity fund deposit	50	50
– stamp duty deposit	5	5
	205	205

As at 31 March 2023 and 2022, all other assets were not past due.

(2) Deposit and other receivables

No aging analysis is disclosed for deposits and other receivables as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

As at 31 March 2023 and 2022, all deposits and other receivables were not past due.

(3) Interest receivables

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Interest receivables	12,730	14,239
Less: Impairment	(12,730)	(7,418)
	–	6,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(3) Interest receivables (Continued)

The Group's interest receivables, which arise from the money lending business, are denominated in Hong Kong dollars and repayable at terms as agreed with the borrowers.

An aging analysis of the interest receivables as at the end of the reporting period, based on the due date and net of impairment allowance, is as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Not past due	–	–
Less than 31 days past due	–	6,821
Past due over 90 days	–	–
	–	6,821

The following is the analysis of the gross carrying amount of the interest receivables as at 31 March 2023 and 2022 by the past due date and year end classification:

As at 31 March 2023

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Past due over 90 days	–	–	12,730	12,730
	–	–	12,730	12,730

As at 31 March 2022

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Less than 31 days past due	–	9,286	–	9,286
31 to 90 days past due	–	–	4,428	4,428
Past due over 90 days	–	–	525	525
	–	9,286	4,953	14,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(3) Interest receivables (Continued)

The movements in the impairment allowance of interest receivables were as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2022	–	2,465	4,953	7,418
Changes due to financial instruments recognised as at 1 April 2022				
– Repayment	–	–	(1,509)	(1,509)
– Transfer from Stage 2 to Stage 3	–	(2,465)	2,465	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3	–	–	6,821	6,821
As at 31 March 2023	–	–	12,730	12,730
ECL rate	–	–	100%	100%

During the year ended 31 March 2023, included in the impairment allowance of approximately HK\$6,821,000 from net remeasurement of ECL arising from financial assets transferred from Stage 2 to Stage 3 was mainly attributable to a gross carrying amount of loan receivables of HK\$61,756,000. Please refer to Note 19 for further details.

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 April 2021	119	–	525	644
Changes due to financial instruments recognised as at 1 April 2021				
– Transfer from Stage 1 to Stage 2	(55)	55	–	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 2	–	2,410	–	2,410
– Transfer from Stage 1 to Stage 3	(64)	–	64	–
– Net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3	–	–	4,364	4,364
As at 31 March 2022	–	2,465	4,953	7,418
ECL rate	N/A	26.55%	100.00%	52.10%

During the year ended 31 March 2022, included in the impairment allowance of approximately HK\$4,364,000 from net remeasurement of ECL arising from financial assets transferred from Stage 1 to Stage 3 was mainly related to the gross carrying amount of loan receivables of HK\$111,830,000. Please refer to Note 19 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Investments designated at fair value through profit or loss:		
Listed equity securities – Hong Kong	372	847

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

23 BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks to hold clients' monies in accordance with the relevant legislation. The Group has classified the clients' monies as bank balances held on behalf of clients in current assets of the consolidated statement of financial position and recognised the corresponding account payables to respective clients in current liabilities of the consolidated statement of financial position. The Group is allowed to retain interest on the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

As at 31 March 2023 and 2022, no impairment was made on bank balances held on behalf of clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Cash on hand		
HK\$	138	48
US\$	–	57
Israeli Shekel (“ILS”)	4	4
	142	109
Cash at banks		
HK\$	10,097	29,373
RMB	115	82
New Taiwan Dollar (“TWD”)	–	27
US\$	20,605	17,069
	30,817	46,551
	30,959	46,660

The effective interest rate on cash at bank was 0.1% (2022: 0.3%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2023, the Group’s cash at banks of approximately HK\$97,000 (2022: HK\$62,000) was deposited at banks in the PRC.

