Century Energy International Holdings Limited
百能國際能源控股有限公司

(formerly known as China Oil Gangran Energy Group Holdings Limited
中油港燃能源集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8132)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The board (the "**Board**") of directors (the "**Directors**") of Century Energy International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2022. This announcement, containing the full text of the annual report of the Company for the year ended 31 March 2022 (the "**Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of the annual results. The printed version of the Annual Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner required by the GEM Listing Rules.

By Order of the Board
Century Energy International Holdings Limited
Leung Wing Cheong Eric
Chairman

Hong Kong, 23 June 2022

As at the date of this announcement, the executive Directors are Mr. Cheung Yip Sang, Mr. Sun Jiusheng, Mr. Ma Shenyuan, Mr. Li Dewen and Mr. Yeung Shing Wai; the non-executive Director is Mr. Leung Wing Cheong Eric; and the independent non-executive Directors are Mr. Lim Haw Kuang, Mr. Lui Ho Ming Paul and Mr. Chu Kin Ming.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the website of the Company at www.chinaoilgangrans.com.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
Mr. Sun Jiusheng *(Vice Chairman)*
Mr. Cheung Yip Sang *(Chief Executive Officer)*
Mr. Ma Shenyuan *(Group President)*
Mr. Li Dewen *(Group Senior Vice President)*
Mr. Yeung Shing Wai

NON-EXECUTIVE DIRECTOR
Mr. Leung Wing Cheong Eric *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lim Haw Kuang
Mr. Lui Ho Ming Paul
Mr. Chu Kin Ming

AUDIT COMMITTEE

Mr. Chu Kin Ming *(Chairman)*
Mr. Lim Haw Kuang
Mr. Lui Ho Ming Paul

REMUNERATION COMMITTEE

Mr. Lim Haw Kuang *(Chairman)*
Mr. Lui Ho Ming Paul
Mr. Chu Kin Ming

NOMINATION COMMITTEE

Mr. Chu Kin Ming *(Chairman)*
Mr. Lim Haw Kuang
Mr. Lui Ho Ming Paul

COMPANY SECRETARY

Mr. Chu Chun Ming

AUTHORISED REPRESENTATIVES

Mr. Yeung Shing Wai
Mr. Chu Chun Ming

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2303, 23/F., Prudential Tower
The Gateway, Harbour City
Tsim Sha Tsui, Kowloon, Hong Kong

COMPANY'S WEBSITE

www.chinaoilgangrans.com

LEGAL ADVISER

Howse Williams
27th Floor, Alexandra House
18 Chater Road, Central
Hong Kong

AUDITOR

HLM CPA Limited
Rooms 1501–8, 15th Floor
Tai Yau Building, 181 Johnston Road
Wanchai, Hong Kong

STOCK CODE

8132

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

THE PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The revenue of the Company and its subsidiaries (collectively the "Group") during the year ended 31 March 2022 (the "Financial Year") was approximately HK$56.6 million, a decrease of about 48.9% from approximately HK$110.7 million in the corresponding period last year. Such decrease was attributable to the fact that the new products launched since the fourth quarter of the year ended 31 March 2020, namely headsets for adults and kids and hospital room control hub, have passed their peak sales period. These new products benefited from the high demand from the COVID-19 outbreak when they were launched and in the following quarters. Profit attributable to owners of the Company was approximately HK$104.7 million, for the Financial Year compared to the loss attributable to the owners of the Company of approximately HK$38.0 million for the corresponding period last year. The profit attributable to the owners of the Company was mainly due to the gain on debt restructuring of approximately HK$140.9 million arising from the scheme of arrangement entered into between the Company and its creditors under the Group's restructuring (the "Creditors' Schemes") which offset the operation loss for the Financial Year.

DECONSOLIDATION OF SUBSIDIARIES LOST CONTROL

On 1 January 2019, the date when the Group lost control of 江西中油港燃能源科技有限責任公司 (transliterated as "Jiangxi China Oil Gangran Energy Technology Company Limited"), 舟山中油港燃石油化工有限公司 (transliterated as "Zhoushan China Oil Gangran Petroleum and Chemical Company Limited"), 江西港燃貿易有限公司 (transliterated as "Jiangxi Gangran Trading Company Limited") and 吉林中油港燃能源開發有限公司 (transliterated as "Jilin China Oil Gangran Energy Development Company Limited") (collectively, "Deconsolidated Subsidiaries"), which were the subsidiaries of the Company which engaged the refined oil retail business and trading of methyl tert-butyl ether. Hence, the Group no longer consolidated the financial position and performance of the Deconsolidated Subsidiaries since 1 January 2019.

Pursuant to the Creditors' Schemes, the Deconsolidated Subsidiaries were transferred to a special purpose vehicle scheme company controlled by the scheme administrators on 27 May 2021. Upon the transfer, the Company ceased to have any interest in the Deconsolidated Subsidiaries, and the Deconsolidated Subsidiaries ceased to be subsidiaries of the Company.

DEBT RESTRUCTURING AND RESUMPTION

During the Financial Year, the creditors' schemes (the "Creditors' Schemes") were approved by the requisite majority of the scheme creditors at the scheme meeting held on 18 May 2021 and sanctioned by the Grand Court of Cayman Islands (the "Cayman Court") and High Court of Hong Kong (the "Hong Kong Court") on 21 May 2021 and 26 May 2021 respectively. Accordingly, the Creditors' Schemes became effective on 27 May 2021. Pursuant to the Creditors' Schemes, the Company transferred its claims, rights to claims, rights to any assets and the entire equity interests of Deconsolidated Subsidiaries to the Creditors' Schemes on 27 May 2021. During the Financial Year, the Group recorded a gain on debt restructuring under the Creditors' Schemes of approximately HK$140.9 million. Details are set out in Note 10 to the consolidated financial statements.

The Hong Kong petition was dismissed by the Hong Kong Court at the hearing on 26 May 2021. Pursuant to a sealed order of the Cayman Court dated 25 May 2021 which filed on 27 May 2021 (Cayman time), the Cayman petition against the Company was withdrawn. In the same order, the provisional liquidators were also discharged and released as provisional liquidators of the Company.

As the resumption conditions imposed by the Stock Exchange has been fulfilled, the Company's shares were resumed for trading on 28 June 2021.

BUSINESS REVIEW

During the Financial Year, the Group was principally engaged in the following businesses: (i) power and data cords business; (ii) trading of refined oil and chemicals business; and (iii) trading of commodities.

In terms of the geographical market performance, the United States and the PRC contributed to approximately 38.9% (2021: approximately 16.5%) and approximately 54.2% (2021: approximately 52.5%) of the Group's total revenue respectively, while the remaining approximate 6.9% (2021: approximately 31.0%) came from its other markets.

POWER AND DATA CORDS BUSINESS

The three key product groups for power and data cords business were (i) power and data cords for mobile handsets and personal care products; (ii) medical control devices; and (iii) power cords and inlet sockets for household electric appliances. Each product group has its own types of products. During the Financial Year, the Group manufactured over 40 types of power and data cords for mobile handsets and personal care products, and over 450 types of power cords and inlet sockets for household electric appliances. The Group will also continue to involve in the assembly and sale of medical control devices, which are primarily used by patients in hospital wards and the related accessories.

(I) POWER AND DATA CORDS FOR MOBILE HANDSETS AND PERSONAL CARE PRODUCTS

Power and data cords for mobile handsets and personal care products consist of 2-pin cables and connectors and are generally used for power charging to mobile handset and personal care products. The diameters of stranded copper wires are ranged from 0.26 mm to 2.4 mm and carry low voltage electricity of up to three amperes. In accordance with its customers' specifications, the Group manufactures over 40 different types of power and data cord for mobile handsets and personal care products.

During the Financial Year, the Group's revenue from power and data cords for mobile phones was approximately HK$27.8 million (2021: approximately HK$57.2 million), representing a year-on-year decrease of approximately 51.4%. The decrease was due to the fact that the new products, launched, since the fourth quarter of the financial year ended 31 March 2020, namely headsets for adults and kids, have passed their peak sales period. These new products benefited from the high demand from the COVID-19 outbreak when they were launched and in the following quarters.

(II) MEDICAL CONTROL DEVICES

Medical control device is a bedside multi-function device for patients in wards. The medical control device products of the Group consist of pillow speaker, bed control, bed cable and call cord. Pillow speaker could be produced with different specifications from simple version of 1-button pillow speaker capable for emergency communication and lighting control functions to advanced version of 26-button pillow speaker capable for emergency communication, television, and lighting temperature control in a ward. The pillow speakers sold by the Group are in the form of dismantled parts and components including all necessary components for a pillow speaker such as power cable, PCB and plastic body etc. for further assembly by customers after delivery. Materials used for the manufacturer of medical control device are sourced by the Group based on the requirements of, and have been approved by, its customer, which is a medical equipment manufacturer in the United States. Although the Group will occasionally provide advice and input, the design of the medical control device originates from the customer who will closely monitor and have overall control and the ultimate decision on matters relating to the design, use of materials and ultimate assembly of medical control devices. All parts and components of the Group's medical control device products were exported to the customer for further assembly and processing into its final products for sales to hospitals and clinics. Testing will also be conducted by the customer to ensure the final products comply with the relevant US regulatory requirements.

During the Financial Year, the Group's revenue from medical control devices was approximately HK$22.0 million (2021: approximately HK$49.0 million), representing a year-on-year decrease of approximately 55.1%, which was due to the fact that the new products launched since the fourth quarter of the financial year ended 31 March 2020, namely hospital room control hub, have passed their peak sales period. These new products benefited from the high demand from the COVID-19 outbreak when they were launched and in the following quarters.

(III) POWER CORDS AND INLET SOCKETS FOR HOUSEHOLD ELECTRIC APPLIANCES

Power cords for household electric appliances are generally non-halogen free and carry normal voltage electricity up to 250 volt. Different countries have different safety, power voltage and environmental standards for household electric appliances and there are more than 10 types of sockets in widespread use around the world. Plugs with different number of prongs on power cords are used in different countries. For instance, the European Union standard plugs manufactured by the Group are mainly 250 volt plugs with cylindrical prongs while the US standard plugs manufactured by the Group are 125 volt plugs with strip-like prongs. Some of the Group's power cords and inlet sockets for household electric appliances with safety approvals and/or certificates such as CSA, VDE, PSE, ASTA, CCC bear the trademark "SUN FAIR". Some of the Group's products meet eleven types of international safety standards including UL, CSA, VDE, NEMKO, SEMKO, FIMKO, SEV, DEMKO, OVE, KEMA, CCC, and ENEC.

During the Financial Year, the Group's revenue from power cords and inlet sockets for household electric appliances was approximately HK$6.8 million (2021: approximately HK$4.5 million), representing a year-on-year increase of approximately 51.1%.

TRADING OF COMMODITIES

The Group's trading of commodities mainly included the trading of mobile smart phones, glassed and other commodities.

There was no Group's revenue from the trading of commodities (2021: Nil) for the Financial Year.

TRADING OF REFINED OIL AND CHEMICALS BUSINESS

Due to the deconsolidation of the financial position and performance for the Deconsolidated Subsidiaries since 1 January 2019, no revenue was recorded during the Financial Year (2021: Nil).

The Group continued to explore opportunities in the clean energy segment. A legally binding consultancy contract has signed with a gas company in March 2020. The contract period is from March 2020 to March 2021 where the Group will provide strategic consultancy services regarding the plan and development of the customer's energy business. The estimated revenue and gross profit from this contract amounted to approximately HK$2.2 million and HK$2.2 million respectively. The contract with the said gas company has started in May 2020 but due to the outbreak of the COVID-19 pandemic, the Company was unable to carry out further work such as meetings and site visits, hence the contract was terminated in June 2022 by mutual agreement. It was also mutually agreed that the HK$500,000 received by the Company as first instalment was forfeited and the Company is no longer necessary to provide any services under the agreement.

FUNDRAISING ACTIVITIES

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The Company entered into a subscription agreement on 23 December 2020 and a supplemental agreement on 15 March 2021 with the subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for, 1,900,099,090 subscription shares (as to 1,501,078,281 subscription shares by the first subscriber, 326,247,014 subscription shares by the second subscriber and 72,773,795 subscription shares by the third subscriber), at the subscription price of HK$0.01941712 per subscription share ("Subscription of New Shares"). The Subscription of New Shares was completed on 25 June 2021. For details, please refer to the announcements of the Company dated 23 December 2020, 15 March 2021 and 25 June 2021 and the circular of the Company dated 19 March 2021.

SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Company entered into a convertible bonds subscription agreement on 23 December 2020 and a supplemental agreement on 15 March 2021 with the subscribers pursuant to which the Company has conditionally agreed to issue, and the subscribers have conditionally agreed to subscribe for, the convertible bonds in the aggregate principal amount of HK$3,105,556.91 (as to HK$2,453,389.96 to the first subscriber, HK$533,224.12 to the second subscriber and HK$118,942.83 to the third subscriber) ("Subscription of Convertible Bonds"). The Subscription of Convertible Bonds was completed on 25 June 2021. For details, please refer to the announcements of the Company dated 23 December 2020, 15 March 2021 and 25 June 2021 and the circular of the Company dated 19 March 2021.

USE OF PROCEEDS

SUBSCRIPTION OF NEW SHARES

The actual net proceeds raised from the Subscription of New Shares was approximately HK$20.0 million. Up to 31 March 2022, the Group has utilised the whole sum as follows:

Particulars	Intended use of net proceeds received HKD' million	Actual use of proceeds HKD' million	Unutilised amount as at 31 March 2022 HKD' million
Settlement to be made to the creditors under the Creditors' Schemes	20.0	20.0	–

SUBSCRIPTION OF CONVERTIBLE BONDS

The actual net proceeds raised from the Subscription of Convertible Bonds was approximately HK$3.1 million. Up to 31 March 2021, the Group has utilised the whole sum as follows:

Particulars	Intended use of net proceeds received HKD' million	Actual use of proceeds HKD' million	Unutilised amount as at 31 March 2022 HKD' million
Cost of restructuring and general working capital of the Group	3.1	3.1	–

OUTLOOK

During the Financial Year, although global economic recovery picked up at a faster pace, the economy has not fully recovered to the level before the COVID-19 outbreak. Unsynchronised global epidemic prevention and control, uneven economic recovery, intensified political and economic tension and unsure monetary policy have all increased uncertainty. The Group launched several new products for its power and data cords business in the fourth quarter of the year ended 31 March 2020 and recorded remarkable revenue for the several quarters thereafter. Although the high demand and peak sales period has passed, the Company still recorded some stable sales from these products. The Group will continue to look for business opportunities in order to increase the revenue and profit of existing products and will try to expand its business by introducing new products.

The Chinese government has committed to realise carbon peak in 2030 and carbon neutrality by 2060. As a major energy consuming country, the fundamental key to achieve "double-carbon" target in the People's Republic of China ("PRC") is to change the development pattern of energy industry with utilisation of technology and innovation, acceleration in transformation to and substitution with clean energy and increase in energy efficiency so as to minimise the impact to the atmosphere and environment.

As an emerging energy corporation, the Group's corporate mission is to "Benefit People's Livelihood with Clean Energy and Technology and Innovation". We focus on the development of clean energy industrial chain and sensitively utilise frontier technology in order to explore and advance industrialisation in energy technology and to connect and integrate with quality projects and resources in the PRC and overseas, through which the Group could create massive synergy between capital, technology, business and operational management in order to revitalise the Group's energy business. Therefore, the Company will strive to establish its core competitiveness in the fields of new energy materials, energy saving and environmental protection and digital technologies for energy safety, and develop into an technological energy corporation with prominent influence and reputation within the industry.

On 10 October 2021, the Company, Yantai Yindu Industry Co., Ltd.* (煙臺銀都實業有限公司) ("Yantai Yindu") and Shandong Pan-Asia International Energy Distribution Center Co., Ltd.* (山東環亞國際能源集散中心有限公司) ("Shandong Pan-Asia") entered into a non-legally binding strategic cooperation framework agreement (the "Framework Agreement"). Pursuant to the Framework Agreement, Yantai Yindu proposes to sell, and the Company or its designated subsidiary proposes to acquire 51% equity interests in Shandong Pan-Asia, which shall result in the investment in (1) the equity interest in Yantai Xigang liquefied natural gas ("LNG") receiving terminal, as well as obtaining its access rights and operation and management rights; and (2) the equity interest in the LNG gas pipelines, as well as obtaining their access rights and operation and management rights, both of which are invested by Shandong Pan-Asia. After the completion of acquisition of 51% equity interests in Shandong Pan-Asia, the Company intends to develop and operate LNG import and trading business domestically and internationally where appropriate, and downstream sales and marketing in the PRC through Shandong Pan-Asia or its subsidiaries. For details, please refer to the announcement of the Company dated 10 October 2021.

On 6 November 2021, the Company entered into a non-legally binding cooperation framework agreement (the "Cooperation Framework Agreement") with Shendianneng Technology Group Co., Ltd. (深電能科技集團有限公司) ("Shendianneng Technology") in relation to possible business cooperation. Pursuant to the Cooperation Framework Agreement, Shendianneng Technology may refer projects related to electrochemical energy storage power plants to the Company for consideration of investment. If the investment in the projects related to electrochemical energy storage power plants are approved by the Company, the Group may invest in such projects and be entitled to the title and the revenue generated by such projects. The Company may also give priority consideration in engaging Shendianneng Technology for the design and construction of the electrochemical energy storage power plants on same terms offered by other parties. Upon the completion of construction of the electrochemical energy storage power plants, the Company may engage Shendianneng Technology in managing the operations of such plants. The Board is of the view that the entering into of the Cooperation Framework Agreement enables the Company to further develop and expand its business in electrochemical energy storage power plants by leveraging on the experience and expertise in electricity retailing of Shendianneng Technology and it complements the business strategy of the Group in establishing its core competitiveness in the fields of new energy materials, energy saving and environmental protection and digital technologies for energy safety, and develop into an technological energy corporation with prominent influence and reputation within the industry. For details, please refer to the announcement of the Company dated 8 November 2021.

On 9 December 2021, Baineng Energy (Beijing) Co., Limited* (百能能源(北京)有限公司) ("Baineng Beijing"), a wholly owned subsidiary of the Company, entered into a non-legally binding strategic cooperation agreement (the "Strategic Cooperation Agreement") with Beijing Kerui New Energy Technology Development Co., Limited* (北京科銳新能源科技發展有限公司) ("Kerui New Energy") in relation to possible business cooperation. Pursuant to the Strategic Cooperation Agreement, Baineng Beijing and Kerui New Energy may utilise their respective resources, information and expertise to jointly engage in the pre-development preparation work of energy storage projects, including conducting research on energy storage markets, selection of potential customers, conducting research on energy consumption patterns of target customers, optimisation of energy storage technology and equipment solutions, computation of financial models and planning and designing comprehensive energy solutions. During the course of cooperation, Baineng Beijing and Kerui New Energy may explore their respective business opportunities and identify investment opportunities in potential energy projects. The parties may enter into separate agreements in relation to project execution of such business or investment opportunities following market practice. For details, please refer to the announcement of the Company dated 9 December 2021.

On 22 June 2022, Baineng Energy (Shenzhen) Co., Limited* (佰能能源(深圳)有限公司) ("Baineng Energy Shenzhen"), a wholly owned subsidiary of the Company, and Tianjin Zhongzhi Xinshi Entrepreneurial Service Partnership Enterprise (Limited Partnership)* 天津眾智信實創業服務合夥企業(有限合夥) (the "Joint Venture Partner") entered into the joint venture agreement (the "Joint Venture Agreement") pursuant to which Baineng Energy Shenzhen and the Joint Venture Partner agreed to establish a joint venture company to conduct the research and development, production and sales of aerogel products in the PRC. Pursuant to the terms of the Joint Venture Agreement, the registered capital of the joint venture company shall be RMB25,000,000 (equivalent to approximately HK$29,250,000). Baineng Energy Shenzhen will contribute RMB15,000,000 (equivalent to approximately HK$17,550,000) in cash towards the registered capital of the joint venture company. The joint venture company will be owned as to 60% by Baineng Energy Shenzhen and will be consolidated in the financial statements of the Company upon its establishment. For details, please refer to the announcement of the Company dated 22 June 2022.

The Group shall continue to seek further opportunities to further develop the energy business by way of investment in or acquisition of companies currently engaging in the energy business or submitting tenders or quotations for energy projects. The Directors believe that such strategy will enable to Group to capitalise on its experience and strengthen its position in its energy business to achieve a sustainable growth and maximize returns to the shareholders of the Company (the "Shareholders").

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS

In the audited report of the Company for the year ended 31 March 2022, the Company's auditors issued qualified opinion in the following matter, please refer to the auditor's report for full explanation:

OPENING BALANCES AND CORRESPONDING FIGURES

The auditors issued qualified opinion in respect of the Group's opening balances and correspondence figures due to the disclaimed audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2021. It will be removed for the year ending 31 March 2023.

EMPLOYEES' REMUNERATION POLICY

As at 31 March 2022, the Group employed 114 (2021: 115) full-time employees in Mainland China and Hong Kong combined. The employees' remuneration policy of the Group is regularly reviewed and determined by reference to market terms, the Group's financial performance as well as the individual's academic and professional qualifications and work performance. Staff benefits include Mandatory Provident Fund contributions for Hong Kong employees and contributions to central pension schemes operated by local municipal governments for mainland-based employees. The Group provides various training programmes to equip its staff with requisite skills and knowledge. In addition, a share option scheme is offered to recognise significant staff contributions. During the Financial Year, no share options (2021: Nil) were issued to eligible participants under the Company's share option scheme. Total staff costs, inclusive of Directors' remuneration, for the Financial Year amounted to approximately HK$19.2 million (2021: approximately HK$10.9 million).

DIVIDENDS

The Board resolved not to recommend any dividend for the year ended 31 March 2022 (2021: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2022, the aggregate carrying value of the Group's indebtedness was approximately HK$41.6 million (2021: approximately HK$143.6 million), which comprised bank borrowing and other loan. The indebtedness was denominated in Hong Kong dollars. As at 31 March 2022, the Group maintained bank and cash balances of approximately HK$15.3 million (2021: approximately HK$11.8 million).

As at 31 March 2022, the Group's gearing ratio was approximately 26.0% (2021: 105.3%). This ratio is calculated as net debt divided by total assets. Net debts is defined as total debts (includes promissory notes payable, borrowings and convertible notes) less bank balances and cash. Total assets comprises both current assets and non-current assets.

In order to ensure that the Company has sufficient authorised but unissued share capital for allotment and issue of 1,900,099,090 subscription shares under the subscriptions, 90,251,650 conversion shares under the convertible bonds subscriptions and 253,346,545 creditors shares under the Creditors' Schemes, as well as to accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, the Company proposed to increase the authorised share capital of the Company from HK$8,000,000 divided into 2,000,000,000 shares to HK$40,000,000 divided into 10,000,000,000 shares by the creation of an additional 8,000,000,000 new shares (the "Increase in Authorised Share Capital"), which shall rank pari passu with the existing shares in all respects upon issue. the Increase in Authorised Share Capital has been approved at the extraordinary general meeting held on 22 June 2021. Accordingly, the authorised share capital of the Company has been increased to HK$40,000,000 divided into 10,000,000,000 Shares with effect upon passing of the resolution on 22 June 2021.

SECURITIES IN ISSUE

During the Financial Year,

(1) on 25 June 2021, an aggregate of 1,900,099,090 subscription shares were allotted and issued by the Company to the subscribers in accordance with the terms of the subscription agreement; and

(2) on 25 June 2021, pursuant to the Creditors' Schemes, 253,346,545 creditors' shares were allotted and issued by the Company to the scheme administrators or a scheme company or such other nominee(s) for distribution to the creditors subject to adjudication.

