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WEALTH GLORY HOLDINGS LIMITED

富譽控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8269)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Wealth Glory 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 2022 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of annual results.

By Order of the Board
Wealth Glory Holdings Limited
Tse Sing Yu
Executive Director

Hong Kong, 30 June 2022

As at the date of this announcement, the Board comprises five Directors, including two executive Directors, namely, Ms. Lin Su and Mr. Tse Sing Yu and three independent non-executive Directors, namely, Mr. Tam Chak Chi, Mr. Liu Yongsheng and Mr. Chan Ka Hung.

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 GEM website at www.hkgem.com on the “Latest Listed Company Information” page for seven days from the date of its publication and on the website of the Company at www.wealthglory.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 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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This report, for which the directors (the “Directors”) of Wealth Glory Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this report misleading.



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tse Sing Yu
Ms. Lin Su

Independent Non-executive Directors

Mr. Liu Yongsheng
Mr. Tam Chak Chi
Mr. Chan Ka Hung

AUTHORISED REPRESENTATIVES

Mr. Yung Kai Wing
Mr. Tse Sing Yu

COMPLIANCE OFFICER

Mr. Tse Sing Yu

COMPANY SECRETARY

Mr. Yung Kai Wing

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1104, Crawford House
70 Queen's Road Central,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor,
24 Shedden Road P.O. Box 1586,
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
33/F, Two Chinachem Exchange Square,
338 King's Road, North Point, Hong Kong

AUDITOR

Elite Partners CPA Limited
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Ltd.
Bank of Communications Co., Ltd., Hong Kong Branch
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary shares (Stock Code: 8269)

COMPANY WEBSITE

www.wealthglory.com

Director's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Wealth Glory Holdings Limited, I am pleased to present to you the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022 (the "Current Financial Year").

In 2021, the spread of the novel coronavirus infection continuously contracted the economy and also the Group's business.

In previous years, the Group's business was mainly focused on the trading of natural resources and commodities; sale of trendy products and money lending business. We also utilized its short term idle funds on investing in listed securities. We strived to seek for other suitable investment opportunities to diversify our business into different spectrums.

The Group continued to focus on MD Inc. Limited ("MD") which is engaged in design, manufacture, produce, market, sales and distribution of bags, storage cases for electronic accessories and components, trendy fashion apparels and accessories in Hong Kong and Asia markets. Given that MD's products are those trendy products with their end-users/customers being young generations and MD Group is actively participated in different marketing activities in order to strengthen the market appearance. During the year, MD Group continue to expand the sales network, improve the research and development skills and co-operation with sizable and famous brands, and we believed that the sales and distribution of trendy products have a high potential in the Asia region especially Greater China.

Looking forward, the Group's business environment is expected to be remained challenging. In view of the uncertainties of the effects from potential global issues, local social incidents and the spread of the novel coronavirus infection, we will continue to capitalize on our strong business connections to develop our existing businesses whilst capture any arising opportunities to diversify the Group's business. Lastly, I would like to represent the Board to take this opportunity to thank the management and all of our colleagues for their dedication and support to the Group in such challenging year. I would also like to express our sincere gratitude to our customers, suppliers and business partners for their continued support.

Tse Sing Yu

Executive Director

Hong Kong, 30 June 2022

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 31 March 2022, the Group's operations recorded a revenue of HK\$51.6 million as compared to HK\$50.5 million in the previous year, representing an increase of 2.2%. The increase was mainly attributable to the resumption of operations of sales of consumer products. The money lending business also contributed HK\$1.7 million (2021: HK\$1.9 million) to the Group's revenue during the year. The Group's gross profit in relation to its operations slightly decreased from HK\$4.5 million in last year to HK\$3.9 million in the current year under review.

The Group recorded other income of HK\$58,000 (2021: HK\$2.1 million). The decrease was mainly attributable to the absence of imputed interest arising from loans to investee.

Other gains and losses recorded during the year was a net loss of HK\$1.7 million (2021: net loss of HK\$1.3 million). The increase was resulting from the increase in loss from changes in fair value on financial assets at FVTPL from approximately gain of HK\$0.6 million to loss of approximately HK\$1.1 million.