As at 31 March 2023 and 2022, no impairment was made on cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 SHARE CAPITAL

Authorised shares:

As at 31 March 2023, the total authorised number of ordinary shares is 9,600 million shares (2022: 9,600 million shares) with a par value of HK\$0.008333 per share (2022: HK\$0.008333 per share).

Issued shares:

	Number of shares '000	Share capital HK\$'000
As at 1 April 2021	4,384,782	3,654
Share consolidation (Note (1))	(3,946,304)	–
As at 31 March 2022, 1 April 2022	438,478	3,654
Issuance of shares (Note (2))	87,684	731
As at 31 March 2023	526,162	4,385

Note:

- (1) With effect from 18 March 2022, every ten (10) issued and unissued shares of par value of HK\$0.0008333 each in the share capital of the Company were consolidated into one (1) consolidated share of par value of HK\$0.008333 of the Company (the "Share Consolidation"). Further details of the Share Consolidation are set out in the announcements of the Company dated 11 February 2022 and 17 March 2022 and the circular of the Company dated 24 February 2022.
- (2) On 19 September 2022, the Group completed a placing of new shares under general mandate the "Placing". 87,684,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$21.9 million. The net proceeds of approximately HK\$21.6 million from the Placing are intended to be used for trading business of the Group for the payment for procurement of computer and peripheral products. As at 31 March 2023, all of the net proceeds of approximately HK\$21.6 million had been fully utilised as intended for the payment for procurement of computer and peripheral products for trading business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 SHARE-BASED PAYMENTS

Share award scheme

On 14 March 2019, the Company adopted the share award scheme (the “Share Award Scheme”) under which shares of the Company (the “Awarded Shares”) may be awarded to selected employees (including directors) and non-executive directors of the Group (the “Selected Person (s)”) pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the “Trust Deed”). The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the “Trustee”) in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the “Trust”) for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed. The Board of Directors may instruct the Trustee to purchase shares of the Company on The Stock Exchange of Hong Kong Limited and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the “Eligible Persons”). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

During the years ended 31 March 2023 and 2022, no Awarded Shares were granted to any Eligible Persons of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 OTHER RESERVES

(a) Merger reserve

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

(b) Capital reserve

The Group's capital reserve represents i) deemed contribution by the immediate holding company as a shareholder acquired the remaining non-controlling interests of subsidiaries and contributed to the Group at no cost prior to 1 April 2011 and ii) placing commission paid to a subsidiary of the Company for the placing of shares on 19 September 2022.

(c) Statutory reserve

The Company's subsidiary in the PRC is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

28 DIVIDENDS

No final dividend for the years ended 31 March 2023 and 2022 was proposed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax recoverable against current income tax liabilities and when the deferred taxes relate to the same taxation authority. The deferred tax assets and liabilities are to be utilised and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position.

Movements of deferred tax assets:

	Decelerated tax depreciation HK\$'000	Impairment of financial assets HK\$'000	Unrealised losses HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2021	4	7,995	236	15,227	23,462
Credited/(charged) to consolidated income statement	3	(4,575)	1	19,743	15,172
At 31 March 2022 and 1 April 2022	7	3,420	237	34,970	38,634
Charged to consolidated income statement	(7)	(3,420)	(237)	(17,420)	(21,084)
At 31 March 2023	–	–	–	17,550	17,550

Offset between deferred tax assets and liabilities:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Balance as at 31 March	17,550	38,634
Amount offset between deferred tax assets and liabilities in the consolidated statement of financial position	(398)	(600)
	17,152	38,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (Continued)

Movements of deferred tax liabilities:

	Accelerated tax depreciation HK\$'000	Fair value adjustments arising from subsidiaries HK\$'000	Total HK\$'000
At 1 April 2021	723	15	738
Charged/(credited) to consolidated income statement	70	(8)	62
At 31 March 2022 and 1 April 2022	793	7	800
Credited to consolidated income statement	(156)	(30)	(186)
Acquisition of subsidiaries	–	692	692
At 31 March 2023	637	669	1,306