Save as disclosed above, there was no change in the issued share capital of the Company during the Financial Year.

EXPOSURE TO FOREIGN EXCHANGE RISK

As the Group operates principally in Hong Kong and the PRC, its exposure to foreign currency risk is minimal as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the group entities. In this respect, the only risk it is faced arose from exposures mainly to the renminbi ("RMB") and the United States dollar ("US$"). These risks were mitigated as the Group held HK$, US$ and RMB bank accounts to finance transactions denominated in these currencies respectively. The Group has no foreign currency hedging policy for foreign currency transactions, assets and liabilities. During the Financial Year, the Group did not use any financial instruments for hedging purposes. The Group will continue to monitor its exposure to foreign exchange risks and will consider hedging such exposure, should such a risk arises.

PLEDGE OF ASSETS

The pledge of assets of the Group as at 31 March 2022 are set out in note 34 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND DISPOSALS

The Group had no significant investments and disposals, nor has it made any material acquisition or disposal of the Group's subsidiaries or affiliated companies during the Financial Year.

COMMITMENTS

The Group's commitments as at 31 March 2022 are set out in note 18 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2022 (2021: Nil).

SEGMENT INFORMATION

Details of the segment information are set out in note 9 to the consolidated financial statements.

REPORT OF THE DIRECTORS

The Directors submitted their report together with the audited consolidated financial statements of the Group for the Financial Year.

BUSINESS REVIEW

For details of the business, please refer to the Management Discussion and Analysis section of this report.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries of the Company and their activities are set out in note 38 to the consolidated financial statements.

An analysis of the Group's performance for the Financial Year by operating segment is set out in note 9 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results and financial position of the Group for the Financial Year are set out in the Group's consolidated financial statements on pages 69 to 150 of this annual report.

The Directors do not recommend the payment of dividend for the Financial Year.

DIVIDEND POLICY

The Company adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, as dividends to the Shareholders. The Board adopted the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company does not have any pre-determined dividend distribution ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the provisions of the articles of association of the Company ("Articles of Association") and all applicable laws and regulations and the factors set out below.

The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of the Shareholders, any restrictions on payment of dividends, and any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the various factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend, and any distribution of profits that the Board may deem appropriate. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

SHARE CAPITAL

Details of the Company's share capital are set out in note 30 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 73 and note 37 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the Financial Year are set out in note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company did not have reserves available for distribution (2021: did not have reserves available for distribution).

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2022 are set out in note 38 to the consolidated financial statements.

EQUITY LINKED AGREEMENTS

SHARE OPTIONS GRANTED TO AND EXERCISED BY DIRECTORS, SELECTED EMPLOYEES AND CONSULTANTS

Details of the share options are set out in note 31 of the consolidated financial statements and "Share Option Scheme" section contained in this Directors' Report.

During the Financial Year, no share options have been exercised and no share options have been granted.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company, or the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to Shareholders.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Financial Year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 151 and page 152 of the Report.

SHARE OPTION SCHEME

SHARE OPTION SCHEME 2011

The Company has a share option scheme (the "Scheme 2011") which was adopted pursuant to a resolution of the sole Shareholder passed on 27 April 2011. The purpose of the Scheme 2011 was to attract, retain and motivate talented Participants (as defined below), to strive for future developments and expansion of the Group. The Scheme 2011 should be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Group attained through their efforts and contributions. The Scheme 2011 became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Scheme 2011. The Scheme 2011 expired on 26 April 2021.

SHARE OPTION SCHEME 2021

The Company has adopted a share option scheme (the "Scheme 2021") pursuant to a resolution of the Shareholders passed on 29 September 2021. The purpose of the Scheme 2021 is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, advisors and consultants of the Group and to promote the success of the business of the Group.

The Scheme 2021 became effective on 29 September 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of the adoption of the Scheme 2021. The remaining life of the Scheme 2021 is approximately 9 years.

The Participants include any director, employee, advisor and consultant of the Company or any subsidiary of the Company, who, in the absolute discretion of the Board, has contributed or may contribute to the Group so as to promote the success of the business of the Group. During the Financial Period, no share option was granted under the Scheme 2021.

As at the date of the Report, the total number of the shares of the Company available for issue under the Scheme 2021 and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue of the Company on the day on which trading of the Shares commenced on the Stock Exchange, i.e. 253,346,545 representing 10% of the issued share capital of the Company as at the date of the approval on the refreshment of 10% limit of annual general meeting on 29 September 2021.

The maximum number of Shares issued and to be issued upon exercise of the Options granted and to be granted pursuant to the Scheme 2021 and any other share option schemes of the Group to each Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options must not exceed 1%. of the total number of Shares in issue.

Any grant of share options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates and such Option which if exercised in full, would result in the shares of the Company issued and to be issued upon exercise of all Options already granted and to be granted pursuant to the Scheme 2021 and other share option schemes of the Company (including option exercised and outstanding) to such Participant in the 12-month period up to and including the date of grant being proposed by the Board (the "Relevant Date"): (i) representing in aggregate more than 0.1% of the total number of shares of the Company in issue at the Relevant Date; and (ii) having an aggregate value, based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the Relevant Date, in excess of HK$5,000,000, are subject to the shareholders' approval in the general meeting.

Unless otherwise determined by the directors of the Company and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme 2021 for the holding of an option before it can be exercised.

The offer of a grant of share options may be accepted within 10 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the conditional adoption of the Scheme 2021 by the sole Shareholder subject to the provisions for early termination under the Scheme 2021.

The subscription price for the Shares under the Scheme 2021 shall be a price determined by the Board at its absolute discretion and shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of the share of the Company on the date of the offer for the grant.

The following table discloses movements of the Company's share options during the years ended 31 March 2022:

Grantee	Date of grant	Exercise price (Note 2)	Exercise period of share options	Outstanding as at 1 April 2021 (Note 1)	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31 March 2022	Market value per share immediately before the date of grant of options (Note 2)	Weighted average closing price per share immediately before the date of exercise of options	Approximate % of the Company's total issued share capital as at 31 March 2022
Ex-executive Directors:											
Hui Sai Ha	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,500,000	–	–	(3,500,000)	–	HK$0.36	–	–
Rong Changjun	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,000,000	–	–	–	3,000,000	HK$0.36	–	0.12%
Yuan Beisheng	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,500,000	–	–	–	3,500,000	HK$0.36	–	0.14%
Zhang Wenrong	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	3,000,000	–	–	–	3,000,000	HK$0.36	–	0.12%
Other Categories:											
Consultants	10 October 2013	HK$7.82	10 October 2013 – 9 October 2023	1,375,000	–	–	–	1,375,000	HK$7.6	–	0.05%
	13 January 2014	HK$6.28	13 January 2014 – 12 January 2024	2,750,000	–	–	–	2,750,000	HK$6.16	–	0.11%
	14 July 2014	HK$5.12	14 July 2014 – 13 July 2024	3,850,000	–	–	–	3,850,000	HK$5.2	–	0.15%
	21 August 2014	HK$4.52	21 August 2014 – 20 August 2024	1,375,000	–	–	–	1,375,000	HK$4.8	–	0.05%
	16 February 2015	HK$3.28	16 February 2015 – 15 February 2025	2,179,350	–	–	–	2,179,350	HK$3.4	–	0.09%
	17 March 2015	HK$3.68	17 March 2015 – 16 March 2025	3,121,200	–	–	–	3,121,200	HK$3.52	–	0.12%
	11 April 2018	HK$1.04	11 April 2018 – 10 April 2021	2,112,500	–	–	(2,112,500)	–	HK$0.92	–	–
	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	11,000,000	–	–	–	11,000,000	HK$0.36	–	0.43%
Employees	11 April 2018	HK$1.04	11 April 2018 – 10 April 2021	8,450,000	–	–	(8,450,000)	–	HK$0.92	–	–
	16 April 2019	HK$0.36	16 April 2019 – 15 April 2022	4,100,000	–	–	(300,000)	3,800,000	HK$0.36	–	0.15%

Note:

1. Save for the share options granted on 16 April 2019, the number of underlying shares comprised in outstanding share options has been adjusted as a result of the share subdivision and/or the share consolidation becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.

2. Save for the share options granted on 16 April 2019, the exercise price and the market value per share immediately before the date of grant of options of the outstanding share options is subject to adjustment of the share subdivision and/or the share consolidation becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.

All the share options vested immediately on the date of grant and there is no vesting period.

Apart from the aforesaid, at no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and substantial shareholders or any of their close associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS OF THE COMPANY

The Directors of the Company during the Financial Year and up to the date of the Report were:

EXECUTIVE DIRECTORS

Mr. Cheung Yip Sang *(chief executive officer)*	*(appointed on 4 October 2021)*
Mr. Sun Jiusheng *(vice chairman)*	*(appointed on 4 August 2021)*
Mr. Ma Shenyuan *(group president)*	*(appointed on 4 October 2021)*
Mr. Li Dewen *(group senior vice president)*	*(appointed on 4 October 2021)*
Mr. Yeung Shing Wai	
Mr. Rong Changjun *(vice chairman)*	*(passed away on 3 June 2021)*
Mr. Zhang Wenrong *(chief executive officer)*	*(retired on 29 September 2021)*
Mr. Yuan Beisheng	*(retired on 29 September 2021)*
Mr. Chen Tian Gang	*(resigned on 4 August 2021)*
Mr. Li Shu Wang	*(retired on 29 September 2021)*
Mr. Zhang Shao Wu	*(retired on 29 September 2021)*

NON-EXECUTIVE DIRECTOR

Mr. Leung Wing Cheong Eric *(chairman)*	*(appointed on 4 August 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Haw Kuang	*(appointed on 4 August 2021)*
Mr. Lui Ho Ming Paul	*(appointed on 4 August 2021)*
Mr. Chu Kin Ming	
Mr. Chiam Tat Yiu	*(resigned on 4 August 2021)*
Mr. Chan Wai Cheung Admiral	*(resigned on 4 August 2021)*
Mr. Cha Ho Wa	*(retired on 29 September 2021)*

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service agreements with the executive Director, namely Mr. Sun Jiusheng, and the non-executive Director, namely Mr. Leung Wing Cheong Eric, on 4 August 2021; and each of the executive Directors, namely Mr. Cheung Yip Sang, Mr. Ma Shenyuan and Mr. Li Dewen, on 4 October 2021. The terms and conditions of each of such service agreements are similar in all material respects with a term of three years commencing from the respective date of their service agreements, which may be terminated by either of the above respective parties by giving to the other party not less than one month's prior notice in writing.

Mr. Yeung Shing Wai, Mr. Chen Tian Gang (who resigned on 4 August 2021), Mr. Li Shu Wang (who retired on 29 September 2021), and Mr. Zhang Shao Wu (who retired on 29 September 2021), the executive Directors, entered into service agreements with the Company on 16 February 2020, 5 March 2020, 9 March 2020 and 9 March 2020 respectively for a term of three years commencing from the respective date of their service agreements, which may be terminated by the Company or the relevant executive Director giving to the other not less than one month's prior notice in writing.

Mr. Rong Changjun (who passed away on 3 June 2021), Mr. Zhang Wenrong (who retired on 29 September 2021) and Mr. Yuan Beisheng (who retired on 29 September 2021), the executive Directors, entered into service agreements with the Company for a term of three years commencing from 1 December 2014, 23 October 2018 and 22 November 2018 respectively and shall continue thereafter on a three yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Lim Haw Kuang and Mr. Lui Ho Ming Paul, the INEDs, entered into letter of appointment with the Company under which Mr. Lim and Mr. Lui are appointed for an initial term of three years commencing from 4 August 2021 and shall continue thereafter on a yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Chu Kin Ming, Mr. Chiam Tat Yiu (who resigned on 4 August 2021) and Mr. Cha Ho Wa (who retired on 29 September 2021), the INEDs, entered into a letter of appointment with the Company under which Mr. Chu, Mr. Chiam and Mr. Cha are appointed for an initial term of two years commencing from 16 February 2020, 16 February 2020 and 7 December 2020 respectively and shall continue thereafter on a yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Chan Wai Cheung Admiral (who resigned on 4 August 2021), the INED, entered into letter of appointment with the Company under which Mr. Chan is appointed for an initial term of two years commencing from 5 March 2020 and shall continue thereafter on a yearly basis until termination by either party by giving to the other party one month's notice in writing.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

None of the Directors, including those to be re-elected at the annual general meeting to be held in 2022, has a service contract or letter of appointment with the Company which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS ' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Financial Year or at any time during the Financial Year.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to note 14 to the consolidated financial statements for details of the emoluments of the Directors and the five highest paid individuals of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are as follows:

EXECUTIVE DIRECTORS

Mr. Sun Jiusheng ("Mr. Sun"), aged 29, was appointed as an executive Director and the vice chairman of the board of the Company on 4 August 2021. Mr. Sun also serves as director of certain subsidiaries of the Company. He has over 5 years of experience and in-depth research and practical experience in the areas of energy technology investment, energy engineering construction project, energy equipment manufacturing, energy trade and transportation, international energy project operation, international energy transactions, and energy logistics, storage, and terminal sales. He has participated in many large-scale projects such as West-East Gas Transmission Project and Shaanxi-Beijing Fourth-Line Gas Transmission Project. He has led the realization of in-depth cooperation with national scientific research institutions in the field of energy technology, and served as chairman of a number of energy technology and energy security companies. Mr. Sun is a director of the China Association of Port-Of-Entry and a member of China Society of Logistics.

Mr. Yeung Shing Wai ("Mr. Yeung"), aged 36, was appointed as an executive Director on 16 February 2020. He has over 10 years of working experience in power and data cord industry. He was an executive Director from November 2010 to December 2014. Afterwards, he was engaged in private investments in various industries. He is currently an executive director of On Real International Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8245). His father is so currently the director and legal representative of certain subsidiaries of the Group.

Mr. Cheung Yip Sang ("Mr. Cheung"), aged 55, was appointed as an executive Director and the chief executive officer of the Company on 4 October 2021. Mr. Cheung also serves as director of certain subsidiaries of the Company. He has over 20 years of experience in the energy sector. He graduated from the China People's Police University (formerly known as The Chinese People's Armed Police Force Academy) in 1990 with a Bachelor's Degree in Legal Studies and received an Executive Master of Business Administration from the Peking University in 2006. He has extensive experience in corporate governance and the market integration in the public utilities sector. He also has wide exposure in the research and development of the gas industry. He was the chief executive officer (from March 2010 to March 2014), vice chairman (from March 2014 to March 2020) and an executive director (from April 2002 to March 2010 and from March 2020 to May 2020) of ENN Energy Holdings Limited ("ENN"), a company listed on the Stock Exchange (stock code: 2688). He was a non-executive director of Shanghai Dazhong Public Utilities (Group) Co., Ltd., a company listed on the Stock Exchange (stock code: 1635), from May 2017 to June 2020. Mr. Cheung was ranked number one and number two among the best chief executive officers ("CEOs") in Oil and Gas sector in Asia by Institutional Investor in 2014 and 2013 respectively. Mr. Cheung was ranked number one among the best CEOs in Oil and Gas sector in listed companies in China by Forbes in 2013. Mr. Cheung is the spouse of Ms. Zhou Jing who is the substantial shareholder of the Company pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Mr. Li Dewen ("Mr. Li"), aged 48, was appointed as an executive Director and the group senior vice president of the Company on 4 October 2021. He obtained a associate degree in foreign languages from China University of Petroleum, a bachelor's degree in law from Sun Yat-sen University and a master's degree in law from East China University of Political Science and Law. Mr. Li also holds a Chinese practicing lawyer qualification certificate issued by the Ministry of Justice of the People's Republic of China. Mr. Li served as the deputy dean of the Shanghai Research Institute of Xi'an Jiaotong University and the director of the International Exchange and Cooperation Center of China Eco-Agri Industry Technology Innovation Strategic Alliances. Mr. Li currently serves as the chief representative of China Region of The Israel-China Life Science Alliances, Mandate for China Region to The Israel Minister of Agriculture/ARO and a director of Golden Sky Energy Group.

Mr. Ma Shenyuan ("Mr. Ma"), aged 60, was appointed as an executive Director and the group president of the Company on 4 October 2021. Mr. Ma also serves as director of certain subsidiaries of the Company. He has long been engaged in business development and administrative management in the field of oil and gas, and has extensive experience in the energy field. He obtained a bachelor degree on applied chemistry in the refining department from East China Petroleum Institute in 1982 and from the Research Institute of Petrochemical Science in 1987 with a master's degree in engineering. He has held important positions in various Chinese government departments and companies, including the National Development and Reform Commission, the National Petroleum and Chemical Industry Bureau, and served as the general manager of Shell (China) Limited's gas business development in Greater China from 2007 to 2014. He served as the vice president of ENN and its subsidiaries (the "ENN Group") from July 2014 to January 2017, the senior vice president of ENN, a company listed on the Stock Exchange (stock code: 2688), from February 2017 to November 2017, the senior vice president of the ENN Group and the president of ENN Energy Trading Company Limited from December 2017 to January 2019 and the executive president of China Pacific Oil & Gas Co., Ltd. from 2019 to 2020. He is currently an independent consultant and also the deputy secretary general of China Industrial Gases Industry Association Liquefied Natural Gas Branch.

NON-EXECUTIVE DIRECTOR

Mr. Leung Wing Cheong Eric ("Mr. Leung"), aged 61, was appointed as a non-executive Director and the chairman of the Board on 4 August 2021. Mr. Leung also serves as director of certain subsidiaries of the Company. He is currently the chief executive officer of Asia International School Limited ("AISL"), which is a group of companies licensed to run the Harrow education in Asia. Mr. Leung oversees the general operations and business development of the AISL Group, and is a governor of the Harrow International Schools in Bangkok, Beijing, Hong Kong and Shanghai. Prior to joining the Harrow family of schools in Asia in May 2016, Mr. Leung was the chief executive officer and an executive director of Carnival Group International Holdings Limited, a company listed on the Stock Exchange (Stock Code: 996), from 2014 to 2016. He was the deputy managing director, an executive director and the chief financial officer of China Gas Holdings Limited, a company listed on the Stock Exchange (Stock Code: 384), from 2005 to 2014. Prior to that, Mr. Leung worked in investment banks for 13 years. He had served the investment banks including Lehman Brothers, Jardine Fleming, Barclays Capital, Prudential Securities and UFJ Securities. Mr. Leung is a lawyer by training, and is qualified to practise law in Hong Kong, England & Wales and Australia. He holds bachelor degrees from the University of Hong Kong and University of London, and a master degree from the Chinese University of Hong Kong. He had previously served law firms including Baker & McKenzie and Linklaters.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Ming ("Mr. Chu"), aged 41, was appointed as an independent non-executive Director, the chairman of each of the audit committee of the Company (the "AC") and the nomination committee of the Company (the "NC") and a member of the remuneration committee of the Company (the "RC") on 16 February 2020. He holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University. He is currently the independent non-executive director of SK Target Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8427), Kelfred Holdings Limited, a company listed on the Stock Exchange (stock code: 1134), Optima Automobile Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8418) and Milestone Builder Holdings Limited, a company listed on the Stock Exchange (stock code: 1667). Mr. Chu has approximately 20 years of experiences in the field of auditing, accounting, management and company secretarial matters. He is currently the company secretary of Sino-Life Group Limited ("Sino-Life"), a company listed on GEM of the Stock Exchange (stock code: 8296) and OCI International Holdings Limited, a company listed on the Stock Exchange (stock code: 329). Mr. Chu has worked as senior management in various Hong Kong listed companies and as auditor in international audit firms. Mr. Chu is a fellow member of The Association of Chartered Certified Accountants. He is also a member of The Hong Kong Institute of Certified Public Accountants, The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). Mr. Chu has extensive experiences in the field of accounting and financial management.

Mr. Lim Haw Kuang ("Mr. Lim"), aged 68, was appointed as an independent non-executive Director, the chairman of the RC and a member of each of the AC and NC on 4 August 2021. He is currently the technical adviser to the Sabah State Government of Malaysia since January 2022, the chairman of the executive committee of SMJ Petroleum Sdn Bhd (The Sabah state oil and gas company) since January 2022 and an executive director of Ranhill Holdings Berhad, a company listed on the Malaysia Stock Exchange (MYX stock code: 5272) since September 2014. He was a director of Bank Negara Malaysia (Central Bank of Malaysia) from March 2015 to February 2022 and an independent non-executive director of Jinxin Fertility Group Limited, a company listed on the Stock Exchange (Stock Code: 1951) from June 2019 to August 2021. Prior to that, from March 2013 to March 2014 and from March 2014 to April 2016, he was an independent non-executive director and a non-executive director of ENN Energy Holdings Limited, a company listed on the Stock Exchange (Stock Code: 2688). From March 2013 to February 2016, he was a non-executive director of BG Group Plc. He was an independent non-executive director and a senior independent non-executive director of Sime Darby Berhad, a company listed on the Malaysia Stock Exchange (MYX stock code: 4197) from August 2010 to November 2017 and from December 2017 to November 2019, respectively. Prior to that, Mr. Lim worked at Royal Dutch Shell Plc ("Shell") for 34 years. During his tenure, Mr. Lim held various director and senior management positions in Shell including the executive chairman of Shell (China) Ltd. from July 2005 to February 2013, the vice president of corporate planning and strategy for Shell, the president of oil products in Asia Pacific and Middle East regions, the chairman of Shell Malaysia Limited, as well as a managing director of Shell Malaysia Exploration & Production. From 2012 to 2016, Mr. Lim was an international council member of China Council for International Cooperation on Environment and Development. Since June 2019, Mr. Lim has been a non-executive director of Wison Group, a company based in Shanghai with international operations under three main business units: oil and gas engineering services, offshore and marine services, and new materials. Mr. Lim graduated with a bachelor's degree in computer science from Imperial College of Science and Technology of University of London in August 1978. He also obtained a master's degree in business administration from International Management Institute in Geneva in 1986. Mr. Lim is an honorary citizen of Texas and Houston of the United States.

Mr. Lui Ho Ming Paul ("Mr. Lui"), aged 56, was appointed as an independent non-executive Director and a member of each of the AC, NC and RC on 4 October 2021. He is currently an independent non-executive director of Justin Allen Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1425). He was a responsible officer in advising on corporate finance of Asian Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO from April 2020 to August 2021. He has over 18 years of experience in corporate finance industry. Mr. Lui graduated from Macquarie University in April 1993 with a master of economics and Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in December 2007 by distance learning with a master's degree in electronic commerce.