Administrative expenses and other expenses (the "Operating Expenses") incurred for the year ended 31 March 2022 amounted to HK\$26.2 million (2021: HK\$27.4 million). After excluding the major non-cash items in relation to amortization of intangible assets, depreciation charges, written-off of FVTOCI and movie script deposit, bad debts and the share-based payments, operating Expenses for this year would have amounted to HK\$16.7 million as compared to HK\$14 million in the previous year on the same basis, representing an increase of 19.3% which was mainly attributable to the increase in share-based payments expenses incurred during the year.

The Group incurred finance costs for the year ended 31 March 2022 amounted to HK\$0.3 million (2021: HK\$0.6 million) which was mainly composed of interest payable on borrowings, interest on lease liabilities and the imputed interest on bonds issued by the Group.

The Group recorded a loss attributable to owners of the Company of approximately HK\$28.1 million for the year as compared the amount in 2021 of approximately HK\$66.7 million, representing a decrease of HK\$38.6 million. Such decrease was mainly due to the absence of the impairment of goodwill of approximately HK\$29.4 million and the reversal of impairment loss on loans to investees of approximately HK\$5 million.

BUSINESS REVIEW

During the year ended 31 March 2022, the Group's business was organized in four segments namely (i) Natural Resources and Commodities; (ii) Branding, Trendy Fashion Merchandise and Other Consumers Products; (iii) Money Lending; and (iv) Securities Investment.

Management Discussion and Analysis

Natural Resources and Commodities

Natural Resources and Commodities Trading Business

The Group switched more resources to the sales of consumer products and trendy fashion merchandises segment which has a great potential on its business performance. The COVID-19 continue to affect this business during the year. During the year ended 31 March 2022, the Group continued engaging in the trading of crude palm oil via its wholly-owned subsidiary and recorded a turnover of HK\$18.4 million (2021: HK\$25.5 million). The Group will continue monitoring the business environment and conditions in carrying out the related trades.

Branding, Trendy Fashion Merchandise and Others Consumer Products

The Group's sale of consumer products and trendy fashion merchandises was carried out by its wholly-owned subsidiary, MD Inc. Limited ("MD" together with its subsidiaries, the "MD Group"). The MD Group has been experienced in a turning point although the financial figures had not reflected the true picture of MD which was mainly due to the continuance of COVID-19 which results in delay in the expansion of this business. The MD recorded a turnover of HK\$31.5 million (2021: HK\$23.1 million) for the year ended 31 March 2022. MD had timely switched its resources to other profitable segment including but not limited to the sales of trendy fashion merchandises and other consumer products of favorable brands and own branded products. MD's technical and research and development skills was recognised by the customers which built up the confidence on the differentiated own branded products by adding technical function on the existing products. Responses from potential buyers was encouraged particularly on the functionality products with different technical functions. Besides, MD had approached and cross designed with several favorable brands, even Nintendo and FILA. In order to increase the brand appearance, the MD will continue to develop and register new intellectual properties and has been actively participated in different marketing activities such as trade fairs and exhibitions in particular those organized in the major cities of the People's Republic of China (the "PRC") such as the 20th Shanghai International Children Baby Maternity Industry Expo. At the Expo, MD displayed a variety of merchandises which were designed and produced by MD. However, due to the outbreak of COVID-19, the expo has stopped this year. MD only tried another ways to increase the brand awareness such as placing advertisements on internet. MD continue to develop different somatosensory games and will made use of this hot technology to promote the brand name in the coming years and linked up with other merchandises to be produced by MD. In order to expansion this business, MD started to increase the sale channels, provide a flexible credit terms to customers and add a new profit sharing sales model to attract the dealers and maximise the profit.

MD Group has resumed operations while the Directors consider that the impact of COVID-19 on the Group's operations and future prospects may affected by the duration of the epidemic, the implementation of regulatory policies and relevant protective measures which might affect the business environment that the Group is operating at. However, the Group are optimistic with this business, confidence was built by the satisfaction with our differentiated products by the potential buyers. The Group believed that once the COVID-19 was being controlled, MD's business will resume as normal and looking forward to the expansion of the business with well utilised the proceeds raised by right issues during the year.