Offset between deferred tax assets and liabilities:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Balance as at 31 March	1,306	800
Amount offset between deferred tax assets and liabilities in the consolidated statement of financial position	(398)	(600)
	908	200

As at 31 March 2023, the Group has unrecognised tax losses of HK\$360,160,000 (2022: HK\$138,712,000) in Hong Kong, which have no expiry dates, and HK\$11,927,000 (2022: HK\$11,291,000) in the PRC which will expire within 2023 to 2028. No deferred tax assets have been recognised for these tax losses as the directors considered it is not probable that taxable profits will be available against which the tax losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (Continued)

Movements of deferred tax liabilities:

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March 2023 HK\$'000	2022 HK\$'000
Deferred tax assets as presented in the consolidated statement of financial position	17,152	38,034
Deferred tax liabilities as presented in the consolidated statement of financial position	(908)	(200)
Deferred tax assets, net	16,244	37,834

The movement on the deferred income tax is as follows:

	As at 31 March 2023 HK\$'000	2022 HK\$'000
At beginning of the year	37,834	22,724
Credited to consolidated income statement (Note 11)	(20,898)	15,110
Acquisition of subsidiaries	(692)	–
At end of the year	16,244	37,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Trade payables	54,334	16,662
Cash client payables (Note a)	2,314	12,556
Due to clearing house (Note b)	–	87
Total account payables	56,648	29,305
Other payables and accrued expenses		
Accrued expenses	3,431	3,021
Other payables	5,981	4,055
Total other payables and accrued expenses	9,412	7,076
Total account payables, other payables and accrued expenses	66,060	36,381

Notes:

- (a) The settlement terms of payables arising from securities business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.
- (b) In presenting the amounts due to HKSCC, the Group has offset the gross amount of the account receivables from and the gross amount of the account payables to HKSCC. Further details are set out in Note 35 to the consolidated financial statements.
- (c) As at 31 March 2023 and 2022, all trade payables were aged within two months, based on invoice date. No aging analysis is disclosed for cash client payables and due to clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

Account payables, other payables and accrued expenses of the Group are denominated in the following currencies:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
HK\$	13,750	19,674
RMB	3	24
US\$	52,307	16,683
	66,060	36,381

Other than those disclosed in Note (a) above, account payables and other payables are unsecured, non-interest-bearing and repayable on demand.

31 CONTRACT LIABILITIES

Details of contract liabilities as at 31 March 2023 and 2022 are as follows:

	2023	2022
	HK\$'000	HK\$'000
Short term advances received from customers		
Sales of goods	–	5,437

Contract liabilities of HK\$5,437,000 arising from sales of goods as of 31 March 2022 represented prepayment received in computer and peripheral products business during normal course of business before the goods are transferred to the customers and the performance obligation is fulfilled.

The amount of HK\$5,437,000 (2022: HK\$2,917,000) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the year ended 31 March 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BORROWINGS

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Bank borrowings	163,052	177,373
Other borrowings	10,000	–
	173,052	177,373
Analysed as:		
– Secured	151,250	177,373
– Guaranteed	21,802	–
	173,052	177,373

As at 31 March 2023, the Group's bank borrowings of HK\$151,250,000 (2022: HK\$177,373,000) are secured by the Group's owned properties situated in Hong Kong of HK\$195,022,000 (2022: HK\$209,103,000) (Note 13).

As at 31 March 2023, the Group's bank borrowings of HK\$11,802,000 (2022: HK\$nil) and other borrowings of HK\$10,000,000 (2022: HK\$nil) are guaranteed by a shareholder of the Company and the spouse of the substantial shareholder of the Company respectively.