COMPANY SECRETARY

Mr. Chu Chun Ming ("Mr. Chu"), aged 43, was appointed as the company secretary of the Company on 4 August 2021. Mr. Chu joined the Group as chief financial officer since August 2020. He also serves as director of certain subsidiaries of the Company. He has over 15 years of experience in financial management, company secretary, auditing, internal audit and corporate governance. He was the company secretary and the authorized representative of Enterprise Development Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1808) from May 2017 to August 2018. He holds a Bachelor degree of Commerce from University of New South Wales, Australia. Mr. Chu is a member of The Hong Kong Institute of Certified Public Accountants and CPA Australia.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were 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 are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY UNDER EQUITY DERIVATIVES AND THE SHARES OF ASSOCIATED CORPORATION

			Interests in the Shares		Interests in the underlying Shares under equity derivatives	
Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of shareholding	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company *(Note 3)*
Mr. Leung Wing Cheong Eric *(Note 1)*	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%
Mr. Cheung Yip Sang *(Note 2)*	Interest of spouse	Spouse interest	1,881,329,090	74.26%	116,851,649	4.61%
Mr. Sun Jiusheng *(Note 1)*	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%

Note 1: In accordance with the SFO, BAINENG Holdings Limited ("BAINENG") has total interest in 1,998,180,739 Shares, of which 92,312,803 Shares relate to the derivative interests of completion of subscription of convertible bonds of the Company on 25 June 2021 (the "CB Subscription"), 380,250,809 Shares are held by other parties acting in concert and 24,538,846 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. BAINENG, the associated corporation of the Company, is beneficially owned as to 33.40% by Mr. Sun Jiusheng, 29.68% by Ms. Zhou Jing, 26.31% by Mr. Zhang Chao and 10.61% by Mr. Leung Wing Cheung Eric. Mr. Leung Wing Cheung Eric and Mr. Sun Jiusheng directly hold 114,423 shares and 360,000 shares of BAINENG respectively. By virtue of the SFO, Mr. Leung Wing Cheung Eric and Mr. Sun Jiusheng are deemed to be interested in the Shares and the underlying shares of the Company (the "Underlying Shares") which BAINENG has interest in.

Note 2: Mr. Cheung Yip Sang is the spouse of Ms. Zhou Jing. BAINENG, the associated corporation of the Company, is beneficially owned as to 29.68% by Ms. Zhou Jing who directly holds 320,000 shares of BAINENG. By virtue of the SFO, Mr. Cheung Yip Sang is deemed to be interested in the Shares and the Underlying Shares of the Company which BAINENG has interest in.

Note 3: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2022, so far as is known to the Directors or chief executives of the Company, the persons or companies (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY UNDER EQUITY DERIVATIVES

			Interests in the Shares		Interests in the underlying Shares under equity derivatives	
Name of shareholder	Capacity	Nature of interest	Number of Shares held	Approximate percentage of shareholding	Number of Underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company *(Note 5)*
(a) BAINENG *(Note 1)*	Beneficial owner	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%
Mr. Sun Jiusheng *(Note 1)*	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%
Ms. Zhou Jing *(Note 1)*	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%
Mr. Zhang Chao *(Note 1)*	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%
Mr. Leung Wing Cheong Eric *(Note 1)*	Interest of controlled corporation	Corporate interest	1,501,078,281	59.25%	92,312,803	3.64%
	Interest held jointly with another parties	Corporate interest	380,250,809	15.01%	24,538,846	0.97%

Name of shareholder	Capacity	Nature of interest	Interests in the Shares: Number of Shares held	Interests in the Shares: Approximate percentage of shareholding	Interests in the underlying Shares under equity derivatives: Number of Underlying Shares (under equity derivatives of the Company)	Interests in the underlying Shares under equity derivatives: Approximate percentage of the issued share capital of the Company *(Note 5)*
(b) Richmax Investment (H.K.) Limited ("Richmax Investment") *(Note 2)*	Beneficial owner	Corporate interest	326,247,014	12.88%	20,063,428	0.79%
	Interest held jointly with another parties	Corporate interest	1,555,082,076	61.38%	96,788,221	3.82%
Mr. Chu David *(Note 2)*	Interest of controlled corporation and interest of spouse	Corporate interest and spouse interest	326,247,014	12.88%	20,063,428	0.79%
	Interest held jointly with another parties	Corporate interest	1,555,082,076	61.38%	96,788,221	3.82%
Ms. Tsang Siu Lan *(Note 2)*	Interest of controlled corporation and interest of spouse	Corporate interest and spouse interest	326,247,014	12.88%	20,063,428	0.79%
	Interest held jointly with another parties	Corporate interest	1,555,082,076	61.38%	96,788,221	3.82%
Mr. Cheung Yuen Chau *(Note 2)*	Interest of controlled corporation	Corporate interest	326,247,014	12.88%	20,063,428	0.79%
	Interest held jointly with another parties	Corporate interest	1,555,082,076	61.38%	96,788,221	3.82%
Ms. Ip Tsang Katherine Man Tung *(Note 2)*	Interest of controlled corporation	Corporate interest	326,247,014	12.88%	20,063,428	0.79%
	Interest held jointly with another parties	Corporate interest	1,555,082,076	61.38%	96,788,221	3.82%
(c) New Origins International Limited ("New Origins") *(Note 3)*	Beneficial owner	Corporate interest	54,003,795	2.13%	4,475,418	0.18%
	Interest held jointly with another parties	Corporate interest	1,827,325,295	72.13%	112,376,231	4.44%
Ms. To Sau Man *(Note 3)*	Interest of controlled corporation	Corporate interest	54,003,795	2.13%	4,475,418	0.18%
	Interest held jointly with another parties	Corporate interest	1,827,325,295	72.13%	112,376,231	4.44%

Name of shareholder	Capacity	Nature of interest	Interests in the Shares: Number of Shares held	Interests in the Shares: Approximate percentage of shareholding	Interests in the underlying Shares under equity derivatives: Number of Underlying Shares (under equity derivatives of the Company)	Interests in the underlying Shares under equity derivatives: Approximate percentage of the issued share capital of the Company *(Note 5)*
(d) Grand Strong Investment Limited ("Grand Strong") *(Note 4)*	Beneficial owner	Corporate interest	198,256,986	7.83%	N/A	N/A
Ms. So Kit Yee Anita *(Note 4)*	Interest of controlled corporation	Corporate interest	198,256,986	7.83%	N/A	N/A
Mr. Chan King Wai Leonard *(Note 4)*	Interest of controlled corporation	Corporate interest	198,256,986	7.83%	N/A	N/A

Note 1: In accordance with the SFO, BAINENG has total interest in 1,998,180,739 Shares, of which 92,312,803 Shares relate to the derivative interests of the CB Subscription, 380,250,809 Shares are held by other parties acting in concert and 24,538,846 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. BAINENG is beneficially owned as to 33.40% by Mr. Sun Jiusheng, 29.68% by Ms. Zhou Jing, 26.31% by Mr. Zhang Chao and 10.61% by Mr. Leung Wing Cheong Eric. By virtue of the SFO, Mr. Sun Jiusheng, Ms. Zhou Jing, Mr. Zhang Chao and Mr. Leung Wing Cheung Eric are deemed to be interested in the Shares and the Underlying Shares which BAINENG has interest in.

Note 2: In accordance with the SFO, Richmax Investment has total interest in 1,998,180,739 Shares, of which 20,063,428 Shares relate to the derivative interests of the CB Subscription, 1,555,082,076 Shares are held by other parties acting in concert and 96,788,221 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. Richmax Investment is beneficially owned as to 46.67% by Mr. Chu David, 40% by Mr. Cheung Yuen Chau, 6.67% by Ms. Tsang Siu Lan and 6.66% by Ms. Ip Tsang Katherine Man Tung. Ms. Tsang Siu Lan is the spouse of Mr. Chu David. By virtue of the SFO, Mr. Chu David, Mr. Cheung Yuen Chau, Ms. Tsang Siu Lan and Ms. Ip Tsang Katherine Man Tung are deemed to be interested in the Shares and the Underlying Shares which Richmax Investment has interest in.

Note 3: In accordance with the SFO, New Origins has total interest in 1,998,180,739 Shares, of which 4,475,418 Shares relate to the derivative interests of the CB Subscription, 1,827,325,295 Shares are held by other parties acting in concert and 112,376,231 Shares relate to the derivative interests of other parties acting in concert in the CB Subscription. New Origins is beneficially wholly-owned by Ms. To Sau Man. By virtue of the SFO, Ms. To Sau Man is deemed to be interested in the Shares and the Underlying Shares which New Origins has interest in.

Note 4: Grand Strong is beneficially owned as to 50% by Ms. So Kit Yee Anita and 50% by Mr. Chan King Wai Leonard. By virtue of the SFO, Ms. So Kit Yee Anita and Mr. Chan King Wai Leonard are deemed to be interested in the Shares which Grand Strong has interest in.

Note 5: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

MANAGEMENT CONTRACT

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 Financial Year.

CHARITABLE DONATIONS

During the Financial Year, the Group made no charitable donations (2021: Nil).

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's total purchases and sales attributable to the Group's major suppliers and customers respectively during the Financial Year is as follows:

	Approximate percentage of the Group's total
Purchases	
— the largest supplier	16%
— five largest suppliers in aggregate	51%
Sales	
— the largest customer	46%
— five largest customers in aggregate	95%

None of the Directors, their close associates (as defined in GEM Listing Rules) or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest suppliers or customers.

RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in the consolidated financial statements, none of these related party transactions is a connected transaction that needed to be disclosed the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of the Report, the Directors believe that the number of securities of the Company which are on the hands of the public is above the relevant prescribed minimum percentage under the GEM Listing Rules.

COMPETING BUSINESS

Neither of the Directors and the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Financial Year.

EMOLUMENTS POLICY

The emolument policy for the employee of the Group is set up by the management on the basis of their merit, qualifications and competence.

Under the emolument policy, some Directors are provided with long term incentive scheme, including but not limited to share options. The basis of determining the emolument payable to Directors is subject to the decision of the Remuneration Committee of the Company.

The emoluments of the Directors for the Financial Year are decided by the Board, having regard to the Group's operating results, their duties and responsibilities of the Group, individual performance and comparable market statistics, and have been reviewed by the Remuneration Committee of the Company during the Financial Year.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 41 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the Financial Year and up to the date of this Directors' Report, there was or is, any permitted indemnity provisions being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

MATERIAL LEGAL PROCEEDINGS

On 26 April 2019, the Company received a petition ("HK Petition") from Glory Sun Securities Limited, formerly known as China Goldjoy Securities Limited ("HK Petitioner") filed in the High Count of the Hong Kong that the Company may be wound up by the High Court on the ground that the Company is insolvent and unable to pay its debts. The HK Petition was filed against the Company for failure to settle an indebted sum of HK$23,654,900.30, plus further daily interest of HK$20,726.03, in total being the alleged outstanding amount owed by the Company to the HK Petitioner.

On 22 October 2019, the Company filed a winding up petition at Grand Court of the Cayman Islands under section 94 of the Cayman Companies Law and the Cayman Court. On 5 November 2019, the Cayman Court ordered that 3 persons be appointed as the Joint Provisional Liquidators ("JPLs") of the Company with the power to act jointly and severally. The JPLs were authorised to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement pursuant to section 86 of the Cayman Companies law.

On 6 December 2019, the Company received a sealed court order dated 4 December 2019 of the Cayman Court in which it was ordered that the Cayman Court would issue the letter of request to the HK High Court for its assistance in the provisional liquidation of the Company. In particular, the Cayman Court had requested the HK High Court to make, among others, the following orders, including (i) the appointment of the JPLs for restructuring purposes be recognised by the HK High Court; (ii) the JPLs have and may exercise such powers as are available to them under the court order dated 5 November 2019 made by the Cayman Court to the fullest extent permitted by the laws of Hong Kong (details disclosed in the Company's announcement dated 6 December 2019); and (iii) the HK Petition shall be adjourned in order to allow time for the Company to restructure its indebtedness.

On 30 January 2020, the Company received a notice of hearing dated 29 January 2020 in relation to the Cayman Petition, which would be held on 31 July 2020. On 3 August 2020, the Company received a notice from Cayman Court in which the Cayman Petition was adjourned to be heard on 18 February 2021.

On 22 May 2020, the Company received a sealed court order from the HK High Court in which it was ordered that, among others, including (i) the JPLs be recognised by the HK High Court; (ii) the JPLs to develop and propose a restructuring of the Company's indebtedness in a manner designed to allow the Company to continue as a going concern, with a view to making a compromise or arrangement with the Company's creditors, including (without limitation) a compromise or arrangement by way of a scheme of arrangement and (iii) the JPLs to monitor, oversee and supervise the Board in its management of the Company with a view to developing and proposing any compromise or arrangement with the Company's creditors, and any corporate and/or capital reorganisation of the Company and its subsidiaries (including but not limited to any share subscription and placement of shares in the Company and its subsidiaries) (details disclosed in the Company's announcement dated 22 May 2020). Hearing of the HK Petition was adjourned on 24 August 2020 and was further adjourned to 19 March 2021.

On 15 February 2021, the Company received a sealed court order dated 15 February 2021 in relation to the Company's written application to the Grand Court of the Cayman Islands to seek an adjournment of the Cayman Petition. As set out in the court order, the Grand Court of the Cayman Islands has ordered that, among others, the Cayman Petition is adjourned to be heard on the earliest available date after 30 June 2021. The Company has been informed by the Cayman Court that the hearing of the Cayman Petition is now set to take place at the Grand Court of the Cayman Islands on 6 July 2021.

On 9 April 2021, the Company has been informed that the Convening Hearing in respect of the Cayman Scheme will be heard before the Cayman Court on 20 April 2021 and that the Convening Hearing in respect of the Hong Kong Scheme will be heard before the Hong Kong Court on 22 April 2021.

On 21 May 2021, the Cayman Court sanctioned the Cayman Scheme by order. In the same court order, the Cayman Court also approved the requested modification of Clause 69 of the Cayman Scheme which entails that the reference in Clause 69 to Clause 67 has been deleted.

On 26 May 2021. The Hong Kong Court sanctioned the Hong Kong Scheme at the hearing. In the court order, the Hong Kong Court also approved the requested modification of Clause 69 of the Hong Kong Scheme which entails that, in Clause 69 of the Scheme, the reference to Clauses 67 or 68 be replaced with Clause 68. The Hong Kong Petition was dismissed by the Hong Kong Court at the hearing.

On 27 May 2021, the Company received a sealed and filed order of the Cayman Court, the Cayman Petition against the Company was withdrawn. In the court order, the Provisional Liquidators were also discharged and released as Provisional Liquidators of the Company. There is no longer any winding up petition against the Company and the appointment of liquidators (provisional or not) has been discharged.

AUDITOR

The consolidated financial statements for the year ended 31 March 2022 were audited by HLM CPA Limited ("HLM"). A resolution to re-appoint HLM as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Leung Wing Cheong Eric
Director

Hong Kong, 23 June 2022

CORPORATE GOVERNANCE REPORT

Corporate governance provides the framework within which the board forms their decisions and build their businesses. The Company is committed to achieving good corporate governance and focusing on creating long-term sustainable growth for its shareholders and delivering long-term values to all of its shareholders. An effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities, to safeguard the interests of its shareholders and enhance its corporate value.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules. The Company adopted all the code provisions in the CG Code as its own code on corporate governance practices.

During the Financial Year, the Company complied with the code provisions as set out in the CG Code with the exception of the code provisions A.1.8 and A.6.7. Details of such deviation is explained below.

BOARD OF DIRECTORS

RESPONSIBILITIES OF DIRECTORS

The Company is governed by the Board, which is responsible for overseeing the overall strategy, policies and development of the Group, as well as continuously monitoring and improving the internal control and risk management systems of the Group; approving and monitoring the strategic plans, investment and funding decisions; and evaluating the financial and operational performance of the Group. The Group's day-to-day operations and administration are overseen by the executive Directors and the management.

The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders' value. The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group.

The executive Directors are responsible for evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue growth of the Company. The management is responsible for implementing the business strategies formulated by the executive directors.

The independent non-executive Directors (the "INED") serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings and board committees meetings. The participation of the INED in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all the shareholders of the Company have been duly considered.

The Board is also responsible for determining the appropriate corporate governance practices applicable to the Company's circumstances and ensuring systems, processes and procedures in place to achieve the Company's corporate governance objectives; reviewing and monitoring the training and continuous professional development of Directors and senior management and the Company's policies, practices and guidelines on compliance with legal and regulatory requirements; and etc. The Board may discharge its corporate governance duties by establishment of board committees and delegation of certain management and administration functions to the management. During the Financial Year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal control systems of the Group.

DELEGATION BY THE BOARD

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board adopted a set of guidelines on matters that require its approval to achieve a clear division of the responsibilities of the Board and the management. Matters requiring the Board's approval include, among others, review of overall policies and objectives for corporate contributions and approval of corporate plan of the Company and any significant changes thereto, investment plans which would involve significant commitments of financial, technological or human resources, or would involve significant risks for the Company, significant sales, transfers, or other dispositions of property or assets, significant changes in policies of broad application, major organizational changes, approval of annual reports, and review of interim and quarterly financial and operating results, other matters relating to the Company's business which in the judgment of the management are of such significance as to merit the Board's consideration, and adoption of such policies and the taking of such other actions as the Board deems to be in the best interests of the Company.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management of the Company. Some functions including the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of annual, interim and quarterly results, declaration of interim dividends and proposal of final dividends and other disclosures to the public or regulators are reserved by the Board for consideration and approval. Matters not specifically reserved to the Board and necessary for the daily management and operation of the Company are delegated to the executive Directors and the management of the Company.

BOARD COMPOSITION

The Board currently comprises five executive Directors, namely Mr. Cheung Yip Sang (chief executive officer (the "CEO")), Mr. Sun Jiusheng (vice chairman), Mr. Ma Shenyuan (group president), Mr. Li Dewen (group senior vice president) and Mr. Yeung Shing Wai; one non-executive Director, namely Mr. Leung Wing Cheong Eric (chairman); and three INEDs, namely Mr. Lim Haw Kuang, Mr. Lui Ho Ming Paul and Mr. Chu Kin Ming.

The attendance records of the Directors for the Board, Board committees and general meetings of the Company for the Financial Year are as follows:

	No. of meetings attended/No. of meetings held				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meetings
Executive Director					
Mr. Cheung Yip Sang *(CEO)* *(appointed on 4 October 2021)*	6/7	N/A	N/A	N/A	N/A
Mr. Sun Jiusheng *(vice chairman)* *(appointed on 4 August 2021)*	11/11	N/A	N/A	N/A	1/1
Mr. Ma Shenyuan *(group president)* *(appointed on 4 October 2021)*	6/7	N/A	N/A	N/A	N/A
Mr. Li Dewen *(group senior vice president)* *(appointed on 4 October 2021)*	5/7	N/A	N/A	N/A	N/A
Mr. Yeung Shing Wai	17/18	N/A	N/A	N/A	2/3
Mr. Rong Changjun *(vice chairman)* *(passed away on 3 June 2021)*	0/3	N/A	N/A	N/A	0/1
Mr. Zhang Wenrong *(CEO)* *(retired on 29 September 2021)*	0/10	N/A	N/A	N/A	0/3
Mr. Yuan Beisheng *(retired on 29 September 2021)*	1/10	N/A	N/A	N/A	1/3
Mr. Chen Tian Gang *(resigned on 4 August 2021)*	4/7	N/A	N/A	N/A	1/2
Mr. Li Shu Wang *(retired on 29 September 2021)*	7/10	N/A	N/A	N/A	0/3
Mr. Zhang Shao Wu *(retired on 29 September 2021)*	4/10	N/A	N/A	N/A	0/3
Non-Executive Director					
Mr. Leung Wing Cheong Eric *(chairman)* *(appointed on 4 August 2021)*	11/11	N/A	N/A	N/A	1/1
Independent Non-Executive Director					
Mr. Lim Haw Kuang *(appointed on 4 August 2021)*	10/11	3/3	1/1	1/1	1/1
Mr. Lui Ho Ming Paul *(appointed on 4 August 2021)*	11/11	3/3	1/1	1/1	1/1
Mr. Chu Kin Ming	17/18	4/4	3/3	3/3	3/3
Mr. Chiam Tat Yiu *(resigned on 4 August 2021)*	6/7	1/1	2/2	1/2	2/2
Mr. Chan Wai Cheung Admiral *(resigned on 4 August 2021)*	5/7	1/1	1/2	1/2	2/2
Mr. Cha Ho Wa *(retired on 29 September 2021)*	8/10	N/A	2/2	2/2	2/3

In compliance with the GEM Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive and non-executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company received annual confirmation of independence under rule 5.09 of the GEM Listing Rules from each of the INEDs and believes that their independence is in compliance with the GEM Listing Rules.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Directors are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting of the Company pursuant to the Articles of Association.

Mr. Leung Wing Cheong Eric, the non-executive Director, entered into service agreement for his appointment with the Company for a term of three years commencing from 4 August 2021 and shall continue thereafter on a three yearly basis until termination by either party by giving to the other party one month's notice in writing.

Mr. Lim Haw Kuang and Mr. Lui Ho Ming Paul, the INEDs, entered into letter of appointment with the Company under which Mr. Lim and Mr. Lui are appointed for an initial term of three years commencing from 4 August 2021 and shall continue thereafter on a yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Chu Kin Ming, Mr. Chiam Tat Yiu (who resigned on 4 August 2021) and Mr. Cha Ho Wa (who retired on 29 September 2021), the INEDs, entered into letter of appointment with the Company under which Mr. Chu, Mr. Chiam and Mr. Cha are appointed for an initial term of two years commencing from 16 February 2020, 16 February 2020 and 7 December 2020 respectively and shall continue thereafter on a yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Chan Wai Cheung Admiral (who resigned on 4 August 2021), the INED, entered into letter of appointment with the Company under which Mr. Chan is appointed for an initial term of two years commencing from 5 March 2020 and shall continue thereafter on a yearly basis until termination by either party by giving to the other party one month's notice in writing.

Under the code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. Due to the suspension of trading of the shares of the Company (the "Shares") on the Stock Exchange since 2 July 2019, the Company was unable to extend the insurance cover which was expired on 31 March 2020 and source a new insurance cover. Since 23 September 2021, the Company has arranged appropriate insurance covering the Directors' liabilities in respect of legal action against the Directors.

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Cha Ho Wa (who retired on 29 September 2021) did not attend the annual general meeting of the Company held on 29 September 2021 due to his other business commitments.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the Financial Year, according to the records provided by the Directors, the participation by each Director in the continuous professional development ("CPD") was recorded as follows:

DIRECTORS		Types of training
EXECUTIVE DIRECTOR		
Mr. Cheung Yip Sang *(CEO)*	*(appointed on 4 October 2021)*	B
Mr. Sun Jiusheng *(vice chairman)*	*(appointed on 4 August 2021)*	B
Mr. Ma Shenyuan *(group president)*	*(appointed on 4 October 2021)*	B
Mr. Li Dewen *(group senior vice president)*	*(appointed on 4 October 2021)*	B
Mr. Yeung Shing Wai		B
Mr. Rong Changjun *(vice chairman)*	*(passed away on 3 June 2021)*	B
Mr. Zhang Wenrong *(CEO)*	*(retired on 29 September 2021)*	B
Mr. Yuan Beisheng	*(retired on 29 September 2021)*	B
Mr. Chen Tian Gang	*(resigned on 4 August 2021)*	B
Mr. Li Shu Wang	*(retired on 29 September 2021)*	B
Mr. Zhang Shao Wu	*(retired on 29 September 2021)*	B
NON-EXECUTIVE DIRECTOR		
Mr. Leung Wing Cheong Eric *(chairman)*	*(appointed on 4 August 2021)*	B
INDEPENDENT NON-EXECUTIVE DIRECTOR		
Mr. Lim Haw Kuang	*(appointed on 4 August 2021)*	B
Mr. Lui Ho Ming Paul	*(appointed on 4 August 2021)*	A and B
Mr. Chu Kin Ming		A and B
Mr. Chiam Tat Yiu	*(resigned on 4 August 2021)*	B
Mr. Chan Wai Cheung Admiral	*(resigned on 4 August 2021)*	A and B
Mr. Cha Ho Wa	*(retired on 29 September 2021)*	B

Note: A — Attending seminars/conferences/forums
B — Reading journals/updates/articles/materials

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development and increasing diversity at the Board level as an essential element, the Company adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity of the Board in supporting the attainment of its strategic objectives and its sustainable development.