The Group will stay alert on the development and situation of the COVID-19, continue to assess its impacts on the financial position and operating results of the Group and take necessary actions to mitigate its business risk. Up to the date of this report, the aforesaid assessment is still in progress.

Management Discussion and Analysis

The Group intended to expand this business. The Group believed that the funding from rights issue and the technical functions affiliate with well marketing strategies would add value to its merchandises and would facilitate an explosive growth of MD's business including the growth in revenue and margins as the high-tech differentiated products can contribute higher profit margin.

Money Lending

The Group's money lending business recorded a revenue of HK\$1.7 million (2021: HK\$1.9 million), which comprised interest income generated. According to the management's observation and taking into account the positive results of the money lending business, the Group believes that there is a constant demand in the market allowing a further growth of this business segment and is confident that it will continue to contribute positively to the Group's overall results. Nonetheless, as the business is capital-driven in nature, the Group will constantly assess the level of resources to be allocated to this business segment with reference to the availability of capital. In the meantime, it will closely monitor the market conditions and operating environment in order to strike a balance between the returns and the associated business risks.

Securities Investment

During the year, the Group's securities investment segment continued to focus on listed securities in Hong Kong. It recorded a net loss in securities investments of HK\$1.7 million for the year ended 31 March 2022 (2021: net loss of HK\$0.4 million) which was composed of a loss on disposal of financial assets at FVTPL of HK\$0.6 million (2021: loss of HK\$1 million) and a loss from changes in fair value on financial assets at FVTPL of HK\$1.1 million (2021: gain of HK\$0.6 million). As at 31 March 2022, the Group held an investment portfolio with fair value of HK\$0.7 million (31 March 2021: HK\$2.7 million). There was no dividend income generated for the year ended 31 March 2022.

The local securities market remained volatile during the year. In view of this, the Group will hold a diversified portfolio across different segment of the market with an effort to minimize the associated risk.

Financial Position

Net assets value of the Group as at 31 March 2022 amounted to HK\$48 million compared to HK\$69.1 million as at 31 March 2021. The decrease was mainly due to the decrease in cash and cash equivalent resulting from the increase in marketing expenses and sales channels in order to expand the business of sales of trendy fashion merchandises and consumer products.

The total non-current assets of the Group decreased from HK\$2.6 million as at 31 March 2021 to HK\$0.3 million as at 31 March 2022. The decrease was mainly due to the absence of leasehold improvements.

Net current assets as at 31 March 2022 amounted to HK\$47.7 million as compared to HK\$66.5 million in the previous year. The decrease was mainly attributable to the decrease in cash and cash equivalent.

Management Discussion and Analysis

Liquidity and Financial Resources

The Group's gearing ratio as at 31 March 2022 was nil (2021: 12.3%). The Group defines gearing ratio as ratio of net debt over equity plus net debt in which net debt represents total of promissory note, bonds, bank overdraft and bank and other borrowings. The current ratio (ratio of current assets to current liabilities) of the Group as at 31 March 2022 was approximately 2.7 (2021: 3.2) which has slightly decreased as compared to the previous year.

As at 31 March 2022, No banking facilities available to the Group (2021: Nil).

Update on Refund of Deposit

On 1 August 2014, the Company, as purchaser, entered into a memorandum of understanding ("MOU") with Southernpec Storage and Logistics Holding Limited (the "Vendor"), as vendor, for the proposed acquisition of Southernpec Singapore Storage and Logistics Limited. Pursuant to a supplemental memorandum of understanding, the Company paid a refundable deposit of HK\$10 million (the "Deposit"). The MOU lapsed on 31 July 2015 and the Deposit shall be returned by the Vendor to the Company in full within three business days. However, the Vendor was failed to return the Deposit within the said period and the parties were unable to reach a consensus on the repayment schedule. Following a series of negotiations and actions (including legal proceedings against the Vendor for the recovery of the Deposit) taken against the Vendor on the delay in repayment of the Deposit, the Company has reached a settlement agreement (the "Settlement Agreement") with the Vendor. Pursuant to the Settlement Agreement, in consideration of the Company's forbearance to sue and to proceed with the legal proceedings and to withdraw/discontinue such legal proceedings against the Vendor, the Vendor irrevocably covenants with the Company that the Vendor shall pay to the Company a sum of HK\$5,000,000 (the "Settlement Sum") by instalments over a period of 18 months from the date of the Settlement Agreement as the full and final settlement of the Deposit (the "Settlement"). In view of the failure of receiving the Settlement Sum in accordance to the payment schedule, an amount of HK\$9.5 million (being the difference of the Deposit and the amount paid by the Vendor to the Company up to the date of this report) was impaired and charged to the profit and loss for the year ended 31 March 2016. At the date of the report, the Settlement Sum of HK\$1.4 million for payment was outstanding. The Company will continue to monitor the payments from the Vendor and update its shareholders where appropriate.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year, the Group did not have other material acquisitions and disposals of subsidiaries and affiliated companies.