The Group's secured bank borrowings, which contain a clause giving the lender an unconditional right to demand repayment at any time, have been classified as current liabilities irrespective of the probability that the lenders will invoke the clause without cause.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BORROWINGS (Continued)

The maturities of the bank borrowings that contain repayable on demand clause and other borrowings in accordance with the scheduled repayment dates are as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
The carrying amounts of other borrowings are repayable:		
– Within one year	10,000	–
	10,000	–
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– Within one year	138,355	157,373
– Between one and two years	7,217	4,478
– Between two and five years	17,480	15,522
	163,052	177,373
	173,052	177,373

The exposure of the Group's borrowings are as follows:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Variable-rate borrowings	155,651	177,373
Fixed-rate borrowings	17,401	–
	173,052	177,373

The Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (2022: same).

As at 31 March 2023, the Group's variable rate bank borrowings of approximately HK\$131,250,000 (2022: HK\$134,816,000) and HK\$25,794,000 (2022: HK\$42,557,000) are carrying interest at 3-month USD LIBOR plus premium and 3-month HIBOR respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BORROWINGS (Continued)

As at 31 March 2023, the Group's fixed rate bank borrowings of HK\$6,008,000 (2022: HK\$nil), and other borrowings of HK\$10,000,000 (2022: HK\$nil) are guaranteed, interest bearing at a fixed rate per annum and repayable within one year.

Borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
HK\$	41,802	42,557
US\$	131,250	134,816
	173,052	177,373

33 SENIOR MANAGEMENT EMOLUMENTS

(a) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Directors (Note 41)	1,300	–
Employees	3,975	5,549
	5,275	5,549

The five individuals whose emoluments were the highest in the Group include one (2022: nil) director whose emolument was reflected in Note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 SENIOR MANAGEMENT EMOLUMENTS (Continued)

(a) Five highest paid individuals (Continued)

The emoluments payable to four (2022: five) non-director individuals during the year are as follows:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Short term employee benefits	3,903	5,462
Discretionary bonus	–	–
Post-employment benefits	72	87
	3,975	5,549

Remuneration of the four (2022: five) highest paid non-director individuals during the year fell within the following bands:

Emolument Bands	Number of individuals	
	2023	2022
HK\$500,001 to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	–	2
HK\$1,500,001 to HK\$2,000,000	1	1

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

(b) Senior management's emoluments

The emoluments of the one (2022: one) senior management during the year fell within the following bands:

Emolument Bands	Number of individuals	
	2023	2022
Nil to HK\$500,000	–	–
HK\$500,001 to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 March 2023

Financial assets

	At amortised cost HK\$'000	At fair value through profit or loss (held for trading) HK\$'000	Total HK\$'000
Loan receivables	20,362	–	20,362
Account receivables	58,943	–	58,943
Financial assets included in deposits, prepayments and other receivables	44,728	–	44,728
Financial assets at fair value through profit or loss	–	372	372
Bank balances held on behalf of clients	2,314	–	2,314
Cash and cash equivalents	30,959	–	30,959
	157,306	372	157,678

Financial liabilities

	At amortised cost HK\$'000	Total HK\$'000
Account payables	56,648	56,648
Financial liabilities included in other payables and accrued expenses	9,412	9,412
Lease liabilities	11,520	11,520
Borrowings	173,052	173,052
	250,632	250,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS BY CATEGORIES (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

As at 31 March 2022

Financial assets

	At amortised cost HK\$'000	At fair value through profit or loss (held for trading) HK\$'000	Total HK\$'000
Loan receivables	57,865	–	57,865
Account receivables	79,315	–	79,315
Financial assets included in deposits, prepayments and other receivables	37,974	–	37,974
Financial assets at fair value through profit or loss	–	847	847
Bank balances held on behalf of clients	12,492	–	12,492
Cash and cash equivalents	46,660	–	46,660
	234,306	847	235,153

Financial liabilities

	At amortised cost HK\$'000	Total HK\$'000
Account payables	29,305	29,305
Financial liabilities included in other payables and accrued expenses	7,076	7,076
Borrowings	177,373	177,373
	213,754	213,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set-off the Continuous Net Settlement (“CNS”) money obligations receivable and payable with HKSCC; and the Group intends to settle on a net basis as account receivables from or account payables to HKSCC. For the net amount of CNS money obligations receivable or payable with HKSCC and Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis. For the year ended 31 March 2023, the amounts have been fully settled.