In addressing the Board's composition, board diversity had been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board 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. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The NC will monitor the implementation of the Board Diversity Policy; review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy; discuss any revisions that may be required; and recommend any such revisions to the Board for consideration and approval.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standards of Dealings") as its code of conduct regarding securities transactions by Directors and by relevant employees of the Company. Having made specific enquiry with all Directors, the Directors (except Mr. Rong Changjun passed away on 3 June 2021) confirmed that they had complied with the Required Standards of Dealings and its code of conduct regarding the Directors' securities transactions during the Financial Year. The Company is not aware of any non-compliance with the Required Standards of Dealings during the Financial Year.

REMUNERATION COMMITTEE

The Company established a remuneration committee on April 2011 with written terms of reference in compliance with the CG Code of the GEM Listing Rules. The RC comprised INEDs, namely Mr. Lim Haw Kuang (who was appointed on 4 August 2021), Mr. Lui Ho Ming Paul (who was appointed on 4 August 2021), Mr. Chu Kin Ming, Mr. Chan Wai Cheung Admiral (who resigned on 4 August 2021), Mr. Chiam Tat Yiu (who was the chairman of the remuneration committee until his resignation on 4 August 2021) and Mr. Cha Ho Wa (who retired on 29 September 2021). The committee is chaired by Mr. Lim Haw Kuang.

The primary duties of the RC are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; review and approve the management's remuneration proposals and make recommendations to the Board on the remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibilities with the Company, the Company's performance and current market situation. The RC adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

During the Financial Year, the RC reviewed the Group's remuneration policy and structure; and reviewed the remuneration packages of the Directors of the Company.

Details of the Directors' emoluments and five highest paid individuals during the Financial Year are set out in note 14 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company established a nomination committee on April 2011 with written terms of reference in compliance with the CG Code of the GEM Listing Rules. The NC comprised INEDs, namely Mr. Chu Kin Ming, Mr. Lim Haw Kuang (who was appointed on 4 August 2021), Mr. Lui Ho Ming Paul (who was appointed on 4 August 2021), Mr. Chan Wai Cheung Admiral (who resigned on 4 August 2021), Mr. Chiam Tat Yiu (who resigned on 4 August 2021) and Mr. Cha Ho Wa (who retired on 29 September 2021). The committee is chaired by Mr. Chu Kin Ming.

The primary duties of the NC are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, assess the independence of INEDs and make recommendations to the Board on the appointment or re-appointment of Directors.

The NC is to identify and evaluate a candidate for nomination to the Board for appointment or the shareholders of the Company for election, as a Director. The NC shall consider a number of factors in making nominations, including but not limited to the following:

— Skills and experience: The candidate should possess the skills, knowledge and experience which are relevant to the operations of the Company and its subsidiaries;

— Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board Diversity Policy and the balance of skills and experience in the Board composition;

— Commitment: The candidate should be able to devote sufficient time to attend board meetings and participate in induction, trainings and other board associated activities. In particular, if the proposed candidate will be nominated as an INED and will be holding his/her seventh (or more) listed company directorship, the NC should consider the reason given by the candidate for being able to devote sufficient time to the Board;

— Standing: The candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director; and

— Independence: The candidate to be nominated as an INED must satisfy the independence criteria set out in the GEM Listing Rules.

If the NC determines that an additional or replacement Director is required, the NC may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The NC may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board. On making recommendation, the NC may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as Director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting of the Company.

Mr. Sun Jiusheng, the executive Director; and Mr. Cheung Yip Sang, Mr. Ma Shenyuan and Mr. Li Dewen, the executive Directors, entered into service agreements with the Company for a term of three years commencing from 4 August 2021 and 4 October 2021 respectively and shall continue thereafter on a three yearly basis until termination by either party by giving to the other party one month's notice in writing.

Mr. Yeung Shing Wai, Mr. Chen Tian Gang (who resigned on 4 August 2021), Mr. Li Shu Wang (who retired on 29 September 2021), and Mr. Zhang Shao Wu (who retired on 29 September 2021), the executive Directors, entered into service agreements with the Company on 16 February 2020, 5 March 2020, 9 March 2020 and 9 March 2020 respectively for a term of three years commencing from the respective date of their service agreements, which may be terminated by the Company or the relevant executive Director giving to the other not less than one month's prior notice in writing.

Mr. Rong Changjun (who passed away on 3 June 2021), Mr. Zhang Wenrong (who retired on 29 September 2021) and Mr. Yuan Beisheng (who retired on 29 September 2021), the executive Directors, entered into service agreements with the Company for a term of three years commencing from 1 December 2014, 23 October 2018 and 22 November 2018 respectively and shall continue thereafter on a three yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Leung Wing Cheong Eric, the non-executive Director, entered into service agreement for his appointment with the Company for a term of three years commencing from 4 August 2021 and shall continue thereafter on a three yearly basis until termination by either party by giving to the other party one month's notice in writing.

Mr. Lim Haw Kuang and Mr. Lui Ho Ming Paul, the INEDs, entered into letter of appointment with the Company under which Mr. Lim and Mr. Lui are appointed for an initial term of three years commencing from 4 August 2021 and shall continue thereafter on a yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Chu Kin Ming, Mr. Chiam Tat Yiu (who resigned on 4 August 2021) and Mr. Cha Ho Wa (who retired on 29 September 2021), the INEDs, entered into letter of appointment with the Company under which Mr. Chu, Mr. Chiam and Mr. Cha are appointed for an initial term of two years commencing from 16 February 2020, 16 February 2020 and 7 December 2020 respectively and shall continue thereafter on a yearly basis until termination by either party by giving to the other party three months' notice in writing.

Mr. Chan Wai Cheung Admiral (who resigned on 4 August 2021), the INED, entered into letter of appointment with the Company under which Mr. Chan is appointed for an initial term of two years commencing from 5 March 2020 and shall continue thereafter on a yearly basis until termination by either party by giving to the other party one month's notice in writing.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to Articles 84(1)-(2) of the Articles of Association, at each annual general meeting 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 provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the shareholders of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

During the Financial Year, the NC reviewed the structure, size and composition of the Board; assessed the independence of the INEDs; and made recommendations to the Board on the appointment of the Directors.

AUDIT COMMITTEE

The Company established an audit committee on April 2011 with written terms of reference in compliance with the GEM Listing Rules. The AC comprised INEDs, namely Mr. Chu Kin Ming, Mr. Lim Haw Kuang (who was appointed on 4 August 2021), Mr. Lui Ho Ming Paul (who was appointed on 4 August 2021), Mr. Chan Wai Cheung Admiral (who resigned on 4 August 2021) and Mr. Chiam Tat Yiu (who resigned on 4 August 2021). The committee is chaired by Mr. Chu Kin Ming.

The primary duties of the AC are to review the risk management and internal control systems and the financial information, including accounting policies and practices and financial reporting of the Company; the financial statements and reports of the Group; and the terms of engagement and the scope of audit work of the auditor.

During the Financial Year, the AC reviewed the accounting principles and practices adopted by the Group with the management and the Company's auditor; and discussed auditing (including audit planning), internal control and financial reporting matters including the audited financial statements and unaudited interim and quarterly financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR AND THEIR REMUNERATION

The statement of the auditor of the Company about their reporting responsibilities on the Group's financial statements for the year ended 31 March 2022 is set out in the section "Independent Auditor's Report" of this report. During the Financial Year, remuneration paid and payable to the auditor of the Group are approximately HK$950,000 for annual audit fee and nil for non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is aiming to develop a sound and good risk management and internal control systems and build risk awareness and control responsibility into the Group. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness in order to safeguard the interests of the shareholders and the assets of the Company against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The key elements of the Company's risk management and internal control systems include keeping track of and documentation of identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness. An ongoing risk management approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievements of its objectives.

The Company has employed a bottom-up approach for identification, assessment and mitigation of risk at all business unit levels and across functional areas. During the process of risk assessment, the Board captures and identifies the key inherent risks that affect the achievements of its objectives by performing the followings:

- understanding organizational objectives and business processes;
- determining the risk appetite and establishing the risk assessment criteria;
- identifying the risks associated with achieving or not achieving the objectives and assessing the likelihood and potential impact of particular risks; and
- monitoring and evaluating the risks and the arrangements in place to address them.

The Board reviews the effectiveness of the risk management and internal control systems by considering factors including but not limited to the followings:

- the changes since the last annual review in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;

- the scope and quality of managements' monitoring of risk and of the internal control system, and where applicable, the work of its internal audit function and other third party consultants;

- the extent and frequency of the communication of the results of the monitoring to the Board or the audit committee;

- the incidence of significant control failings or weakness that has been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have a material impact on the Group's financial performance or condition; and

- the effectiveness of the Group's processes relating to financial reporting and the compliance of GEM Listing Rules given the Group's business and scale of operations.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures and internal controls of the Company for handling and dissemination of inside information includes conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the GEM Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding the inside information.

In order to adapt the most cost-effective method of conducting periodic review of the Group's internal controls, the Board engaged an independent consultant Elite Partners Risk Advisory Services Limited ("Elite Partners") to execute the internal control function. Elite Partners conducted an internal control review of the effectiveness of the Group's sales and receipts, purchase and payment, cash and treasury management and fixed assets management for the period from 1 April 2021 to 31 March 2022, according to the scope of review agreed and approved by the AC. Elite Partners responded to the AC and the AC was satisfied that the Company had addressed all deficiencies identified by Elite Partners. The AC reviews annually the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management systems and associated procedures and has access to information necessary to fulfill its duties and responsibilities with respect to risk assessment and management.

Risk management and internal control systems are reviewed on an annual basis. During the Financial Year, the Board reviewed the effectiveness of the Group's risk management and internal control systems. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness during the Financial Year.

COMPANY SECRETARY

The Company engaged Mr. Chan Tsang Mo, who is a director of Synergy Morton Corporate Services Limited, as its company secretary (the "Company Secretary") since 22 April 2020. Its primary corporate contact persons at the Company were Mr. Lai Wai Hing (from 22 April 2020 to 31 July 2020), the financial controller of the Company and Mr. Chu Chun Ming (from 1 August 2020 to 3 August 2021), the chief financial officer of the Company. Mr. Chan resigned as the Company Secretary with effect from 4 August 2021 and Mr. Chu Chun Ming was appointed as the Company Secretary with effect from 4 August 2021.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings of the Company. The Shareholder may request the Company to convene a general meeting of the Company according to the provisions of the Articles of Association. The written requisition should be signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong, specifying the Shareholders' contact details and the resolution intended to be put forward at general meeting.

For including a resolution to propose a person for election as a Director at general meeting of the Company, the Shareholders are requested to follow the Articles of Association. A written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven days and that the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting of the Company. The written notice must state that person's biographical details as required by rule 17.50(2) of the GEM Listing Rules.

The Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. The Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's principal place of business in Hong Kong at Suite 2303, 23/F., Prudential Tower, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

INVESTOR RELATIONS

The objective of the Shareholders' communication is to provide the Shareholders with information about the Company and enable them to engage actively with the Company and exercise their rights as the Shareholders in an informed manner. Effective and timely dissemination of information to the Shareholders shall be ensured at all times.

Information shall be communicated to the Shareholders mainly through the Company's financial reports (half-year, quarterly and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the corporate communication documents submitted to the Stock Exchange on the Company website and the Stock Exchange website. Information on the Company website (www.chinaoilgangrans.com) is updated on a regular basis.

During the Financial Year, special resolutions approving the proposed amendments to the Memorandum and Articles of Association of the Company were passed by the Shareholders at the annual general meeting of the Company held on 29 September 2021. The adoption of the second amended and restated Memorandum and Articles of Association of the Company which reflects the proposed change of company name by replacing all references to "China Oil Gangran Energy Group Holdings Limited 中油港燃能源集團控股有限公司" in the existing Memorandum and Articles of Association with "Century Energy International Holdings Limited 百能國際能源控股有限公司" became effective upon the proposed change of company name becoming effective.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Group is pleased to present this Environmental, Social and Governance ("ESG") Report (the "Report") to provide an overview of the Group's management of significant issues affecting the operation, and the policies, measures and performance of the Group in terms of environmental and social aspects.

This Report covers the principal business of the Group for the period from 1 April 2021 to 31 March 2022 (the "Reporting Period"), i.e., the business in relation to the manufacturing and sales of power cords and data cords in Hong Kong and the People's Republic of China ("PRC"), including the Hong Kong head office and Sun Fair Electric Wire & Cable (Shenzhen) Company Limited ("Sun Fair Shenzhen") in Shenzhen, Guangdong Province.

The determination of reporting scope is detailed in the below section headed "Stakeholder Engagement and Materiality Assessment". For corporate governance section, please refer to the Corporate Governance Report section in this annual report.

BASIS OF PREPARATION

This Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide in Appendix 20 to the GEM Listing Rules and has complied with the "comply or explain" provisions in the Listing Rules.

BOUNDARY SETTING

Setting a clear reporting boundary benefits the readers by providing a well-defined scope of quantitative information about the ESG performance of the Group. Considering the nature of the Group's business, this ESG Report covers the performance and management policies of major operations of the Group under an operational control approach which includes the Group's offices and plants in Hong Kong and the PRC.

ESG MISSION AND VISION

Climate change and other environmental and social issues have continued to become the centre of attention. Both the Hong Kong and PRC governments have launched various policies to promote corporate social responsibility and green business principle. As the Group pursues business development as well as stable and long-term return for shareholders, it undertakes corporate social responsibilities and incorporates the concept of sustainability in various operations. The Group seeks to operate in an environmentally and socially friendly manner and contributes to society with concrete actions. The board of directors are responsible for supervising the ESG strategy, policy and measures of the Group and is vested with the power to make final decisions. Our ESG initiatives are carried out by the management team, which ensures the effectiveness of ESG risk management and related internal control system, thereby driving our sustainable development.

FEEDBACK OF THIS REPORT AND CONTACT INFORMATION

This Report shall be published both in English and Chinese, should there be any discrepancy between the English and the Chinese versions, the English version shall prevail. We highly value the opinions from the relevant stakeholders, and welcome readers to contact us through the following contact methods. Your opinions will assist us to further improve this Report and enhance the overall ESG performance of the Group.

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Official website:	www.chinaoilgangrans.com

APPLICATION OF REPORTING PRINCIPLES

As the reporting principles underpin the preparation of the Report, the content of the Report has been determined, organised and presented under the principles of Materiality, Quantitative, Balance and Consistency.

Materiality — The Group made an objective and systematic materiality assessment that prioritised the issues affecting the operation, and the policies, measures and performance of the Group in terms of environmental and social aspects.

Quantitative — The application of the Quantitative reporting principles was primarily reflected under the Emissions and Use of Resources sections in this Report. The principle is applied by the Group to provide comparable key performance indicators to evaluate the purpose, impact and performance of the Group.

Balance — The Report incorporated both its outstanding performance in ESG management and areas which might require improvement to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the Report readers.

Consistency — The Report incorporated consistent reporting techniques and calculation methodologies so that the Report readers can rely on the preciseness of data. Any changes to the reporting techniques and calculation methodologies will be disclosed.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder engagement is essential to the Group — from communication with investors to everyday relationships with employees, customers and business partners — and is integral to the group's sustainability success. Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group build appropriate channels to engage with its stakeholders to develop mutually beneficial relationships, trying to identify stakeholders' expectations and concerns and to seek their views to promote sustainability in the marketplace, workplace, community and environment. These engagements help us learn about emerging sustainability topics, better inform our efforts, and help the Group to create value for our company and society.

The Group has identified key stakeholders that are important to our business and established various channels for communications. The following table provides an overview of the Group's key stakeholders, and their possible ways of communication.

Stakeholders	Communication channel
Shareholders	• General meetings • Company's announcements • Email and telephone communications • Company's website
Business partners	• Meetings • Email and telephone communications
Customers	• Customer hotlines • Suggestion box • Email and telephone communications
Employees	• Meetings • Email and telephone communications
The Public	• Company's announcements • Company's website

Materiality of ESG issues may be said to be "in the eye of the beholder" when it comes to sustainability, responsibility, ethical, and citizenship initiatives, disclosure and reporting. Not all ESG issues are relevant to all organizations, and understanding the material sustainability issues for the Group is critical to having a successful and strategic program. Materiality is an important cornerstone of an effective corporate sustainability process — and a key characteristic of the ESG framework. Determining the materiality of sustainability issues is a vital step in identifying risks and available opportunities to be addressed by the Group.

The Group have adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators ("KPI") are reported in this Report according to the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules.

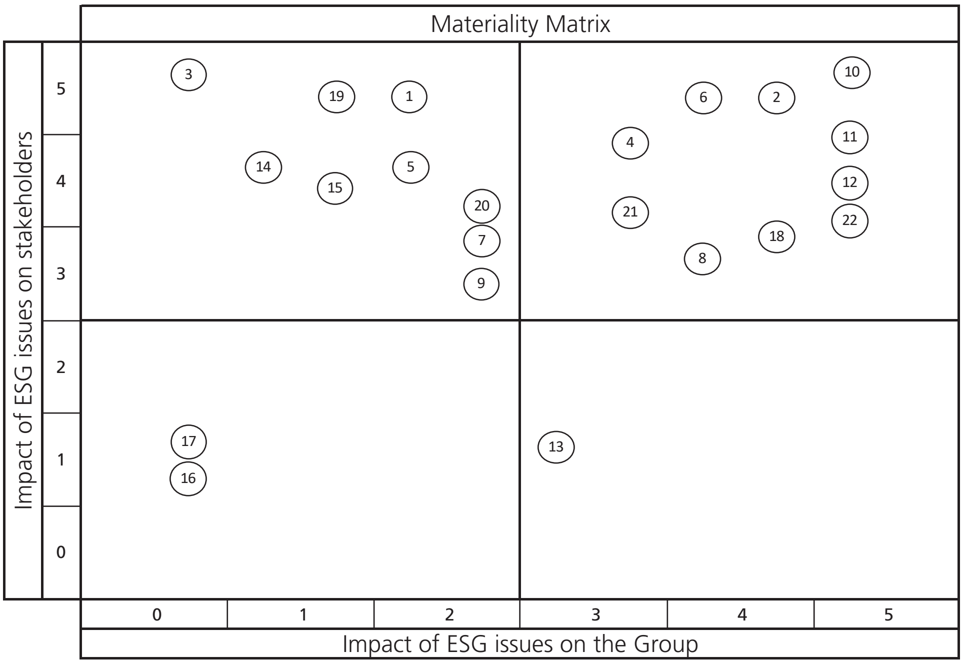
The Group have evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identifying relevant ESG areas — Relevant ESG areas were identified through the review of the Group's business and relevant industry benchmark.

Step 2: Materiality and Prioritization — Materiality of each ESG aspect was determined based on the importance of each ESG aspects to the Group and to the relevant stakeholders.

Step 3: Validation — Based on internal discussion and discussion with key stakeholders, the Group ensured all material ESG aspects were reported and in compliance with the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules.

The result of the materiality assessment of ESG issues is displayed in the following materiality matrix.



1. Safety and quality of products and services
2. Customer satisfaction
3. Customers' privacy and confidentiality
4. Effluents management
5. Waste management
6. Staff occupational health and safety
7. Water efficiency
8. Energy efficiency
9. Land use, pollution and restoration
10. Environmental compliance
11. Air emissions
12. Greenhouse gas emissions
13. Staff development and training
14. Anti-corruption training
15. Business ethics
16. Contributions to the society
17. Communication and connection with local community
18. Environmental friendliness on products and service purchased
19. Intellectual property
20. Diversity and equal opportunities
21. Anti-discrimination
22. Climate change

We determine the extent of disclosure in this Report according to the importance of the issues to the business and the stakeholders.

ENVIRONMENTAL

The major business of the Group did not have any significant adverse effect on the environment. In spite of this, the Group is committed to the sustainability strategy and puts in place a stringent management system to reduce energy consumption and emission in all production and operation activities with best efforts. The Group provides regulatory guidelines to staff on environmental protection, resources conservation and waste reduction, while encouraging recycling and environmentally-friendly office practices to raise employees' green awareness. The management monitors all resources consumption to promote production efficiency and energy saving.

ASPECT A1: EMISSIONS

The Group strives to comply with all environmental protection laws and regulations, including the "Environmental Protection Law of the People's Republic of China"; "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution"; "Law of the People's Republic of China on Prevention and Control of Water Pollution"; and "Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution". During the Reporting Period, the Group has not identified any breach of environmental protection related laws and regulations.

The Group's operation did not produce significant emissions of solid wastes, sewage, hazardous wastes and noise. Air emissions, Greenhouse gas ("GHG") emissions and non-hazardous wastes produced during the Reporting Period are set out below.

AIR EMISSIONS

Air pollution have an adverse impact on environment and human health so that it is essential to control the level of emission. During the Reporting Period, the Group's main sources of air emissions are the combustion of fuels for transportation. The Group will keep monitoring the use of vehicles internally and formulate relevant guidelines. During the Reporting Period, air emissions are as follows:

Air emissions*	**Unit**	**2022**	2021
Nitrogen oxides	Kg	**27.2**	23.4
Sulphur oxides	Kg	**0.1**	0.1
Particular matters	Kg	**2.6**	2.2

* The calculation method of the corresponding air emissions and the emission factors used in the calculation are based on Appendix 20 of the GEM Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.

GREENHOUSE GAS ("GHG") EMISSIONS

It is widely accepted that climate change is unequivocally linked to the increasing concentrations of GHG in the atmosphere. During the Reporting Period, the Group's main sources of GHG emissions are the combustion of fuels for transportation and the electricity consumed for operations. The Group endeavours to reduce the carbon footprint by implementing various energy saving and emission reduction initiatives in daily operations, including the use of vehicles that outperform the national emission standards. It also carries out proper planning of the production and delivery schedule to coordinate all processes for maximum energy and time efficiency. It is our aim to promote low-carbon travel and reduce air emissions through the effective use of resources.

During the Reporting Period, the Group's Scope 1 GHG emission mainly came from consumption of gasoline for vehicles (mobile combustion source) and the Group's Scope 2 GHG emission mainly came from electricity consumption in operations.

The Group will keep monitoring the use of energy and formulate relevant guidelines in order to reduce GHG emission, such energy saving measures may include but not limited to proper planning of the production schedule and process improvement. The Group follows the low-carbon development goals of China's 14th Five-Year Plan, and targets to reduce the Group's greenhouse gas emissions by 5% by 2027 through the use of energy efficient fuels and fuel-saving vehicles whenever possible.

During the Reporting Period, the emission of GHG is as follows:

GHG emissions*	**Unit**	**2022**	2021
Scope 1	Tonne of CO_2e	**21**	18
Scope 2	Tonne of CO_2e	**1,140**	913
Scope 3	Tonne of CO_2e	**11**	8
Total	**Tonne of CO_2e**	**1,172**	940
Emission intensity	Tonne of CO_2e/million dollars of revenue	**20.7**	8.5

* The calculation method of the corresponding air emissions and the emission factors used in the calculation are based on Appendix 20 of the GEM Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.

NON-HAZARDOUS WASTES

The Group does not generate material hazardous waste in its operation. Non-hazardous wastes produced by the Group were mainly attributed to the paper of the discarded packaging materials and domestic wastes of office.

During the Reporting Period, non-hazardous wastes produced are as follows:

Non-hazardous wastes	**Unit**	**2022**	2021
Paper	Tonnes	**11.53**	11.53
Paper intensity	Tonnes/million dollars of revenue	**0.20**	0.10
Plastic	Tonne	**6.38**	6.38
Plastic intensity	Tonnes/million dollars of revenue	**0.10**	0.05

The Group targets to reduce its non-hazardous wastes by 5% by 2027 by implementing the 3R approach, "reduce, reuse and recycle", to minimize the wastes production. The relevant specific measures are as follows:

- e-platforms for paper-less operation, which encourages staff to print internal documents on both sides of paper whenever possible;
- Placing recycling boxes near photocopiers to collect single-sided paper for reuse as draft paper or printing of internal documents, so as to boost the rate of reuse; and
- Wastes are collected and processed by qualified waste recyclers in accordance with environmental regulations.

The Group was also promoting Green-Office idea in the workspace aimed to reduce other minor wastes. Such waste reduction measures in the office include stationery reuse and green pantry, which encourage employees to bring their own cups and lunch boxes in order to reduce the use of paper/plastic cups and lunch boxes.

ASPECT A2: USE OF RESOURCES

The Group aims to promote resource saving and implement suitable energy and water efficiency initiatives in order to improve the resources saving performance. The Group also motivates its employees to participate in resources conservation activities and encourages them to save energy and water.

The Group strives to comply with all relevant laws and regulations in relation to the Group's use of resources, including the "Energy Conservation Law of the People's Republic of China" and "Provisions on the Management of Water Conservation in Cities". During the Reporting Period, the Group has not identified any breach of related laws and regulations.

During the Reporting Period, the Group primarily consume electricity, gasoline and diesel and water. No other significant raw materials and energy were used by the Group during the Reporting Period.

ENERGY CONSUMPTION

The Group's main sources of energy consumption include electricity used in production and office spaces and gasoline and diesel for transportation. Notable increase in energy consumption intensity was mainly attributable to a significant drop in revenue in the Reporting Period while the natural resources required for regular business operation remained relatively constant by nature. During the Reporting Period, consumption of energy are as follows:

Natural resources	**Unit**	**2022**	2021
Electricity	kWh	**1,365,981**	1,094,889
Consumption intensity	kWh/million dollars of revenue	**24,134**	9,864
Gasoline and diesel	Litre	**7,610**	6,733
Consumption intensity	Litre/million dollars of revenue	**134**	61

The Group targets to reduce its electricity consumption by 5% by 2027 by implementing the following energy saving initiatives at the plants and offices in Hong Kong and the PRC:

- Turn off lights when not in use;
- Setting the air conditioners at an optimal temperature;
- Installation of lights with motion sensors;
- Replacing electrical appliances with energy-saving models;
- Replacing LED lightings instead of fluorescent lightings; and
- Placing notices of energy saving messages in suitable areas to educate employees.

WATER CONSUMPTION

The production and operation processes of the Group does not involve substantial water usage. Our water consumption is mainly for daily use and the Group did not face any problem in sourcing water that was fit for its purpose. During the Reporting Period, consumption of water resources are as follows:

Natural resources	**Unit**	**2022**	2021
Water	m^3	**11,367**	8,739
Water intensity	m^3/million dollars of revenue	**201**	79

The Group has established the water separation system and recycling program for the production lines at plants to reduce water consumption. Water conservation signs are placed conspicuous places in the workplace to raise staff's awareness. Water consumption of the Group during the Reporting Period increased by around 30% due to the Group underwent more frequent cleaning and disinfection in its business premises amid in response to COVID-19. The Group targets to reduce its water consumption by 5% by 2027 through by implementing the following practices:

- Apply advanced technology to strengthen water recycling;
- Educate employees on the importance of water conservation;
- Perform proper maintenance of water taps, pipelines and tanks; and
- Consider the installation of water economizer.

PACKAGING MATERIAL

In view of the Group's business nature, there was no significant raw material or packaging material used in operation.

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

The Group is not aware of any significant impacts of activities on the environment and natural resources during the Reporting Period.

The Group pays close attention to any possible impact of its business operation on the environment and natural resources. Thus, it not only follows national environmental regulations and international standards, but also adopts green management practices and encourages staff participation in environmental protection. To achieve green operation, a multi-pronged approach is adopted to raise staff awareness, formulate green policies, implement environmental initiatives and optimise monitoring on an ongoing basis. The Group also regularly assesses the possible environmental impact of its business activities to identify potential environmental risks.

A limited amount of hazardous substances is used by the Group in manufacturing power cords and data cords, which include PVC, heavy metals and halogen compounds. With the view of reducing the risk, the Group adopts strict production procedures and minimizes the use of such materials in the products. All of the Group's products for export are designed to meet international quality standards and they have passed the Restriction of Hazardous Substances (RoHs), REACH, Waste Electrical and Electronic Equipment (WEEE) and other environmental tests which ensure that they are in line with various standards.

ASPECT A4: CLIMATE CHANGE

Climate change is one of the most crucial issues of the past decade. The Group has been closely monitoring the risk and capturing the opportunities from climate change. Investments will be allocated and prioritised to address the main climate related risk, which will enable our Group to smoothly transition and thrive in a low-carbon economy. The Group identified that the following climate risks might have a potential impact on the Group's business:

PHYSICAL RISK

Acute physical risk may arise from climate change, which are event-driven and includes, but not limited to, storms, floods, and fire. These events may cause delay in, or even the suspension of the manufacturing and assembling processes related to the Group's power and data cords business.

To mitigate the relevant risks, the Group has established contingency measures that encompasses a variety of weather-related events to minimise the impact to its business operation brought on by climate-related risk. Moreover, we maintain comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions to reduce the financial loss suffered by the Group.

TRANSITION RISK

At the United Nations General Assembly in 2020, President Xi Jinping announced that the PRC will strive to achieve carbon neutrality by 2060. Attributed to such commitment, it is anticipated that more stringent policies and initiatives are likely to be implemented by the government to meet the net-zero carbon emission ambition, thus higher operating costs may be incurred by the Group to replace tools and equipment with models of higher efficiency to ensure future compliance with the regulations.

In addition to closely monitoring the carbon footprints of the Group's business operations and exploring alternative ways to reduce our impact on the environment, the Group continues to stay abreast of the latest policies and regulations relevant to climate change and environmental protection, and ensure its compliance with them to avoid non-compliance fines in order to safeguard the Group's operational and financial stability, as well as reputation.

SOCIAL

Social sustainability is perhaps the broadest area of the three elements in ESG and the hardest to assess due to a lack of agreed metrics to measures and so it is often-overlooked aspect of sustainability, as sustainable development discussions often focus on the environmental or economic aspects of sustainability. The Group believes that all three dimensions of sustainability must be addressed to attain the most sustainable outcome possible.

EMPLOYMENT AND LABOUR PRACTICES

ASPECT B1: EMPLOYMENT

The success of the Group relies on the continued support of its dedicated workforce, the most valuable asset for sustaining business. The Group respects and cares for our employees by creating a delightful and safe workplace, as well as providing training opportunities. The Group strives to maintain employee turnover rate at an acceptable level so as to facilitate accumulation of professional skills and experience. As at the end of the Reporting Period, the Group has a total number of 114 (2021: 115) full-time employees.

	Number of staff	Staff turnover rate
Gender		
Male	62	36%
Female	52	29%
Age Group		
18–30	8	120%
31–40	31	34%
41–50	46	20%
51 or above	29	29%
Geographical region		
PRC	96	35%
Hong Kong	16	22%
Other Asian countries	2	0%
Employee categories		
Senior management	10	69%
Middle management	8	0%
General staff	96	32%

During the Reporting Period, the Group has not identified any significant breach of employment related laws and regulations, including the "Employment Ordinance (Cap. 57 of the Laws of Hong Kong)"; "Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)"; "Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)"; "Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)"; "Labour Law of the People's Republic of China"; "Law of the People's Republic of China on Promotion of Employment"; "Social Insurance Law of the People's Republic of China"; and "Labour Contract Law of the People's Republic of China".

Remuneration and benefits

We recognize the importance of staff's contribution and cooperation in achieving business success, therefore we strive to develop a comprehensive staff motivation mechanism to attract and retain high-calibre talents who share our vision. For example, we offer basic benefits as required by laws such as the "Five Insurances and One Fund", medical insurance, annual leave, sick leave and double pay for overtime work. In addition, we provide other fringe benefits as well, which include performance-based bonus, free lunch, travel allowance, transport allowance, study subsidy, overseas training, marriage leave and maternity leave. Staff remuneration is determined based on the job nature, qualification, experience and performance of individual employees. The Group also conducts market studies on the remuneration level in the industry. The management of the Group adjusts employees' wages with reference to the performance appraisal and market studies every January.

Promotion and development

The Group carries out staff performance reviews annually. Staff members who have attained remarkable achievements and made outstanding contribution will be recognized by means of material rewards, honours and promotion opportunities. We offer suitable vocational training, arrangements and career path to promising employees as well, so as to equip them for more responsibilities and facilitate the growth of both the Group and the employees.

Equal opportunity

The Group offers fair and excellent employment and promotion opportunities. Staff members are not discriminated against or deprived of such opportunities on the basis of gender, nationality, marital status, religious belief, disability, pregnancy or any other grounds prohibited under applicable laws.

ASPECT B2: HEALTH AND SAFETY

The Group proactively works to reduce injury risks and occupational diseases by establishing related management systems and organising safety training for its workforce. Furthermore, in order to ensure staff's safety, all employees are required to strictly follow the safety instructions on the proper storage of machines, equipment and raw materials for production.

In the meantime, the Group devotes its best efforts to raise staff awareness of occupational health and safety. It communicates health and safety knowledge and guidelines to employees by formulating health and safety policy and procedure, staff manual, orientation and on-the-job training, and various safety notices, posters and slogans, which remind them to stay safe when performing job duties. Occupational safety and health posters and warnings are placed at prominent position. Employees with driving duties contribute to workplace safety through orientation training for drivers and enhanced inspection of vehicle safety. These occupational health and safety initiatives help to minimise risks and safeguard the interests of employees, customers and other stakeholders.

The Group strives to comply with all health and safety laws and regulations, including the "Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)"; "Production Safety Law of the People's Republic of China"; "Law of the People's Republic of China on Prevention and Control of Occupational Diseases"; "Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents of the PRC"; "Special Rules on the Labour Protection of Female Employees of the PRC"; and "Regulation on Work-Related Injury Insurance of the PRC". In each of the past three years, including the Reporting Period, the Group was not aware of any work-related fatalities, lost days due to work injury and any violations of Hong Kong and the PRC health and safety laws and regulations.

ASPECT B3: DEVELOPMENT AND TRAINING

The Group has a well-established system to provide suitable training opportunities to different departments and positions, so that staff members, regardless their roles, have access to the knowledge and skills required to keep the efficiency and productivity, which is beneficial to our long-term development.

The Group encourages all staff to participate in essential external training and courses, such as negotiation courses, as necessary to sharpen their skills. In order to foster team spirit, the Group invites external organisation to organises team building activities, where staff in different positions can get to know each other and develop cohesion and mutual trust through cooperation. As a result, they can work towards the common goal more efficiently.

During the Reporting Period, approximately 10% of the employees of the Group participated in training of different types. The percentage of employees trained and the average training hours completed per employee are shown below:

Percentage of Employees trained (By Gender)	**Male**	**Female**
2022	16%	2%
2021	18%	2%

Percentage of Employees trained (By Employment Category)	**Senior Management**	**Middle Management**	**General Staff**
2022	80%	38%	0%
2021	69%	15%	0%

During the Reporting Period, the average training hours per employee are approximately 1.1 hours. The breakdown of the average training hours completed per employee by gender and employee category are as follows:

Average Training Hours (By Gender)	**Male**	**Female**
2022	1.7	0.3
2021	1.9	0.3

Average Training Hours (By Employment Category)	Senior Management	Middle Management	General Staff
2022	8	5	0
2021	6.9	2.3	0

ASPECT B4: LABOUR STANDARDS

The Group adopts all measures and internal control procedures to prevent any forms of child labour and forced labour. The Human Resource Department of the Group is responsible for monitoring the compliance of the Group with the relevant laws and regulations that prohibit child labour and forced labour employment. The Group requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately and the management and responsible person will be disciplined accordingly.

During the Reporting Period, the Group was not aware of any non-compliance of labour related laws and regulations, including the "Employment Ordinance (Cap. 57 of the Laws of Hong Kong)" and "Labour Law of the People's Republic of China".

OPERATING PRACTICES

ASPECT B5: SUPPLY CHAIN MANAGEMENT

The Group believes managing ESG issues throughout the supply chain bring the following benefits both to the Group and to the investors:

- Quicker response to emerging regulations and legal obligations;
- Avoiding loss of contracts of ESG focused customers;
- Enhancing business continuity;
- Increased stakeholders' confidence;
- Opportunity for the Group to develop and maintain long-term and trusting partnership with the suppliers;
- Make the Group more attractive to invest; and
- Better financial performance from increased labour and process productivity.

The Group has established a standardized procurement system that operates in an efficient, fair and open manner, thereby safeguarding the interests of itself and other stakeholders. To ensure good supply chain management, the Group conducts background check and on-site evaluation of potential suppliers against criteria such as quality of goods, track record, production capacity, reputation, staffing and business qualification. Meanwhile, the Group requires suppliers to provide business licence, identity card of the legal person, articles of association, organisational structure and photos in all workshops including packaging workshop, technical workshop and warehouse for verification before making decisions.

The Group maintains a close relationship with suppliers to ensure that their business complies with local laws and regulations, such as the prohibition of child and forced labour. The Group believes that good sourcing practice is determined not just by the high product quality and timely delivery, but also the continuous reduction of the environmental footprint in the supply chain. The Group's green procurement involves assessing the suppliers' performance and contribution to environmental protection.

During the Reporting Period, the Group has 48, 1, and 1 suppliers located in the PRC, Hong Kong, and Taiwan, respectively.

ASPECT B6: PRODUCT RESPONSIBILITY

The Group strives to comply with all product responsibility related laws and regulations, including the "The Law of the People's Republic of China on Product Quality"; "The Metrology Law of the People's Republic of China"; "Law of the People's Republic of China on the Protection of Consumer Rights and Interests"; "Advertisement Law of the People's Republic of China"; and "Trade Descriptions Ordinance of Hong Kong". During the Reporting Period, the Group has not identified any breach of product responsibility related laws and regulations.

Quality management

To enhance product quality, we aim at meeting international standards and our power cord products have passed different environmental tests including the RoHS, REACH and WEEE, as well as the standards and specifications established by USB Implementation Forum, Inc. All of the Group's products are in line with international and domestic regulatory requirements and industry practices. The Group has formulated product recall policies which allow customers to contact the Group through customer services hotline. Complaints and product recall request will be properly followed up respective departments. During the Reporting Period, the Group did not receive any significant product recalls for safety and health reasons, the Group also did not receive any significant complaints regarding product flaws.

Advertising and marketing

In full compliance with the laws and regulations, the Group's sales documents give a true description of the specifications and features of our products without containing exaggerated and misrepresented information.

Data protection

In its daily operation, the Group processes various types of commercial information and personal data. For the purpose of protecting the information of the Group and its stakeholders, we have installed authorized software on all computers at the workplace. Employees are forbidden to install software without permission or handle personal matters on company computers, thereby minimising the risks of hacker attacks, Trojan horse and other computer viruses. The Group also has stringent data protection procedure for customers' information. We include a confidentiality clause in all employment contracts which prohibits unauthorized disclosure or leakage of company information. Without the consent of the Group, employees are not allowed to disclose any sensitive information to any third parties or use such information for other unauthorized use. Staff members who are in breach of the policy and regulations will be subject to disciplinary actions or termination of employment.

Intellectual property rights

The Group's business operation does not involve significant intellectual property rights issues, and the Group does not hold any significant patent and trademark with regards to its products.

ASPECT B7: ANTI-CORRUPTION

The Group has formulated the comprehensive company regulations and employee code of conduct (the "Code of Conduct") as the standards of staff conduct. With the view of maintaining efficiency and integrity, we require all staff members to follow the rules of the Code of Conduct and remain responsible and professional at all times. Our employees are not allowed to offer, solicit or accept any gifts of material value to or from colleagues, customers, suppliers or other business partners of the Group that raise concern over conflict of interest. All new employees are required to read and sign our policy on conflict of interest, which stipulates that staff members should avoid personal conflicts of interest when dealing with any third parties on behalf of the Group.

A whistleblowing mechanism has been set up to provide a reporting channel for staff. As a result, employees can report suspected corruption, theft, fraud and embezzlement cases to the immediate head of the department, human resources department or other management members. The management may, in accordance with the local laws, report to government authorities such as the Police or Independent Commission Against Corruption for follow up actions as necessary. In addition, throughout the Reporting Period, training was regularly provided to employees in order to equip them with an understanding of the latest regulations and best practices relating to anti-bribery, extortion, fraud and money-laundering matters, including but not limited to the national anti-corruption policies and the Group's internal Code of Conduct.

The Group strives to comply with all anti-corruption related laws and regulations, including the "Anti-Corruption Law of the People's Republic of China"; "Law of the People's Republic of China on Anti-money Laundering"; "Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong)"; and "Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)". During the Reporting Period, the Group has not identified any breach of anti-corruption related laws and regulations.

During the reporting period, there were no legal cases regarding corrupt practices brought against the Group or its employees.

COMMUNITY

ASPECT B8: COMMUNITY INVESTMENT

Social prosperity is closely related to the business of the Group. As a socially responsible enterprise, the Group places great emphasis on the development of the communities in which it operates and endeavours to build a harmonious and friendly relationship with the locals. The Group intends to lead by example of demonstrating the importance of community investment and encourage our staff to participate in community initiatives through charity events, volunteering events and donations. To this end, we encourage employees to take part in a wide range of charity events and give back to society in different ways and actively undertakes its corporate social responsibility.

恒健會計師行有限公司
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Certified Public Accountants

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TO THE MEMBERS OF CENTURY ENERGY INTERNATIONAL HOLDINGS LIMITED
(FORMERLY KNOWN AS CHINA OIL GANGRAN ENERGY GROUP HOLDINGS LIMITED)
百能國際能源控股有限公司(前稱為「中油港燃能源集團控股有限公司」)
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Century Energy International Holdings Limited (formerly known as China Oil Gangran Energy Group Holdings Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 150, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other 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, except for the possible effects on the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 March 2022, 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 QUALIFIED OPINION

OPENING BALANCES AND CORRESPONDING FIGURES

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2021, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of the limitations on the scope of our audit, details of which are set out in our auditor's report dated 28 June 2021.

We were not provided with sufficient appropriate audit evidence to enable us to assess the possible effects of the limitations on the scope of our audit, as set out in our auditor's report dated 28 June 2021.

BASIS FOR QUALIFIED OPINION *(Continued)*

OPENING BALANCES AND CORRESPONDING FIGURES *(Continued)*

Any adjustments to the opening balances as at 1 April 2021 found to be necessary may affect the Group's accumulated losses as at 1 April 2021 and the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2022. The comparative figures shown in the consolidated financial statements may not be comparable with the figures for the current year.

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 Financial Statements section of our report. We are independent of the Company 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 qualified opinion.

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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(Continued)*

Allowance for expected credit losses ("ECL") of trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the allowance for ECL of trade receivables as a key audit matter due to significant management judgement involved in the identification and measurement of the allowance for ECL. As disclosed in note 22 to the consolidated financial statements, the Group has trade receivables of approximately HK$18,882,000, net of an allowance for ECL of approximately HK$25,478,000 as at 31 March 2022. At the end of each reporting date, the management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The management considers reasonably 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.	Our procedures in relation to valuation of trade receivables included: — inquiring the management to understand the approach applied on ECL model of trade receivables; — understanding key controls on how the management estimates impairment for trade receivables; — assessing the appropriateness of the ECL provisioning methodology; examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including background information of the customers, past settlement records of the customers, concentration risk of customers and the Group's actual loss experience; — evaluating the management's assessment on the individual significant trade receivables that were past due as at 31 March 2022 with reference to supporting evidence such as repayment history of the customers; and — checking the subsequent settlement of trade receivable after the year end date. Based upon the above procedures, we found that management's judgements and estimates of allowance for ECL of trade receivables are supported by available evidence.

KEY AUDIT MATTERS *(Continued)*

Accounting for the debt restructuring

Key Audit Matter	How our audit addressed the Key Audit Matter
We identified the accounting for the debt restructuring as a key audit matter because of the management judgement involved and the significance of the amount to the context of the consolidated financial statements as a whole. As disclosed in note 10 to the consolidated financial statements, the Group recognised a gain on debt restructuring under the Creditors' Schemes amounted to approximately HK$140,906,000 to profit or loss for the year ended 31 March 2022 ("Debt Restructuring"). The Company fulfilled its debt repayment at a discount with the creditors accepting a combination of cash consideration and new ordinary shares of the Company (the "Considerations"). As a result of the Debt Restructuring, the Group recognised a gain of approximately HK$140,906,000 and was recognised to profit or loss for the year ended 31 March 2022. Accounting for the Debt Restructuring required management to make a number of judgements, which focused on, but were not limited to, determining the timing of the discharge of those certain outstanding liabilities and the presentation and disclosure of the details of the Debt Restructuring.	Our audit procedures to assess the accounting for the Debt Restructuring included: — assessing the timing of the discharge of the relevant outstanding liabilities adopted by inspecting and reading board minutes, agreements, and other relevant underlying documentation and through discussions with management; — evaluating the accounting for the shares issued as part of the consideration of the Debt Restructuring by the Group with reference to the requirements of the prevailing accounting standards; — re-calculating the gain recorded by the Group on the Debt Restructuring based on the carrying value of those certain outstanding liabilities and the fair value of the consideration; — considering the disclosures in the consolidated financial statements in respect of the Debt Restructuring and the related judgements with reference to the requirements of the prevailing accounting standards. Based on the above procedures, we found that the accounting for the Debt Restructuring are supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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. Because of the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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

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.