	Related amounts not offset in the statement of financial position				
	Gross amount of recognised financial (assets)/ liabilities	Gross amount of recognised assets/ (liabilities) offset in the statement of financial position	Net amount of financial (liabilities) presented in the statement of financial position	Cash collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2022					
Account receivable from clearing house	145	(58)	87	–	87
Account payable to clearing house	(145)	58	(87)	–	(87)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to cash (used in)/generated from operations:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Loss before income tax	(109,659)	(259,605)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	10,200	10,960
Depreciation of right-of-use assets (Note 14)	1,051	–
Impairment of property, plant and equipment (Note 13)	6,000	–
Amortisation of intangible assets (Note 15)	139	113
Gain on disposal of property, plant and equipment (Note 36(b))	(302)	(41,349)
Exchange (gains)/losses, net (Note 8)	(219)	464
Finance income (Note 8)	(33)	(137)
Finance costs (Note 9)	8,663	6,188
Unrealised (gain)/loss on change in fair value of equity investments at fair value through profit or loss (Note 8)	(1,603)	1,652
(Reversal of impairment)/provision for impairment of inventories (Note 18)	(1,562)	1,562
Impairment of goodwill (Note 15)	3,391	48,622
Realised loss/(gain) on disposal of financial assets at fair value through profit or loss (Note 8)	1,738	(2,224)
Expected credit loss on financial assets, net:		
– Loan receivables (Note 7)	(5,970)	122,720
– Cash client receivables (Note 7)	60,407	115,977
– Trade receivables (Note 7)	(19)	(11)
– Interest receivables (Note 7)	5,312	6,774
Changes in working capital:		
– Inventories	(7,171)	(2,612)
– Loan receivables	43,473	–
– Account receivables	(30,942)	30,998
– Bank balances held on behalf of clients	10,178	2,597
– Deposits, prepayments and other receivables	(3,510)	(11,095)
– Account payables	24,142	(10,730)
– Other payables and accrued expenses	(4,463)	2,261
– Contract liabilities	(10,457)	2,520
Cash (used in)/generated from operations	(1,216)	25,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2023 HK\$'000	2022 HK\$'000
Net book amount of property, plant and equipment disposed (Note 13)	363	36,466
Gain on disposal of property, plant and equipment	302	41,349
Proceeds from disposal of property, plant and equipment	665	77,815

(c) Reconciliation of liabilities arising from financing activities is as follows:

	Lease liabilities HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 1 April 2021	–	346,759	346,759
Drawdown of borrowings	–	983,105	983,105
Repayments of borrowings	–	(1,141,686)	(1,141,686)
Interest paid	–	(6,660)	(6,660)
Other changes			
Non-cash settlement	–	(10,333)	(10,333)
Interest expenses (Note 9)	–	6,188	6,188
At 31 March 2022	–	177,373	177,373
Drawdown of borrowings	–	164,742	164,742
Repayments of borrowings	–	(181,545)	(181,545)
Interest paid	–	(8,440)	(8,440)
Repayment of principal portion of lease liabilities	(498)	–	(498)
Repayment of interest portion of lease liabilities	(557)	–	(557)
Other changes			
Acquisition of subsidiaries	11,266	12,330	23,596
New lease entered	1,238	–	1,238
Interest expenses (Note 9)	71	8,592	8,663
At 31 March 2023	11,520	173,052	184,572

Note: For the year ended 31 March 2022, non-cash settlement includes the settlement of other borrowings of HK\$10,330,000 through the disposal of a financial asset at fair value through profit or loss that was previously used to secure the borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Leasehold improvements	–	186

38 BUSINESS COMBINATION

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei and Legend from an independent third party pursuant to a sales and purchase agreement dated 3 October 2022 at a consideration of HK\$19,800,000, to be satisfied by cash of HK\$19,800,000. Shag Mei and Legend are principally engaged in trading of food products and provision of processing and preserving of fish in Hong Kong respectively.