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding opening balances and corresponding figures as described in the Basis for Qualified Opinion section of our report above:

— we were unable to determine whether adequate accounting records had been kept; and

— we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

HLM CPA Limited
Certified Public Accountants
Wong Kam Hing
Practising Certificate Number: P05697

Hong Kong, 23 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	7	**56,605**	110,671
Cost of sales		**(39,022)**	(91,429)
Gross profit		**17,583**	19,242
Other income and gain or (loss), net	8	**3,906**	(12,986)
Selling expenses		**(2,844)**	(2,321)
Administrative expenses		**(56,939)**	(20,677)
Loss from operations		**(38,294)**	(16,742)
Gain on disposal of subsidiaries	36	**891**	288
Fair value gain on recognition of convertible notes		**3,103**	–
Gain on debt restructuring	10	**140,906**	–
Finance costs	11	**(5,174)**	(16,191)
Profit (loss) before tax		**101,432**	(32,645)
Income tax expense	12	**(1,045)**	(664)
Profit (loss) for the year	13	**100,387**	(33,309)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation foreign operations		**1,328**	2,741
Release of exchange reserve upon disposal of subsidiaries		**44**	–
Other comprehensive income for the year, net of tax		**1,372**	2,741
Total comprehensive income (expense) for the year		**101,759**	(30,568)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	NOTE	**2022** **HK$'000**	2021 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**104,744**	(37,987)
Non-controlling interests		**(4,357)**	4,678
		100,387	(33,309)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**105,341**	(36,559)
Non-controlling interests		**(3,582)**	5,991
Profit (loss) for the year		**101,759**	(30,568)
Earnings (loss) per share	15		
Basic (HK cents)		**5.15**	(10.00)
Diluted (HK cents)		**5.15**	(10.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	**2022**	2021
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	17	**23,621**	17,122
Right-of-use assets	18	**4,111**	1,785
Prepayment for acquisition of property, plant and equipment		**80**	–
Financial assets at fair value through profit or loss	19	**–**	–
		27,812	18,907
Current assets			
Inventories	21	**5,335**	3,427
Trade and other receivables	22	**52,651**	91,024
Contingent consideration receivables	23	**–**	–
Bank balances and cash	24	**15,318**	11,839
		73,304	106,290
Current liabilities			
Trade and other payables	25	**30,225**	99,790
Promissory notes payable	26	**–**	62,140
Borrowings	27	**14,899**	36,220
Convertible notes	28	**–**	13,000
Lease liabilities	18	**1,196**	163
Tax payables		**7,179**	6,181
		53,499	217,494
Net current assets (liabilities)		**19,805**	(111,204)
Total assets less current liabilities		**47,617**	(92,297)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
Non-current liabilities			
Promissory notes payable	26	**–**	10,871
Borrowings	27	**26,698**	21,380
Lease liabilities	18	**1,836**	73
Deferred tax liabilities	29	**38**	38
		28,572	32,362
NET ASSETS (LIABILITIES)		**19,045**	(124,659)
Capital and reserves			
Share capital	30	**10,134**	1,520
Reserves		**3,095**	(135,448)
Equity attributable to owners of the Company		**13,229**	(133,928)
Non-controlling interests		**5,816**	9,269
TOTAL EQUITY (DEFICIT)		**19,045**	(124,659)

The consolidated financial statements on pages 69 to 150 were approved and authorised for issue by the Board of Directors on 23 June 2022 and are signed on its behalf by:

Leung Wing Cheong Eric
Director

Cheung Yip Sang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owner of the Company										
	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Convertible notes equity reserve HK$'000	Equity transaction reserve HK$'000	Foreign currency translation reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	1,520	703,768	1,998	2,215	3,030	(2,091)	52,553	(860,362)	(97,369)	3,278	(94,091)
Profit (loss) for the year	–	–	–	–	–	–	–	(37,987)	(37,987)	4,678	(33,309)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	1,428	–	–	1,428	1,313	2,741
Total comprehensive income (expense) for the year	–	–	–	–	–	1,428	–	(37,987)	(36,559)	5,991	(30,568)
Share options lapsed	–	–	–	–	–	–	(4,747)	4,747	–	–	–
At 31 March 2021 and 1 April 2021	1,520	703,768	1,998	2,215	3,030	(663)	47,806	(893,602)	(133,928)	9,269	(124,659)
Profit (loss) for the year	–	–	–	–	–	–	–	104,744	104,744	(4,357)	100,387
Exchange differences arising on translation of foreign operations	–	–	–	–	–	553	–	–	553	775	1,328
Release of exchange reserve upon disposal of subsidiaries	–	–	–	–	–	44	–	–	44	–	44
Total comprehensive income (expense) for the year	–	–	–	–	–	597	–	104,744	105,341	(3,582)	101,759
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	129	129
Recognition of equity component of convertible notes	–	–	–	3	–	–	–	–	3	–	3
Derecognition of convertible notes equity reserve upon debt restructuring	–	–	–	(2,215)	–	–	–	2,215	–	–	–
Issuance of shares upon share subscription	7,601	29,294	–	–	–	–	–	–	36,895	–	36,895
Issuance of shares upon debt restructuring	1,013	3,905	–	–	–	–	–	–	4,918	–	4,918
Share options lapsed	–	–	–	–	–	–	(5,782)	5,782	–	–	–
At 31 March 2022	**10,134**	**736,967**	**1,998**	**3**	**3,030**	**(66)**	**42,024**	**(780,861)**	**13,229**	**5,816**	**19,045**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
Profit (loss) before tax		**101,432**	(32,645)
Adjustments for:			
Depreciation of property, plant and equipment	17	**3,786**	3,319
Depreciation of right-of-use assets	18	**873**	1,212
Gain on disposal of property, plant and equipment		**–**	(30)
Write-off of property, plant and equipment		**14**	357
(Reversal of) allowance for obsolete stock		**(4,339)**	2,268
Other payables written off		**(1,166)**	–
Allowance for credit losses on trade receivables		**17,864**	1,426
Impairment loss of other receivables		**20**	2,472
Write-off of other receivables		**–**	135
Reversal of impairment loss of other receivables		**–**	(45)
Impairment loss of intangible assets		**–**	12,770
Gain on disposal of subsidiaries	36	**(891)**	(288)
Gain on debt restructuring	10	**(140,906)**	–
Finance costs	11	**5,174**	16,191
Interest income		**(9)**	(6)
Fair value gain on recognition of convertible note		**(3,103)**	–
Operating cash flows before movements in working capital		**(21,251)**	7,136
Decrease in inventories		**2,431**	234
Decrease (increase) in trade and other receivables		**20,089**	(26,357)
(Decrease) increase in trade and other payables		**(22,536)**	18,441
Cash used in operations		**(21,267)**	(546)
Income tax paid		**(47)**	–
Net cash used in operating activities		**(21,314)**	(546)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Investing activities			
Purchase of property, plant and equipment		**(9,707)**	(359)
Proceeds from disposal of property, plant and equipment		**–**	30
Prepayment for acquisition of property, plant and equipment		**(80)**	–
Cash inflow from disposal of subsidiaries	36	**–**	400
Interest received		**9**	6
Net cash (used in) from investing activities		**(9,778)**	77
Financing activities			
Interest paid	39	**(948)**	(1,105)
Repayments of lease liabilities	39	**(616)**	(1,185)
Secured bank loan raised		**–**	6,146
Repayment of secured bank loan		**(120)**	(11,167)
Other loans raised		**14,776**	7,500
Repayment of other loans		**(14,700)**	–
Proceeds from issue of shares	30	**36,895**	–
Proceeds from issue of convertible notes		**3,106**	–
Payment for debt restructuring	10	**(20,000)**	–
Advance from ultimate holding company		**15,241**	–
Net cash from financing activities		**33,634**	189
Net increase (decrease) in cash and cash equivalents		**2,542**	(280)
Effect of foreign exchange rate changes		**937**	2,055
Cash and cash equivalents at beginning of the year		**11,839**	10,064
Cash and cash equivalents at end of the year		**15,318**	11,839
Analysis of cash and cash equivalents			
Bank and cash balances		**15,318**	11,839

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its ultimate holding company is Baineng Holdings Limited (incorporated in Hong Kong). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Suite 2303, 23/F., Prudential Tower, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements.

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

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 annual period beginning on 1 April 2021 for the preparation of the consolidated financial statements.

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

NEW AND AMENDMENTS TO HKFRSS ISSUED 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[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[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 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[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]
Amendments to HKFRS 3 HKAS 16 and HKAS 37	Narrow-scope amendments[1]
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations[1]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9[2]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective date to be determined.

The directors of the Company anticipate that the application of all above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on the fair value of the consideration given in exchange of 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", 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".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

The principal accounting policies are set out below.

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

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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 a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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.

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

All intragroup assets and 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.

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries presented in the statement of financial position of the Company are stated at cost less any identified impairment loss.

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

CHANGES IN THE GROUP'S INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's ownership interests in existing 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 a subsidiary, the assets and liabilities of that subsidiary 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 the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (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 former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

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

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.

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.

Revenue is measured at the fair value of the consideration received or receivable.

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

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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising 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 consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) 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, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

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 in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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 on a prospective basis. The principal annual rates used for this purpose are as follows:

Buildings	Shorter of the term of land lease or 40 years
Leasehold improvements	4 to 5 years
Moulding and equipment	5 years
Motor vehicles	4 to 5 years
Furniture and office equipment	4 to 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.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs 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.

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.

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

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairments loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is any indication that they may be impaired.

The recoverable amount of property, plant and equipment and right-of-use 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 assets belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating units 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 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 (or a cash-generating unit) 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. 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 cash-generating unit 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 cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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 of 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

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to certain leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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

LEASES *(Continued)*

The Group as a lessee (Continued)

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.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

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

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.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

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

LEASES *(Continued)*

The Group as lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

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.

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. Such grants are presented under "other income and gain or (loss), net".

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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

SHARE-BASED PAYMENTS

Equity-settled share-based payments to directors and employees are measured at the fair value of the equity instruments at the date of grant.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

BORROWING COSTS

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

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit (loss) before tax" as reported in the consolidated statement of profit or loss and other comprehensive income 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference 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 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.

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

TAXATION *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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.

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 in which 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 the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary difference.

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 in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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.

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

PROVISIONS

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

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at fair value through other comprehensive income. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income.

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including financial assets included in trade and other receivables and bank balances and cash) which are subjected 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 ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment 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.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance and/or collectively using a provision matrix with appropriate groupings based on aging and past due status.

For all other instruments, the Group measures the loss allowance based on 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, 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; and

- 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.

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

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

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).

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.

(iii) Credit-impaired financial assets

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

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

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(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, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. 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 adjusted by 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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual level may not yet be available, the financial assets are grouped on the following basis:

- Nature of financial assets;
- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issuance costs.

Convertible note

The component parts of the convertible note are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs relating to the issuance of the convertible note are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction cost relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

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

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity instruments (Continued)

Promissory notes payable and interest-bearing bond

Promissory notes payables and interest-bearing bond are recognised initially at their fair value less attributable transaction cost and subsequently measured at amortised cost, using the effective interest rate method.

Other financial liabilities

The Group's other financial liabilities (including financial liabilities included in trade and other payables, borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

RELATED PARTIES

A related party is a person or an entity that is related to the Group.

(a) A person, or a close member of that person's family, is related to the Group if 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 the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and 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).

(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 Group's parent.

Close member of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

(i) the person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENT 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 associated 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 estimates are 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.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different from those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision matrix is based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical observed default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in notes 6(B) and 22 respectively.

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

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Allowance for inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are 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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and the risk associated with the capital, and will balance its overall capital structure through payment of dividends, issuance of new shares and share buy-backs as well as the raising of new debts, if required.

The Group monitors its capital using gearing ratio. This ratio is calculated as net debts divided by total assets. Net debts is defined as total debts (includes promissory notes payable, borrowings and convertible notes) less bank balances and cash. Total assets comprises both current assets and non-current assets. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

5. CAPITAL RISK MANAGEMENT *(Continued)*

	2022 **HK$'000**	2021 HK$'000
Total debts	**41,597**	143,611
Less: Bank balances and cash	**(15,318)**	(11,839)
Net debts	**26,279**	131,772
Total assets	**101,116**	125,197
Gearing ratio	**26.0%**	105.3%

6. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2022 **HK$'000**	2021 HK$'000
Financial assets:		
Financial assets at amortised cost	**58,894**	102,131
Financial liabilities:		
Financial liabilities at amortised cost	**74,854**	243,637

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments comprise financial assets included in trade and other receivables, bank balances and cash, financial liabilities included in trade and other payables, promissory notes payables, convertible notes, lease liabilities and borrowings. Details of the financial instruments are disclosed in respective notes.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk, and foreign currency risk. The directors reviews and agrees policies for these risks and they are summarised below.

6. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank deposits and borrowings with floating rates.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2021: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been 100 basis points (2021: 100 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2022 would increase/decrease by approximately HK$87,000 (2021: loss would increase/decrease by approximately HK$53,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings and bank balances.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the date of the reporting period of the Group's non-derivative financial liabilities, which are based on contracted undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the year end date and the earliest date the Group can be required to pay).

6. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, was as follows:

	On demand or less than 1 year HK$'000	**1 to 2 years HK$'000**	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total undiscounted cash flow HK$'000**	**Carrying amounts HK$'000**
At 31 March 2022						
Financial liabilities included in trade and other payables	**30,225**	**–**	**–**	**–**	**30,225**	**30,225**
Borrowings	**16,670**	**23,424**	**5,150**	**–**	**45,244**	**41,597**
Lease liabilities	**1,450**	**1,376**	**596**	**–**	**3,422**	**3,032**
	48,345	**24,800**	**5,746**	**–**	**78,891**	**74,854**

	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000	Carrying amounts HK$'000
At 31 March 2021						
Financial liabilities included in trade and other payables	99,790	–	–	–	99,790	99,790
Promissory notes payable	63,337	10,067	–	–	73,404	73,011
Borrowings	38,674	1,777	23,672	–	64,123	57,600
Convertible notes	13,000	–	–	–	13,000	13,000
Lease liabilities	178	81	–	–	259	236
	214,979	11,925	23,672	–	250,576	243,637

Credit risk and impairment assessment

As at 31 March 2022, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

6. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Credit risk and impairment assessment (Continued)

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated staff to be responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group will assess the customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and bank balances

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on other receivables and bank balances based on 12-month ECL.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk of the Group's other financial assets, which comprise certain deposit included in other receivables, arises from default of the counterparty, which maximum exposure equals to the carrying amounts of these instruments.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables**	**Other financial assets/other items**
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amounts is written off	Amounts is written off

6. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(Continued)*

Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The directors consider that foreign currency risk of the Company for the years ended 31 March 2022 and 2021 are insignificant and therefore no sensitivity analysis is presented thereon.

(C) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

7. REVENUE

(I) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 **HK$'000**	2021 HK$'000
Recognised at a point of time		
Sales of power and data cords and inlet sockets and medical control devices	**56,605**	110,671

(II) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

The Group sells its products directly to customers. Revenue is recognised when control of the goods has transferred and customer acceptance has been obtained, which is the point in time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products.

8. OTHER INCOME AND GAIN OR (LOSS), NET

	2022 HK$'000	2021 HK$'000
Interest income	**9**	6
Gain on disposal of property, plant and equipment	**–**	30
Write-off of property, plant and equipment	**(14)**	(357)
Impairment loss of intangible assets	**–**	(12,770)
Impairment loss of other receivables	**(20)**	(2,472)
Write-off of other receivables	**–**	(135)
Other payables written off	**1,166**	–
Reversal of impairment loss of other receivables	**–**	45
Net foreign exchange losses	**(240)**	(605)
Rental income	**2,742**	2,184
Sample income	**309**	669
Government subsidies	**–**	195
Sundry income	**(46)**	224
	3,906	(12,986)

9. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments", which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The directors constitute the CODM for the purposes of HKFRS 8 as it collectively makes strategic decisions in allocating the Group's resources and assessing its performance.

For the segment reporting purpose to the CODM, the Group has currently organised one operating and reportable segment:

Power and data cords and general trading business – engaged in sales and manufacture of power cords and inlet sockets for household electric appliances and power and data cords for mobile handsets and medical control devices and raw cables and general trading business

The accounting policies of the operating segment is the same as those described in note 4 to the consolidated financial statements.

9. SEGMENT INFORMATION *(Continued)*

Segment profit or (loss) do not include the following items:

— Other income and gain or (loss), net

— Corporate expenses

— Impairment loss on intangible assets

— Gain on disposal of subsidiaries

— Fair value gain on recognition of convertible notes

— Gain on debt restructuring

— Finance costs

Segment assets do not include the following items:

— Financial assets at FVTPL

— Intangible assets

— Other corporate assets

Segment liabilities do not include the following items:

— Promissory notes payables

— Borrowings

— Convertible notes

— Other corporate liabilities

9. SEGMENT INFORMATION *(Continued)*

INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR (LOSS), ASSETS AND LIABILITIES:

	Power and data cords and general trading business	
	2022	2021
	HK$'000	HK$'000
Year ended 31 March		
Revenue from external customers	**56,605**	110,671
Segment (loss) profit	**(12,273)**	6,738
Other segment information:		
Interest income	**7**	6
Depreciation		
— property, plant and equipment	**(3,359)**	(2,773)
— right-of-use assets	**(251)**	(1,212)
Other material item of income and expenses:		
— Income tax charge	**(1,045)**	(664)
Additions to segment non-current assets		
— property, plant and equipment	**6,264**	359
At 31 March		
Segment assets	**70,062**	100,824
Segment liabilities	**20,304**	36,612

9. SEGMENT INFORMATION *(Continued)*

RECONCILIATIONS OF REPORTABLE SEGMENT REVENUE, PROFIT OR (LOSS), ASSETS AND LIABILITIES:

	2022 **HK$'000**	2021 HK$'000
Revenue		
Total revenue of reportable segment	**56,605**	110,671
(Loss)/profit		
Total (loss) profit of reportable segment	**(12,273)**	6,738
Other income and gain or (loss), net	**3,906**	(12,986)
Corporate expenses	**(30,972)**	(11,158)
Gain on disposal of subsidiaries	**891**	288
Fair value gain on recognition of convertible notes	**3,103**	–
Gain on debt restructuring	**140,906**	–
Finance costs	**(5,174)**	(16,191)
Consolidated profit (loss) for the year	**100,387**	(33,309)
Assets		
Total assets of reportable segment	**70,062**	100,824
Financial assets at FVTPL	**–**	–
Other corporate assets	**31,054**	24,373
Consolidated total assets	**101,116**	125,197
Liabilities		
Total liabilities of reportable segment	**20,304**	36,612
Promissory notes payable	**–**	73,011
Borrowings	**41,597**	57,600
Convertible notes	**–**	13,000
Other corporate liabilities	**20,170**	69,633
Consolidated total liabilities	**82,071**	249,856

9. SEGMENT INFORMATION *(Continued)*

GEOGRAPHICAL INFORMATION:

	Revenue		Non-current assets	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,179**	31,472	**6,749**	2,767
PRC (other than Hong Kong)	**30,714**	58,104	**21,063**	16,140
Taiwan	**1,273**	1,593	**–**	–
United States	**22,009**	18,247	**–**	–
Other countries	**1,430**	1,255	**–**	–
Total	**56,605**	110,671	**27,812**	18,907

In presenting the geographical information, revenue is based on the locations of the customers.

REVENUE FROM MAJOR CUSTOMERS:

Revenue derived from major customers who contributed 10% or more of total revenue are as follows:

	2022		2021	
	HK$'000	**Proportion of total revenue**	HK$'000	Proportion of total revenue
Customer A	**26,190**	**46.3%**	23,247	21.0%
Customer B	**22,009**	**38.9%**	18,247	16.5%
Customer C	**N/A***	**N/A***	30,765	27.8%
Customer D	**N/A***	**N/A***	19,577	17.7%
Customer E	**N/A***	**N/A***	13,501	12.2%

* Customer does not contribute 10% or more of total revenue.

10. GAIN ON DEBT RESTRUCTURING

The creditors' schemes (the "Creditors' Schemes") were approved by the requisite statutory majorities of the creditors at the meeting of Creditors' Schemes held on 9 April 2021. The Cayman court sanctioned the Cayman scheme by order dated 21 May 2021. A copy of the sealed sanction order was registered with the Cayman Islands Registrar of Companies on 21 May 2021. The Hong Kong Court sanctioned the Hong Kong scheme at the hearing on 26 May 2021. A copy of the sealed sanction order was delivered to the Registrar of Companies in Hong Kong for registration on 27 May 2021. Accordingly, the Creditors' Schemes became effective on 27 May 2021.

10. GAIN ON DEBT RESTRUCTURING *(Continued)*

Pursuant to the Creditors' Schemes, the Company transferred its claims, rights to claims, rights to any assets and the entire equity interests of deconsolidated subsidiaries to the Creditors' Schemes on 27 May 2021, the effective date of the Creditors' Schemes (the "Transfer"). After the Transfer, a cash payment of HK$20,000,000, being partial proceeds from the subscription of shares, as disclosed in note 30, was transferred to the Creditors' Schemes and held by a scheme company for distribution (after making a reserve for the settlement of the scheme cost) to the creditors subject to adjudication. In addition, the Company issued 253,346,545 new ordinary shares ("Creditors' Shares") in a total amount of approximately HK$4,918,000 for the benefit of the creditors. The Creditors' Shares were issued by the Company to the scheme administrators or a scheme company or such other nominee(s) for distribution to the creditors subject to adjudication. A gain on Debt Restructuring under the Creditors' Schemes of approximately HK$140,906,000 was recognised for the year ended 31 March 2022.

	HK$'000
Assets transferred pursuant to the Creditors' Schemes:	
Creditors' shares	(4,918)
Cash	(20,000)
	(24,918)
Liabilities discharged pursuant to the Creditors' Schemes:	
Other payables and accrued expenses	48,345
Borrowings	31,401
Convertible notes *(Note 28)*	13,000
Promissory notes payable *(Note 26)*	73,078
	165,824
Gain on Debt Restructuring	140,906

11. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Effective interest expenses on convertible notes *(Note 28)*	**–**	808
Effective interest expenses on promissory notes payable *(Note 26)*	**688**	6,265
Effective interest expenses on unsecured interest-bearing bonds	**129**	799
Interest expenses on secured bank loan	**299**	327
Interest expenses on other loans	**3,025**	7,944
Interest expenses on advance from ultimate holding company	**820**	–
Interest expenses on lease liabilities	**213**	48
	5,174	16,191

12. TAXATION

	2022 HK$'000	2021 HK$'000
Hong Kong Profits Tax		
— current year	**806**	1,408
— over-provision in prior years	**–**	–
PRC Enterprise Income Tax		
— current year	**239**	191
	1,045	1,599
Deferred taxation *(Note 29)*	**–**	(935)
	1,045	664

For the years ended 31 March 2022 and 2021, under the two-tiered profits tax rates regime of Hong Kong, the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Pursuant to the Enterprise Income Tax rules and regulations of the PRC, the PRC subsidiaries of the Group are subject to Enterprise Income Tax at a rate of 25% (2021: 25%).