In accordance with HKFRS 3, “Business Combinations”, the Group is required to recognise the identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Accordingly, the Group has undertaken a purchase price allocation allocating the purchase consideration to the identifiable assets and liabilities acquired at the acquisition date. Significant accounting estimates have been involved when performing the allocation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of Shag Mei and Legend as at the date of acquisition were as follows:

	HK\$'000
Purchase consideration	19,800
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value	
Property, plant and equipment (Note 13)	2,463
Right-of-use assets	10,906
Customer relationship (Note 15)	4,194
Account receivables	9,074
Deposits, prepayments and other receivables	9,498
Inventories	4,199
Cash and cash equivalents	5,808
Account payables	(3,201)
Other payables and accrued expenses	(5,628)
Lease liabilities	(11,266)
Borrowings	(12,330)
Income tax payables	(1,260)
Deferred tax liabilities	(692)
Total identifiable net assets	11,765
Goodwill (Note 15)	8,035
Net cash outflow arising on acquisition	
Cash consideration paid	(13,500)
Less: Cash and cash equivalents acquired	5,808
	(7,692)

The Group incurred transaction costs of HK\$750,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the consolidated income statement.

Included in the goodwill of HK\$7,337,000 recognised above is an assembled workforce, which is not recognised separately. Because the Group would not have sufficient control over the expected future economic benefits arising from the assembled workforce, it does not meet the criteria for recognition as an intangible asset under HKAS 38, "Intangible Assets". None of the goodwill recognised is expected to be deductible for income tax purposes.

Revenue included in the consolidated income statement since acquisition date contributed by Shag Mei and Legend were HK\$24,845,000. This acquired business contributed operating loss of HK\$196,000 for the year ended 31 March 2023 from the acquisition date.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the year would have been HK\$563,461,000 and HK\$124,292,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

During the years ended 31 March 2023 and 2022, no material transactions were undertaken by the Group with related parties.

(b) Outstanding balances with related parties

As at 31 March 2023 and 2022, there were no material outstanding balances with related parties.

(c) Compensation of key management personnel of the Group

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Short term employee benefits	3,584	4,796
Discretionary bonus	–	–
Post-employment benefits	41	63
	3,625	4,859

Further details of directors' and the chief executive's emoluments are included in Note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Interests in subsidiaries	99,879	100,208
Current assets		
Amounts due from subsidiaries	29,118	3,791
Deposits, prepayments and other receivables	42	379
Income tax recoverable	–	3
Cash and cash equivalents	3,546	120
	32,706	4,293
Total assets	132,585	104,501
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	4,385	3,654
Other reserves (Note a)	110,990	98,404
Total equity	115,375	102,058
LIABILITIES		
Current liabilities		
Other payables and accrued expenses	1,611	1,687
Amount due to subsidiaries	5,599	756
Borrowing	10,000	–
	17,210	2,443
Total liabilities	17,210	2,443
Total equity and liabilities	132,585	104,501
Net current assets	15,496	1,850
Total assets less current liabilities	115,375	102,058

The statement of financial position of the Company was approved by the Board of Directors on 20 June 2023 and was signed on its behalf by:

Qu Hongqing
 Director

Loo Hong Shing, Vincent
 Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company:

	Share premium HK\$'000	Contributed surplus HK\$'000 (Note)	Shares held for share award scheme HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
For the year ended 31 March 2023					
Balance at 1 April 2022	494,815	95,114	(21,630)	(469,895)	98,404
Loss for the year	-	-	-	(8,274)	(8,274)
Total comprehensive expense	-	-	-	(8,274)	(8,274)
Issue of share	20,860	-	-	-	20,860
Balance at 31 March 2023	515,675	95,114	(21,630)	(478,169)	110,990