Income tax charge for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
Profit (loss) before tax	**101,432**	(32,645)
Tax at the applicable income tax rate	**25,358**	(8,160)
Tax effect of income not taxable for tax purpose	**(21,170)**	(2,120)
Tax effect of expenses not deductible for tax purpose	**8,351**	9,458
Tax effect of temporary differences not recognised	**13**	20
Tax concession	**(175)**	(175)
Others	**–**	(917)
Effect of different tax rates of subsidiaries in other jurisdictions	**(11,332)**	2,558
Income tax charge for the year	**1,045**	664

13. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year is arrived at after charging (crediting) the following items:

	2022 HK$'000	2021 HK$'000
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	**18,515**	10,825
Retirement benefits scheme contributions	**679**	166
	19,194	10,991
Auditors' remuneration	**950**	950
Cost of inventories sold	**27,545**	77,874
Expenses relating to short-term leases		
— Office and staff quarters	**4,221**	2,817
Depreciation of property, plant and equipment	**3,786**	3,319
Depreciation of right-of-use assets	**873**	1,212
Allowance for obsolete stock	**–**	2,268
Reversal of allowance for obsolete stock	**(4,339)**	–
Allowance for credit losses	**17,864**	1,426
Net foreign exchange losses	**240**	605
Gain on disposal of property, plant and equipment	**–**	(30)
Write-off of property, plant and equipment	**14**	357
Impairment loss of other receivables	**20**	2,472
Reversal of impairment loss of other receivables	**–**	(45)
Write-off of other receivables	**–**	135
Other payables written off	**(1,166)**	–
Impairment loss of intangible assets	**–**	12,770
Rental income	**(2,742)**	(2,184)

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to applicable GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance, is as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2022						
Executive Directors:						
Sun Jiusheng *(Note a)*	–	929	–	–	33	962
Yeung Shing Wai	–	200	–	–	10	210
Cheung Yip Sang *(Note b)*	–	660	–	–	32	692
Li Dewen *(Note b)*	–	118	–	–	–	118
Ma Shenyuan *(Note b)*	–	653	–	–	27	680
Chen Tian Gang *(Note c)*	–	41	–	–	–	41
Li Shu Wang *(Note d)*	–	79	–	–	–	79
Zhang Shao Wu *(Note d)*	–	79	–	–	–	79
Rong Changjun *(Note e)*	–	21	–	–	–	21
Zhang Wenrong *(Note f)*	–	60	–	–	–	60
Yuan Beisheng *(Note f)*	–	60	–	–	–	60
	–	2,900	–	–	102	3,002
Non-executive director:						
Leung Wing Cheong Eric *(Note a)*	158	–	–	–	–	158
Independent Non-Executive Directors:						
Chu Kin Ming	180	–	–	–	–	180
Lim Haw Kuang *(Note a)*	158	–	–	–	–	158
Lui Ho Ming Paul *(Note a)*	158	–	–	–	–	158
Chiam Tat Yiu *(Note c)*	21	–	–	–	–	21
Chan Wai Cheung Admiral *(Note c)*	21	–	–	–	–	21
Chao Ho Wa *(Note d)*	59	–	–	–	–	59
	597	–	–	–	–	597
Total	755	2,900	–	–	102	3,757

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS *(Continued)*

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2021						
Executive Directors:						
Rong Changjun *(Note e)*	–	120	–	–	–	120
Zhang Wenrong *(Note f)*	–	120	–	–	–	120
Hui Sai Ha	–	81	–	–	3	84
Yuan Beisheng *(Note f)*	–	120	–	–	–	120
Yeung Shing Wai	–	120	–	–	6	126
Chen Tian Gang *(Note c)*	–	120	–	–	–	120
Li Shu Wang *(Note d)*	–	120	–	–	–	120
Zhang Shao Wu *(Note d)*	–	120	–	–	–	120
	–	921	–	–	9	930
Independent Non-Executive Directors:						
Chu Kin Ming	60	–	–	–	–	60
Chiam Tat Yiu *(Note c)*	60	–	–	–	–	60
Chan Wai Cheung Admiral *(Note c)*	60	–	–	–	–	60
Chao Ho Wa *(Note d)*	19	–	–	–	–	19
	199	–	–	–	–	199
Total	199	921	–	–	9	1,129

Notes:

(a) Appointed on 4 August 2021

(b) Appointed on 4 October 2021

(c) Resigned on 4 August 2021

(d) Retired on 29 September 2021

(e) Duties suspended on 25 May 2021 and passed away on 3 June 2021

(f) Duties suspended on 25 May 2021 and retired 29 September 2021

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(A) DIRECTORS' EMOLUMENTS *(Continued)*

The executive directors' emoluments shown above include their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year (2021: Nil).

During the year ended 31 March 2022, no emoluments were paid by the Group to any of the directors as inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

During the year, no retirement benefits, payment or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor any are payable (2021: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2021: Nil).

There are no loans, quasi loans and other dealing arrangements in favour of the directors, their controlled body corporates and connected entities for the years ended 31 March 2022 and 2021.

Save as disclosed in note 32, no other director of the Company had a material interest, directly or indirectly, in any significant transaction, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2021: Nil).

(B) FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group during the year included three directors (2021: Nil) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2021: five) individuals are set out below:

	2022 **HK$'000**	2021 HK$'000
Salaries, bonuses and allowances	**1,260**	1,979
Retirement benefits scheme contributions	**36**	67
	1,296	2,046

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(B) FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

The emoluments of individuals with the highest emoluments are within the following bands:

	2022	2021
	HK$'000	HK$'000
Nil to HK$500,000	**1**	4
HK$500,001 to HK$1,000,000	**4**	1

During the year ended 31 March 2022, no emoluments were paid by the Group to any of the highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

15. EARNINGS (LOSS) PER SHARE

BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the profit attributable to owners of the Company of approximately HK$104,744,000 (2021: loss attributable to owners of the Company approximately HK$37,987,000) by the weighted average number of ordinary shares of 2,031,978,000 (2021: 380,020,000) in issue for the year ended 31 March 2022.

DILUTED EARNINGS (LOSS) PER SHARE

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the year ended 31 March 2022 and 2021 the Company has 2 categories of dilutive potential ordinary shares: share options and convertible notes.

The computation of diluted earnings per share for the year ended 31 March 2022 did not assume (i) the exercise of the Company's outstanding share options since the exercise price of the share options exceeds the average market price and (ii) the conversion of convertible notes in view of the conversion terms of the convertible notes.

For the year ended 31 March 2021, diluted loss per share is the same as basic loss per share as the outstanding share options and convertible notes have anti-dilutive effects on the basic loss per share.

16. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2022 and 2021.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Moulding and equipment HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Total HK$'000
COST						
At 1 April 2020	11,673	7,614	28,280	14,240	5,493	67,300
Additions	–	–	313	–	46	359
Write-off	–	(4,987)	(21,605)	(8,545)	(4,996)	(40,133)
Disposals	–	–	–	(610)	–	(610)
Exchange differences	706	431	1,853	321	188	3,499
At 31 March 2021 and 1 April 2021	**12,379**	**3,058**	**8,841**	**5,406**	**731**	**30,415**
Additions	**–**	**2,625**	**6,104**	**155**	**823**	**9,707**
Write-off	**–**	**–**	**–**	**–**	**(376)**	**(376)**
Exchange differences	**353**	**108**	**371**	**148**	**15**	**995**
At 31 March 2022	**12,732**	**5,791**	**15,316**	**5,709**	**1,193**	**40,741**
Accumulated depreciation and impairment						
At 1 April 2020	1,900	5,226	22,280	13,105	5,451	47,962
Charge for the year	310	597	1,605	727	80	3,319
Write-off	–	(4,987)	(21,605)	(8,192)	(4,992)	(39,776)
Eliminated upon disposals	–	–	–	(610)	–	(610)
Exchange differences	96	302	1,500	315	185	2,398
At 31 March 2021 and 1 April 2021	**2,306**	**1,138**	**3,780**	**5,345**	**724**	**13,293**
Charge for the year	**326**	**968**	**2,343**	**85**	**64**	**3,786**
Write-off	**–**	**–**	**–**	**–**	**(362)**	**(362)**
Exchange differences	**57**	**46**	**148**	**145**	**7**	**403**
At 31 March 2022	**2,689**	**2,152**	**6,271**	**5,575**	**433**	**17,120**
CARRYING AMOUNTS						
At 31 March 2022	**10,043**	**3,639**	**9,045**	**134**	**760**	**23,621**
At 31 March 2021	10,073	1,920	5,061	61	7	17,122

Buildings with carrying amount of approximately HK$9,255,000 (2021: approximately HK$10,073,000) are pledged to a bank to secure facilities granted to the Group.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	Leasehold land	**Leased properties**	**Total**
	HK$'000	HK$'000	HK$'000
Carrying amount			
At 31 March 2021	1,569	216	1,785
At 31 March 2022	1,471	2,640	4,111
Depreciation:			
For the year ended 31 March 2021	98	1,114	1,212
For the year ended 31 March 2022	98	775	873

	2022	2021
	HK$'000	HK$'000
Expense relating to short-term leases	**4,221**	2,817
Additions to right-of-use assets	**3,199**	–
Loss on termination of lease, net	**–**	–
Total cash outflow for leases	**4,835**	4,001

Note:

As at 31 March 2022, no leasehold land was pledged (2021: leasehold land with carrying amount of approximately HK$1,569,000 located in Hong Kong was pledged to a financial institution to secure facilities granted to the Group). The leasehold land is a medium-term lease and has remaining lease term of 25 years (2021: 26 years).

All leased properties are located in Hong Kong.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities:		
Within one year	**1,196**	163
Within a period of more than one year but not more than two years	**1,251**	73
Within a period of more than two years but not more than five years	**585**	–
	3,032	236
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,196)**	(163)
Amount due for settlement after 12 months shown under non-current liabilities	**1,836**	73

The weighted average incremental borrowing rate applied to lease liabilities is 10.8% p.a. (2021: ranging from 6.09% to 10.8% p.a.).

COMMITMENT UNDER LEASES

As at 31 March 2022, the Group had committed to HK$2,212,000 for short-term leases and loss-value assets.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2021 and 2022, the Group's financial assets at FVTPL represent investment in a company listed on the Indian Stock Market. The fair value of the listed equity investment was based on the quoted market bid prices available on the stock exchange where the securities were listed. Since 1 January 2018, the investee company's shares were suspended in trading in the stock market. The directors of the Company considered it appropriate to make a full provision for impairment on the investment due to the uncertainty of resumption of trading of the investee company's shares in an active market and the remote possibility in realisation of these financial assets. Up to the date of this report, the investee company's shares remained in suspension of trading on the Indian Stock Market.

	2022 HK$'000	2021 HK$'000
Equity securities investment	**–**	–

20. INTANGIBLE ASSETS

	2022 HK$'000	2021 HK$'000
Cost		
At 1 April	**12,770**	–
Addition	**–**	12,770
At 31 March	**12,770**	12,770
Amortisation and impairment		
At 1 April	**12,770**	–
Impairment	**–**	12,770
At 31 March	**12,770**	12,770
Net carrying amount		
At 31 March	**–**	–

21. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	**1,460**	1,213
Work in progress	**2,147**	1,732
Finished goods	**1,728**	482
	5,335	3,427

During the year ended 31 March 2022, the Group has made a reversal of allowance for obsolete stock of approximately HK$4,339,000 (2021: allowance for obsolete stock of approximately HK$2,268,000) which has been included in cost of sales.

22. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables from contract with customers *(Note a)*	**44,360**	73,210
Less: Allowance for credit losses	**(25,478)**	(7,614)
	18,882	65,596
Other receivables *(Note b)*	**33,789**	27,900
Less: provision for impairment	**(20)**	(2,472)
	33,769	25,428
	52,651	91,024

Notes:

(a) Trade receivables

The majority of the Group's sales are on credit terms up to 120 days from the end of the month of invoice. The Group seeks to maintain strict control over its outstanding receivables. In determining the recoverability of trade receivables, the Group considers any changes in credit quality of trade receivables from the date credit was initially granted up to the end of the reporting period. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(a) Trade receivables *(Continued)*

The aging analysis of trade receivables (net of allowance for credit losses) based on the invoice dates is as follows:

	2022	2021
	HK$'000	HK$'000
Within 30 days	**3,687**	5,711
31–60 days	**2,418**	1,990
61–90 days	**3,340**	6,868
91–180 days	**8,478**	35,032
Over 180 days	**959**	15,995
	18,882	65,596

The aging analysis of trade receivables which are past due but not impaired as at the reporting date based on the past due dates is as follows:

	2022	2021
	HK$'000	HK$'000
Within 30 days	**2,450**	10,102
31–60 days	**7,989**	20,917
61–90 days	**–**	–
91–180 days	**3,264**	15,522
Over 180 days	**26**	9,102
	13,729	55,643

Movements in allowance for credit losses are as follows:

	2022	2021
	HK$'000	HK$'000
At 1 April	**7,614**	6,188
Provision of allowance for credit losses	**17,864**	1,426
At 31 March	**25,478**	7,614

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2022	2021
	HK$'000	HK$'000
HK$	**5,800**	8,952
United States dollars ("US$")	**11,766**	34,013
Renminbi ("RMB")	**1,316**	22,631
	18,882	65,596

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(b) Other receivables

	2022 **HK$'000**	2021 HK$'000
Advances to staff	**13**	34
Amount due from a related party *(Note (i))*	**668**	355
Deposits paid for purchase of oil products *(Note (ii))*	**–**	22,500
Amount due from ultimate holding company *(Note (ii))*	**22,500**	–
Prepayments for purchases *(Note (iii))*	**8,140**	732
Prepayments and deposits	**2,084**	931
Others	**364**	876
	33,769	25,428

Notes:

(i) The related party, Mr. Yeung Tin Hung, is a family member of Mr. Yeung Shing Wai who has been an executive director of the Company since 16 February 2020. The amount is unsecured, interest-free and repayable on demand.

(ii) On 12 July 2018, a wholly-owned subsidiary of the Company ("Subsidiary A") paid trade deposits amounting to HK$17,000,000 and HK$5,500,000 ("Oil Trade Deposits") respectively to two suppliers ("Trade Suppliers") in accordance with certain oil supply contracts. The Oil Trade Deposits were used for purchase of oil products from the Trade Suppliers to be sold in the ordinary course of business of the Group. On 30 June 2020, Subsidiary A further entered into Deeds of Assignment ("Deeds") with the Trade Suppliers and Baineng Holdings Limited ("Baineng"), a potential investor (now became ultimate holding company) which had entered into a non-legally binding memorandum of understanding with the Company for subscription of new shares and bonds of the Company (details disclosed in the Company's announcement dated 23 December 2019 and 6 March 2020 respectively). On 28 June 2021, upon the success in the resumption of trading in the Company's shares, the ultimate holding company has taken over the Oil Trade Deposits from the Trade Suppliers and agreed to refund the deposits to the Group. The amount is unsecured, interest free and repayable on demand.

(iii) At 31 March 2022, the Group had made prepayments for purchases in a total of approximately HK$8,140,000. Subsequent to the reporting period, the amount of approximately HK$3,964,000 had been refunded to the Group due to the cancellation of purchase orders.

23. CONTINGENT CONSIDERATION RECEIVABLES

	2022	2021
	HK$'000	HK$'000
Carrying amount of contingent consideration receivables	**22,000**	22,000
Less: Provision of impairment	**(22,000)**	(22,000)
	–	–

The receivables represent the contingent consideration arising from the acquisition of the entire issued share capital of 3 Dynamics on 11 December 2013 (the "Acquisition Date").

Pursuant to the terms of the sale and purchase agreement dated 21 November 2013 ("SPA"), Mr. Chung Wai Sum (the "Vendor") irrevocably and unconditionally warranted and guaranteed to Dynamic Miracle Limited, a wholly-owned subsidiary of the Company ("Dynamic Miracle") that the audited net profits after tax of 3 Dynamics as shown in its audited financial statements for the 12 months from the date of the completion of acquisition, i.e. for the period from 11 December 2013 to 10 December 2014 (the "Relevant Period") shall not be less than HK$42,000,000 (the "Profit Guarantee"). The Profit Guarantee was secured by 140,000,000 consideration shares ("Escrow Shares") of the Company issued to the Vendor. As certified by the previous auditor of 3 Dynamics, 3 Dynamics has recorded a net loss after tax in its audited financial statements for the period from 11 December 2013 to 10 December 2014 and there was no profit for the Relevant Period pursuant to the SPA. Under the terms and conditions as stipulated in the SPA, the Escrow Shares would be sold in order to pay for the Profit Guarantee. During the year ended 31 March 2016, a portion of the Escrow Shares was sold to pay for the Profit Guarantee. An amount of HK$20,000,000 was received by the Group to partially settle the Profit Guarantee obligation of the Vendor. As at 31 March 2020, the balance of HK$22,000,000 was still outstanding for the Profit Guarantee and 73,870,000 shares (before adjustment for share consolidation pursuant to on ordinary resolution passed on 28 November 2018) of the Escrow Shares remained as a security for the Profit Guarantee.

During the year ended 31 March 2022, the Company was still in the process of negotiating with the Vendor on the recovery of the outstanding amount. As at 31 March 2022, the outstanding balance of HK$22,000,000 (2021: HK$22,000,000) represents the nominal amount of cash to be received for the Profit Guarantee. However, the receivables have been long outstanding, despite the Escrow Shares held, full provision for the amount receivables had been made during the year ended 31 March 2017.

24. BANK BALANCES AND CASH

At 31 March 2022, the balances that were placed with banks in the PRC amounted to approximately HK$1,053,000 (2021: approximately HK$951,000). Remittance of funds out of the PRC is subject to the exchange regulations imposed by the PRC law.

As at 31 March 2022, the Group's short-term bank deposits carried at market interest rates ranged from 0.001% to 0.35% p.a. (2021: 0.001% to 0.35% p.a.).

The carrying amounts of the Group's bank balances and cash are denominated in the following currencies:

	2022	2021
	HK$'000	HK$'000
HK$	**11,062**	2,191
RMB	**1,158**	1,212
US$	**3,098**	8,436
	15,318	11,839

25. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	HK$'000
Trade payables *(Note a)*	**4,019**	20,385
Other payables *(Note b)*	**26,206**	79,405
	30,225	99,790

Notes:

(a) Trade payables

The Group normally obtains credit terms ranging from 30 days to 120 days from its suppliers. The aging analysis of trade payables based on the due date is as follows:

	2022	2021
	HK$'000	HK$'000
Not yet due	**1,726**	2,403
1–30 days past due	**1,397**	1,229
31–60 days past due	**682**	3,965
61–90 days past due	**5**	3,180
91–180 days past due	**207**	9,516
181–360 days past due	**2**	67
Over 360 days past due	**–**	25
	4,019	20,385

25. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(a) Trade payables *(Continued)*

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2022	2021
	HK$'000	HK$'000
HK$	**2,973**	3,232
RMB	**1,011**	4,436
US$	**35**	12,717
	4,019	20,385

(b) Other payables

	2022	2021
	HK$'000	HK$'000
Accruals	**7,806**	12,868
Interest payables	**2,739**	29,135
Non-refundable deposit for subscription of shares *(Note)*	**–**	5,000
Salary and welfare payables	**3,136**	15,154
Amount due to a former director	**–**	1,265
Others	**12,525**	15,983
	26,206	79,405

Note:

On 23 December 2019, the Company and a potential investor ("First Potential Investor") entered into a non-legally binding memorandum of understanding ("MOU") pursuant to which the First Potential Investor shall invest a sum of HK$40,000,000 in the Company by way of subscription of shares and bonds. During the year ended 31 March 2020, the First Potential Investor has placed a non-refundable deposit in the sum of HK$5,000,000 in cash ("Deposit") to the Company.

On 6 March 2020, the Company entered into a deed of assignment and novation with the First Potential Investor as assignor, the assignee ("Second Potential Investor") and a warrantor (a director of the First Potential Investor) pursuant to which (a) the First Potential Investor has assigned to the Second Potential Investor all its rights, titles, benefits and interests in and under the MOU (including the Deposit under the MOU); and (b) the Second Potential Investor has undertaken to each of the First Potential Investor and the Company to be bound by and to observe and perform the terms, conditions and covenants of the MOU on the part of the First Potential Investor, and to assume all liabilities of the First Potential Investor under the MOU from the date of the deed of assignment and novation.

During the year ended 31 March 2022, the Deposit had been recognised as part of the proceeds from the subscription of shares (details refer to Note 30).

26. PROMISSORY NOTES PAYABLE

	2022 HK$'000	2021 HK$'000
At 1 April	**73,011**	71,551
Effective interest charged	**688**	6,265
Interest payable	**(621)**	(4,805)
Liabilities discharged pursuant to the Creditors' Schemes	**(73,078)**	–
At 31 March	**–**	73,011
Less: Amount classified as current liabilities	**–**	(62,140)
Amount classified as non-current liabilities	**–**	10,871

The promissory notes were unsecured, bearing interest at rates ranging from 2.5% to 14% per annum and with maturity dates ranging from 1 to 7 years from the dates of issue. The effective interest rates of the promissory notes ranged from 6.8% to 21.1% per annum.

Upon the Creditors' Schemes becoming effective on 27 May 2021, the outstanding promissory notes payable in the amount of approximately HK$73,078,000 was fully discharged pursuant to the Creditors' Schemes.

27. BORROWINGS

	2022 HK$'000	2021 HK$'000
Secured bank loan *(Note a)*	**6,580**	6,499
Advance from ultimate holding company *(Note b)*	**15,241**	–
Other loans *(Note c)*	**19,776**	41,101
Unsecured interest-bearing bond *(Note d)*	**–**	10,000
	41,597	57,600
Secured	**11,580**	18,699
Unsecured	**30,017**	38,901
	41,597	57,600
Less: Amount classified as current liabilities	**(14,899)**	(36,220)
Amount classified as non-current liabilities	**26,698**	21,380

Notes:

(a) Secured bank loan

The scheduled principal repayment dates of the bank loan with reference to the respective bank loan agreements are as follows:

	2022 HK$'000	2021 HK$'000
The carrying amount of the bank loan is repayable:		
Within one year	**123**	119
More than one year but not exceeding two years	**6,457**	119
More than two years but not exceeding five years	**–**	6,261
	6,580	6,499

As at 31 March 2022, the secured bank loan, which was denominated in RMB, was secured by the (i) Group's buildings with carrying amounts of approximately HK$9,255,000, equivalent to approximately RMB7,524,000 (2021: approximately HK$9,253,000, equivalent to approximately RMB7,760,000), (ii) supported by guarantees provided by a director of the Company's subsidiary and his spouse and (iii) supported by corporate guarantees provided by a subsidiary of the Group. The secured bank loan bears interest at 4.50% (2021: 4.50%) per annum.

27. BORROWINGS *(Continued)*

Notes: (Continued)

(b) Advance from ultimate holding company

On 8 September 2021, the Company and its ultimate holding company entered into a loan agreement. The ultimate holding company granted a loan facility up to HK$10,000,000 to the Company which bears interest at 18% per annum and with a maturity of 1 year. On 7 January 2022, the Company and its ultimate holding company entered into a supplemental loan agreement to increase the loan facility up to HK$30,000,000 and reduce the interest rate from 18% to 15% per annum.

On 23 June 2022, the Company and its ultimate holding company entered into a second supplemental loan agreement to extend maturity date to 7 September 2023.

(c) Other loan

As at 31 March 2022, the Company had outstanding other loans, in aggregate, of approximately HK$19,776,000 (2021: HK$41,101,000), which bear interest ranging from 12% to 15% (2021: 10.8% to 30.0%) per annum, and matured within 2.4 years (2021: 3.4 years) from the end of the reporting period.

	2022	2021
	HK$'000	HK$'000
The carrying amount of the other loan is repayable:		
Within one year	**14,776**	36,101
After one year but less than two years	**–**	–
After two years but less than five years	**5,000**	5,000
	19,776	41,101
Secured	**5,000**	12,200
Unsecured	**14,776**	28,901
	19,776	41,101

Details of the pledge of assets at 31 March 2022 and 2021 are set in Note 34.

(d) Unsecured interest-bearing bonds

As at 31 March 2021, the Company had outstanding unsecured interest-bearing bond in the principal amount of HK$10,000,000 which bears interest at 8% per annum and with a maturity of 5 years.

Upon the Creditors' Schemes becoming effective on 27 May 2021, the outstanding unsecured interest-bearing bond in the principal amount of HK$10,000,000 was discharged pursuant to the Creditors' Schemes.

28. CONVERTIBLE NOTES

2022 CN

On 25 June 2021, the Company issued convertible notes with an aggregate principal amount of approximately HK$3,106,000 ("2022 CN"), due on 16 March 2025 ("Maturity Date"). 2022 CN shall not bear any interest. The Company does not have redemption right of the 2022 CN.

Pursuant to the Mandatory Conversion Mechanism (details refer to the Company's circular dated 19 March 2021), any part or all of the principal amount of the 2022 CN shall be automatically converted into ordinary shares at the conversion price of HK$0.01941712 per share (subject to adjustments) during the conversion period upon the exercise of any outstanding share options issued by the Company under the Company's Scheme 2011.

In the event that the 2022 CN are not fully converted by the Maturity Date, the outstanding principal amount of the 2022 CN will forthwith be cancelled on the Maturity Date.

On initial recognition, the equity element in the amount of HK$3,000 is presented in equity as convertible notes equity reserve. 2022 CN does not consist of liability component and does not bear any interest.

2020 CN

On 2 November 2018, the Company issued convertible notes with an aggregate principal amount of HK$13,000,000 ("2020 CN"), due on 2 November 2020 and bearing interest at 1.5% per annum payable on due date. The 2020 CN can be converted into fully paid ordinary shares with a par value of HK$0.004 each of the Company at a conversion price of HK$4 (after adjustment on consolidation of shares in year 2018).

Upon the Creditors' Schemes becoming effective on 27 May 2021, the 2020 CN with the principal amount of HK$13,000,000 were fully discharged pursuant to the Creditors' Schemes.

	2022 CN HK$'000	**2020 CN HK$'000**	**Total HK$'000**
At 1 April 2020	–	**12,307**	**12,307**
Effective interest charged *(Note 11)*	–	**808**	**808**
Interest payable	–	**(115)**	**(115)**
At 31 March 2021 and 1 April 2021	–	**13,000**	**13,000**
Liabilities discharged pursuant to the Creditors' Schemes	–	**(13,000)**	**(13,000)**
At 31 March 2022	–	–	–

28. CONVERTIBLE NOTES *(Continued)*

2020 CN *(Continued)*

	2022	2021
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current liabilities	**–**	13,000

29. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group.

	Accelerated tax depreciation	**Withholding tax on undistributed earnings**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2020	157	816	973
Credit to profit or loss	(119)	(816)	(935)
At 31 March 2021 and 1 April 2021	38	–	38
Credit to profit or loss *(Note 12)*	–	–	–
At 31 March 2022	38	–	38

At 31 March 2022, the Group had no unused tax loss (2021: Nil) available for offset against future profits.

30. SHARE CAPITAL

	Number of ordinary shares of HK$0.004 each	Amount
		HK$'000
Authorised		
At 1 April 2020, 31 March 2021 and 1 April 2021	2,000,000,000	8,000
Increase in authorised share capital *(Note a)*	8,000,000,000	32,000
At 31 March 2022	10,000,000,000	40,000

	Number of ordinary shares of HK$0.004 each	Amount
		HK$'000
Issued and fully paid		
At 1 April 2020, 31 March 2021 and 1 April 2021	380,019,818	1,520
Issue of shares pursuant to Subscription *(Note b)*	1,900,099,090	7,601
Issue of shares pursuant to the Creditors' Schemes *(Note c)*	253,346,545	1,013
At 31 March 2022	2,533,465,453	10,134

Notes:

(a) Pursuant to the extraordinary resolution passed on 22 June 2021, the authorised share capital of the Company has been increased to HK$40,000,000 divided into 10,000,000,000 shares.

(b) On 25 June 2021, the Company issued an aggregate of 1,900,099,090 new ordinary shares at a subscription price of HK$0.01941712 per subscription share for a total cash consideration of approximately HK$36,895,000. The premium on the issue of shares amounted to approximately HK$29,294,000.

(c) On 25 June 2021, pursuant to the Creditors' Schemes, the Company issued 253,346,545 creditors' shares at issue price of HK$0.01941712 per creditors' shares to the scheme administrators for distribution to the creditors subject to adjudication. The premium of the issue of shares amounted to approximately to HK$3,905,000.

31. SHARE-BASED PAYMENTS

EQUITY-SETTLED SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme 2011") which was adopted pursuant to a resolution of the sole Shareholder passed on 27 April 2011. The purpose of the Scheme 2011 was to attract, retain and motivate talented Participants (as defined below), to strive for future developments and expansion of the Group. The Scheme 2011 should be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Group attained through their efforts and contributions. The Scheme 2011 became effective on 27 April 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Scheme 2011. The Scheme 2011 expired on 26 April 2021.

The Company has adopted a share option scheme (the "Scheme 2021") pursuant to a resolution of the Shareholders passed on 29 September 2021. The purpose of the Scheme 2021 is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, advisors and consultants of the Group and to promote the success of the business of the Group.

The Scheme 2021 became effective on 29 September 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of the adoption of the Scheme 2021.

The Participants include any director, employee, advisor and consultant of the Company or any subsidiary of the Company, who, in the absolute discretion of the Board, has contributed or may contribute to the Group so as to promote the success of the business of the Group.

The total number of the shares of the Company available for issue under the Scheme 2021 and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue of the Company on the day on which trading of the Shares commenced on the Stock Exchange.

The maximum number of Shares issued and to be issued upon exercise of the Options granted and to be granted pursuant to the Scheme 2021 and any other share option schemes of the Group to each Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

31. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

Any grant of share options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates and such Option which if exercised in full, would result in the shares of the Company issued and to be issued upon exercise of all Options already granted and to be granted pursuant to the Scheme 2021 and other share option schemes of the Company (including option exercised and outstanding) to such Participant in the 12-month period up to and including the date of grant being proposed by the Board (the "Relevant Date"): (i) representing in aggregate more than 0.1% of the total number of shares of the Company in issue at the Relevant Date; and (ii) having an aggregate value, based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the Relevant Date, in excess of HK$5,000,000, are subject to the shareholders' approval in the general meeting.

Unless otherwise determined by the directors of the Company and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme 2021 for the holding of an option before it can be exercised.

The offer of a grant of share options may be accepted within 10 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the conditional adoption of the Scheme 2021 by the sole Shareholder subject to the provisions for early termination under the Scheme 2021.

The subscription price for the Shares under the Scheme 2021 shall be a price determined by the Board at its absolute discretion and shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of the share of the Company on the date of the offer for the grant.

31. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

The following table discloses movements of the Company's share options during the years ended 31 March 2022:

Grantee	Date of grant	Exercise period	Exercise price	At 1 April 2021	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	Outstanding 31 March 2022
Directors	16.4.2019	16.4.2019 to 15.4.2022	0.36	**13,000,000**	**–**	**–**	**–**	**(3,500,000)**	**9,500,000**
Employees	11.4.2018 *(Note c)*	11.4.2018 to 10.4.2021	1.04	**8,450,000**	**–**	**–**	**(8,450,000)**	**–**	**–**
	16.4.2019	16.4.2019 to 15.4.2022	0.36	**4,100,000**	**–**	**–**	**–**	**(300,000)**	**3,800,000**
Consultants	10.10.2013 *(Note a)*	10.10.2013 to 9.10.2023	7.82	**1,375,000**	**–**	**–**	**–**	**–**	**1,375,000**
	13.1.2014 *(Note a)*	13.1.2014 to 12.1.2024	6.28	**2,750,000**	**–**	**–**	**–**	**–**	**2,750,000**
	14.7.2014 *(Note b)*	14.7.2014 to 13.7.2024	5.12	**3,850,000**	**–**	**–**	**–**	**–**	**3,850,000**
	21.8.2014 *(Note b)*	21.8.2014 to 20.8.2024	4.52	**1,375,000**	**–**	**–**	**–**	**–**	**1,375,000**
	16.2.2015 *(Note b)*	16.2.2015 to 15.2.2025	3.28	**2,179,350**	**–**	**–**	**–**	**–**	**2,179,350**
	17.3.2015 *(Note b)*	17.3.2015 to 16.3.2025	3.68	**3,121,200**	**–**	**–**	**–**	**–**	**3,121,200**
	11.4.2018 *(Note c)*	11.4.2018 to 10.4.2021	1.04	**2,112,500**	**–**	**–**	**(2,112,500)**	**–**	**–**
	16.4.2019	16.4.2019 to 15.4.2022	0.36	**11,000,000**	**–**	**–**	**–**	**–**	**11,000,000**
				53,313,050	**–**	**–**	**(10,562,500)**	**(3,800,000)**	**38,950,550**

The following table discloses movements of the Company's share options during the years ended 31 March 2021:

Grantee	Date of grant	Exercise period	Exercise price	At 1 April 2020	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	Outstanding 31 March 2021
Directors	21.4.2017 *(Note c)*	21.4.2017 to 20.4.2020	2.52	2,640,000	–	–	–	(2,640,000)	–
	16.4.2019	16.4.2019 to 15.4.2022	0.36	20,600,000	–	–	–	(7,600,000)	13,000,000
Employees	11.4.2018 *(Note c)*	11.4.2018 to 10.4.2021	1.04	8,450,000	–	–	–	–	8,450,000
	16.4.2019	16.4.2019 to 15.4.2022	0.36	4,100,000	–	–	–	–	4,100,000
Consultants	10.10.2013 *(Note a)*	10.10.2013 to 9.10.2023	7.82	1,375,000	–	–	–	–	1,375,000
	13.1.2014 *(Note a)*	13.1.2014 to 12.1.2024	6.28	2,750,000	–	–	–	–	2,750,000
	14.7.2014 *(Note b)*	14.7.2014 to 13.7.2024	5.12	3,850,000	–	–	–	–	3,850,000
	21.8.2014 *(Note b)*	21.8.2014 to 20.8.2024	4.52	1,375,000	–	–	–	–	1,375,000
	16.2.2015 *(Note b)*	16.2.2015 to 15.2.2025	3.28	2,179,350	–	–	–	–	2,179,350
	17.3.2015 *(Note b)*	17.3.2015 to 16.3.2025	3.68	3,121,200	–	–	–	–	3,121,200
	11.4.2018 *(Note c)*	11.4.2018 to 10.4.2021	1.04	2,112,500	–	–	–	–	2,112,500
	16.4.2019	16.4.2019 to 15.4.2022	0.36	11,000,000	–	–	–	–	11,000,000
				63,553,050	–	–	–	(10,240,000)	53,313,050

31. SHARE-BASED PAYMENTS *(Continued)*

EQUITY-SETTLED SHARE OPTION SCHEME *(Continued)*

Notes:

(a) The exercise price of the share options granted in prior years have been adjusted pursuant to the share subdivision and share consolidation of the Company's shares becoming effective on 25 March 2014, 30 September 2016 and 29 November 2018.

(b) The exercise price of the share options granted in prior years have been adjusted pursuant to the share subdivision and share consolidation of the Company's shares becoming effective on 30 September 2016 and 29 November 2018.

(c) The fair value and the exercise price of the share options granted in prior year have been adjusted pursuant to the share consolidation of the Company's shares becoming effective on 29 November 2018.

During the year ended 31 March 2022, no share option was granted under the Scheme 2021.

Details of the share options outstanding during the year are as follows:

	2022		2021	
	Number of share of options	**Weighted average exercise price HK$**	Number of share of options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**53,313,050**	**1.76**	63,553,050	1.62
Expired during the year	**(10,562,500)**	**1.04**	–	–
Lapsed during the year	**(3,800,000)**	**0.36**	(10,240,000)	0.92
Outstanding and exercisable at the end of the year	**38,950,550**	**2.09**	53,313,050	1.76

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.91 years (2021: 1.48 years) and the exercise prices range from HK$0.36 to HK$7.82 (2021: from HK$0.36 to HK$7.82), after adjustment for the share consolidation in year 2018.

32. RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year:

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2022	2021
	HK$'000	HK$'000
Fees, salaries and allowances	**3,655**	1,120
Retirement benefits scheme contribution	**102**	9
	3,757	1,129

33. OPERATING LEASE ARRANGEMENTS

THE GROUP AS LESSOR

At the end of reporting period, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2022	2021
	HK$'000	HK$'000
Within one year	**2,558**	2,601
In the second year	**1,791**	2,514
In the third year	**1,057**	1,760
In the fourth year	**350**	1,039
In the fifth year	**353**	344
After five year	**59**	405
	6,168	8,663

Operating lease arrangements represent rentals receivable by the Group for certain parts of its office premises. Rentals are fixed over the lease terms and do not include contingent rentals.

34. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure borrowings granted to the Group:

	2022	2021
	HK$'000	HK$'000
Right-of-use assets *(Note (i))*	**–**	1,569
Buildings *(Note (i))*	**9,255**	10,073
	9,255	11,642

Note:

(i) As at 31 March 2022, a building was pledged to a bank to secure facilities of approximately of HK$6,580,000 granted to the Group. As at 31 March 2021, leasehold land (included in right-of-use assets) and buildings were pledged to a bank and a lender to secure facilities of approximately in total of HK$13,699,000 granted to the Group.

The Group's 51% (2021: 51%) equity interests in Able One Investments Limited, a subsidiary of the Company, was pledged to an independent third party to secure an interest-bearing other loan as described in note 27(c).

35. RETIREMENT BENEFITS SCHEME

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

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

During the years ended 31 March 2021 and 2022, there were no contributions forfeited by the Group for employees who left the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 31 March 2021 and 2022, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in GEM Listing Rule 18.34(2).

36. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2022, the Group disposed of the entire interests in certain subsidiaries incorporated in Hong Kong, British Virgin Islands and PRC to independent third parties at aggregate consideration of HK$17 and resulting in a gain on disposal of approximately HK$891,000. During the year ended 31 March 2021, the Group disposed of the entire interests in a wholly-owned subsidiary incorporated in Hong Kong to an independent third party at consideration of HK$400,000 and resulting in a gain on disposal of HK$288,000.

The aggregate net assets of the subsidiaries at the date of disposal were as follows:

	2022 **HK$'000**	2021 HK$'000
Other receivables and prepayment	**400**	112
Other payables	**(1,464)**	–
Net (liabilities) assets disposal of	**(1,064)**	112
Release of foreign currency translation reserve	**44**	–
Non-controlling interest	**129**	–
Total consideration	**–**	(400)
Net gain on disposal	**(891)**	(288)

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2022 **HK$'000**	2021 HK$'000
Net cash inflow arising on disposal:		
Cash consideration received	**–**	400
Cash and cash equivalents disposed of	**–**	–
	–	400

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current assets		
Investments in subsidiaries *(Note a)*	**4,377**	26,860
Property, plant and equipment	**1,690**	32
Right-of-use assets	**2,577**	–
	8,644	26,892
Current assets		
Deposits, prepayment and other receivables	**1,244**	903
Amount due from ultimate holding company	**22,500**	–
Bank balances and cash	**442**	364
	24,186	1,267
Current liabilities		
Accruals and other payables	**8,100**	59,888
Amounts due to subsidiaries *(Note a)*	**727**	516
Promissory notes payables	**–**	62,140
Borrowings	**–**	28,901
Convertible notes	**–**	13,000
Lease liabilities	**1,124**	–
	9,951	164,445
Net current assets (liabilities)	**14,235**	(163,178)
Total assets less current liabilities	**22,879**	(136,286)

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

	2022 HK$'000	2021 HK$'000
Non-current liabilities		
Promissory notes payable	**–**	10,871
Borrowings	**5,000**	15,000
Advance from ultimate holding company	**15,241**	–
Lease liabilities	**1,836**	–
	22,077	25,871
Net assets (liabilities)	**802**	(162,157)
Capital and reserves		
Share capital	**10,134**	1,520
Reserves	**(9,332)**	(163,677)
Total equity (deficit)	**802**	(162,157)

Note a: The amounts due from (to) subsidiaries are unsecured, interest-free and repayable on demand.

Approved and authorised for issue by the Board of Directors on 23 June 2022.

Leung Wing Cheong Eric
Director

Cheung Yip Sang
Director

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

	Share premium HK$'000	Share-based payment reserve HK$'000	Convertible notes equity reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	703,768	52,553	2,215	(74)	(879,373)	(120,911)
Total comprehensive expenses for the year	–	–	–	–	(42,766)	(42,766)
Share options lapsed	–	(4,747)	–	–	4,747	–
At 31 March 2021 and 1 April 2021	**703,768**	**47,806**	**2,215**	**(74)**	**(917,392)**	**(163,677)**
Total comprehensive expenses for the year	**–**	**–**	**–**	**74**	**121,069**	**121,143**
Issuance of shares upon share subscription	**29,294**	**–**	**–**	**–**	**–**	**29,294**
Issuance of shares upon debt restructuring	**3,905**	**–**	**–**	**–**	**–**	**3,905**
Recognition of equity component of convertible notes	**–**	**–**	**3**	**–**	**–**	**3**
Derecognition of convertible notes equity reserve upon debt restructuring	**–**	**–**	**(2,215)**	**–**	**2,215**	**–**
Share options lapsed	**–**	**(5,782)**	**–**	**–**	**5,782**	**–**
At 31 March 2022	**736,967**	**42,024**	**3**	**–**	**(788,326)**	**(9,332)**

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

NATURE AND PURPOSE OF RESERVES

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Share-based payment reserve

Share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

(iii) Convertible notes equity reserve

The convertible notes equity reserve represents the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in note 3 to the consolidated financial statements.

(iv) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

38. PARTICULARS OF SUBSIDIARIES

(A) GENERAL INFORMATION OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2022 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
陝西百能(子長)能源發展有限公司 Shanxi Baineng (Zizhang) Energy Development Co., Limited* *(Note a)*	The PRC/PRC	US$5,000,000	100%	–	Investment holding
百能能源(北京)有限公司 Baineng Energy (Beijing) Co., Limited* *(Note a)*	The PRC/PRC	HK$200,000,000	100%	–	Investment holding
百能(天津)能源貿易有限公司 Baineng (Tianjin) Energy Trading Co., Limited* *(Note a)*	The PRC/PRC	RMB10,000,000	–	100%	Investment holding
佰能(深圳)能源發展有限公司 Baineng (Shenzhen) Energy Development Co., Limited* *(Note b)*	The PRC/PRC	RMB50,000,000	–	100%	Investment holding
Dynamics Miracle Limited	BVI/Hong Kong	1 ordinary share of US$1 each	100%	–	Investment holding
3 Dynamics (Asia) Limited	Hong Kong/ Hong Kong	HK$10,000	–	100%	Inactive
Century Energy International Global Limited	BVI/Hong Kong	100 ordinary shares of US$1 each	100%	–	Investment holding
Century Energy International (HK) Limited	Hong Kong/ Hong Kong	HK$100	–	100%	Inactive

38. PARTICULARS OF SUBSIDIARIES *(Continued)*

(A) GENERAL INFORMATION OF SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Issued and fully paid share capital/ registration capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Indirect	Principal activities
Able One Investments Limited	BVI/Hong Kong	100 ordinary shares of US$1 each	51%	–	Investment holding
Sun Fair Electric Wire & Cable (HK) Company Limited	Hong Kong/ Hong Kong	HK$3,000,000	–	51%	Trading of power and data cords
Joint Market Limited	BVI/Hong Kong	1 ordinary share of US$1 each	–	51%	Investment holding
Logic Dynamic Limited	Hong Kong/ Hong Kong	HK$10,000	–	51%	Inactive
三輝電線電纜(深圳)有限公司 Sun Fair Electric Wire & Cable (Shenzhen) Company Limited* *(Note a)*	The PRC/PRC	HK$10,000,000	–	51%	Manufacturing and trading of power and data cords

Notes:

(a) The subsidiaries are wholly-foreign-owned enterprises established in the PRC.
(b) The subsidiary is wholly owned enterprise established in the PRC.

* for identification purpose only

38. PARTICULARS OF SUBSIDIARIES *(Continued)*

(B) DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows the details of Able One Investments Limited and its subsidiaries ("Able One Group") that has material non-controlling interests:

Name of subsidiaries	Proportion of ownership interest and voting rights held by non-controlling interests		Total comprehensive income (expense) for the year allocated to non-controlling interests		Accumulated non-controlling interests	
	2022	2021	**2022**	2021	**2022**	2021
			HK$'000	HK$'000	**HK$'000**	HK$'000
Able One Group	**49%**	49%	**(3,580)**	6,014	**5,816**	9,396
Individually immaterial subsidiaries with non-controlling interests			**(2)**	(23)	**–**	(127)
			(3,582)	5,991	**5,816**	9,269

38. PARTICULARS OF SUBSIDIARIES *(Continued)*

(B) DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following table lists out the consolidated financial information relating to Able One Group which has material non-controlling interests as at 31 March 2022 and 2021.

	2022	2021
	HK$'000	HK$'000
Non-current assets	**22,008**	18,702
Current assets	**48,054**	82,122
Non-current liabilities	**(6,458)**	(6,491)
Current liabilities	**(51,495)**	(75,156)
Total equity	**12,109**	19,177
Equity attributable to owners of Able One Group	**6,176**	9,781
Non-controlling interest of Able One Group	**5,933**	9,396
Revenue	**56,605**	110,671
(Loss) profit for the year	**(8,893)**	9,578
Profit and total comprehensive income for the year	**(7,307)**	12,273
Total comprehensive (expense) income attributable to owner of Able One Group	**(3,727)**	6,259
Total comprehensive (expense) income attributable to the non-controlling interests of Able One Group	**(3,580)**	6,014
Dividends declared to non-controlling interests	**–**	–
Net cash inflow from operating activities	**16,702**	7,401
Net cash outflow from investing activities	**(6,344)**	(329)
Net cash outflow from financing activities	**(8,446)**	(6,535)
Net cash inflow	**1,912**	537

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest payables from financing activities	Borrowings	Promissory notes payable	Liability component of convertible notes	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	16,250	54,709	71,551	12,307	1,346	156,163
Changes from financing cash flows:						
Raised	–	13,646	–	–	–	13,646
Repayment	–	(11,167)	–	–	–	(11,167)
Repayments of lease liabilities	–	–	–	–	(1,185)	(1,185)
Interest expenses	–	9,070	6,265	808	48	16,191
Interest accrued	12,885	(7,965)	(4,805)	(115)	–	–
Repayment of interest	–	(1,105)	–	–	–	(1,105)
Exchange differences	–	412	–	–	27	439
At 31 March 2021 and 1 April 2021	29,135	57,600	73,011	13,000	236	172,982
Changes from financing cash flows:						
Raised	**–**	**30,017**	**–**	**–**	**3,199**	**33,216**
Repayment	**–**	**(14,820)**	**–**	**–**	**–**	**(14,820)**
Repayments of lease liabilities	**–**	**–**	**–**	**–**	**(616)**	**(616)**
Interest expenses	**–**	**4,273**	**688**	**–**	**213**	**5,174**
Interest accrued	**3,946**	**(3,325)**	**(621)**	**–**	**–**	**–**
Repayment of interest	**–**	**(948)**	**–**	**–**	**–**	**(948)**
Derecognition upon debt restructuring	**(30,342)**	**(31,401)**	**(73,078)**	**(13,000)**	**–**	**(147,821)**
Exchange differences	**–**	**201**	**–**	**–**	**–**	**201**
At 31 March 2022	**2,739**	**41,597**	**–**	**–**	**3,032**	**47,368**

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 June 2022.

FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

RESULTS

	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**56,605**	110,671	64,017	102,338	395,281
Profit (loss) before tax	**101,432**	(32,645)	(28,771)	(237,365)	(93,580)
Income tax (expense) credit	**(1,045)**	(664)	2,106	(790)	3,015
Profit (loss) for the year	**100,387**	(33,309)	(26,665)	(238,155)	(90,565)
Attributable to:					
Owners of the Company	**104,744**	(37,987)	(31,926)	(235,286)	(88,168)
Non-controlling interests	**(4,357)**	4,678	5,261	(2,869)	(2,397)
	100,387	(33,309)	(26,665)	(238,155)	(90,565)

ASSETS, EQUITY AND LIABILITIES

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Non-current assets	**27,812**	18,907	22,311	16,782	21,524
Current assets	**73,304**	106,290	97,530	96,562	326,386
Total assets	**101,116**	125,197	119,841	113,344	347,910
EQUITY AND LIABILITIES					
Total equity (deficit)	**19,045**	(124,659)	(94,091)	(73,902)	101,657
Non-current liabilities	**28,572**	32,362	52,686	89,882	85,518
Current liabilities	**53,499**	217,494	161,246	97,364	160,735
Total liabilities	**82,071**	249,856	213,932	187,246	246,253
Total equity and liabilities	**101,116**	125,197	119,841	113,344	347,910
Attributable to:					
Owners of the Company	**13,229**	(133,928)	(97,369)	(73,812)	112,693
Non-controlling interests	**5,816**	9,269	3,278	(90)	(11,036)
	19,045	(124,659)	(94,091)	(73,902)	101,657