	Share premium HK\$'000	Contributed surplus HK\$'000 (Note)	Shares held for share award scheme HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
For the year ended 31 March 2022					
Balance at 1 April 2021	494,815	95,114	(21,630)	(8,032)	560,267
Loss for the year	-	-	-	(461,863)	(461,863)
Total comprehensive expense	-	-	-	(461,863)	(461,863)
Balance at 31 March 2022	494,815	95,114	(21,630)	(469,895)	98,404

Note: Contributed surplus

Contributed surplus represents the difference between the excess of the nominal value of the Company shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the group reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors for the year ended 31 March 2023 is set out below:

	Fee HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Estimated monetary value of other benefit HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid or receivable in respect of accepting office as director HK\$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking HK\$'000	Total HK\$'000
Year ended 31 March 2023									
Name of directors									
Executive directors									
Mr. Qu Hongqing (Note (i))	-	-	-	-	-	-	-	-	-
Mr. Liu Qiaosong (Note (ii))	1,300	-	-	-	-	15	-	-	1,315
	1,300	-	-	-	-	15	-	-	1,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of the directors for the year ended 31 March 2023 is set out below: (Continued)

	Fee HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Estimated monetary value of other benefit HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid or receivable in respect of accepting office as director HK\$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking HK\$'000	Total HK\$'000
Year ended 31 March 2023									
Name of directors									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	161	-	-	-	-	8	-	-	169
Mr. Zhu Shouzhong	161	-	-	-	-	-	-	-	161
Mr. Li Huaqiang	161	-	-	-	-	-	-	-	161
	483	-	-	-	-	8	-	-	491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of the directors for the year ended 31 March 2022 is set out below:

	Fee HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Housing allowance HK\$'000	Estimated monetary value of other benefit HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Remunerations paid or receivable in respect of accepting office as director HK\$'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking HK\$'000	Total HK\$'000
Year ended 31 March 2022									
Name of directors									
Executive directors									
Mr. George Lu (Note (vi))	100	350	-	-	-	5	-	-	455
Ms. Shen Wei (Note (iii))	-	-	300	-	-	5	-	-	305
Mr. Liu Qiaosong (Note (ii))	214	-	-	-	-	2	-	-	216
	314	350	300	-	-	12	-	-	976
Non-executive directors									
Mr. Pang Chung Fai Benny (Note (iv))	202	-	-	-	-	10	-	-	212
	202	-	-	-	-	10	-	-	212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of the directors for the year ended 31 March 2022 is set out below: (Continued)

Name of directors	Fee	Salary	Discretionary bonus	Housing allowance	Estimated monetary value of other benefit	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March 2022									
Independent non-executive directors									
Mr. Loo Hong Shing, Vincent	161	-	-	-	-	8	-	-	169
Mr. Zhu Shouzhong	161	-	-	-	-	-	-	-	161
Mr. Li Huaqiang	161	-	-	-	-	-	-	-	161
	483	-	-	-	-	8	-	-	491

Notes:

- (i) Qu Hongqing has been appointed as an executive director of the Company with effect from 1 April 2022.
- (ii) Liu Qiaosong has been appointed as an executive director and a vice chairman of the Company with effect from 11 February 2022, and then he has resigned as an executive director and a vice chairman of the Company with effect from 6 December 2022.
- (iii) Shen Wei has been appointed as an executive director of the Company with effect from 15 January 2021, and then she has resigned as an executive director of the Company with effect from 4 August 2021.
- (iv) Pang Chung Fai Benny has resigned as a non-executive director with effect from 30 October 2021.
- (v) George Lu has resigned as an executive director, chairman and chief executive officer of the Company with effect from 6 May 2022.

During the years ended 31 March 2023 and 2022, no director waived any emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31 March 2023 and 2022.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 March 2023 and 2022.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 March 2023 and 2022, no consideration was paid by the Company to third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 March 2023 and 2022, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of 31 March 2023 and 2022 or at any time during the years ended 31 March 2023 and 2022.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during both years.