Management Discussion and Analysis

Significant Investments

As at 31 March 2022, the Group's held-for-trading investments amounted to HK\$0.7 million represented were equity investments listed in Hong Kong. Details of the significant investments are as follows:

Company Name	Fair value change HK\$'000	Fair value at 31 March 2022 HK\$'000	Approximate percentage of held-for-trading investment	Approximate percentage to the Group's total asset as at 31 March 2022
Hong Wei (Asia) Holdings Group Limited	(960)	178	24.6	0.2%
Echo International Holdings Group Limited	(86)	48	6.6	0.1%
HMVOD Limited	(180)	404	56.1	0.5%
Other securities with individual fair value less than 5% of the aggregate held-for-trading investment as at 31 March 2022	91	91	12.7	0.1%
	<u>(1,135)</u>	<u>721</u>	<u>100.0</u>	<u>0.9%</u>

Financial Management and Policy and Foreign Currency Risk

The Group's finance division manages the financial risks of the Group. One of the key objectives of the Group's treasury policy is to manage its exposure to fluctuations in foreign currency exchange rates. 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 respective Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group has assessed its foreign exchange rate risk exposure and has not entered into any foreign exchange hedging arrangement during the year and as at year end date. In any event, the Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Treasury Policies and Credit Risk Management

The Group consistently employed a prudent treasury policy during its development and generally financed its operations and business development with internally generated resources and equity and/or debt financing activities. The Group also adopted flexible and prudent fiscal policies to effectively manage the Group's assets and liabilities and strengthen the Group's financial position.

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Management Discussion and Analysis

Contingent Liabilities and Pledge of Assets

As at 31 March 2022, the Group had neither significant charges on its assets nor any significant contingent liabilities (2021: Nil).

USE OF PROCEEDS

The Company would like to provide information on the use of proceeds as follow:

		Original intended use of proceeds stated in circular dated 30 September 2020 HK\$'million	Actual use of proceeds as at the date of this report HK\$'million	Remaining balance HK\$'million	Progress
Rights Issue	Repayment of bond and other borrowings	13.1	13.1	-	Used as intended
	Expansion of sales channels	9.7	9.7	-	Used as intended
	Development of new merchandises and other consumer products	4.4	4.4	-	Used as intended
	Marketing activities and use of third-party intellectual properties	4.0	4.0	-	Used as intended
	General working capital	7.9	7.9	-	Used as intended
		<u>39.1</u>	<u>39.1</u>	<u>-</u>	

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had 52 (2021: 50) employees, including the Directors. Total staff cost for the year ended 31 March 2022 amounted to approximately HK\$9.8 million (2021: HK\$4.3 million). Staff remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. It comprised of monthly salaries, provident fund contributions, other allowances and discretionary share options issued based on their contribution to the Group. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined statutory mandatory provident fund scheme to its employees in Hong Kong. The Group has adopted a share option scheme of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. As at the date of this report, a total of 71,901,900 share options remain unexercised.

OUTLOOK

The Group started to restructure its strategic business position and focus its resources in pursuing development opportunities of other existing businesses of the Group. On the other hand, the Group will continue to focus on the sales of consumer products and trendy fashion merchandises. Looking ahead, the Group will continue to develop its existing business either via organic growth or by acquisition of related businesses if appropriate. The Board will also utilize its business connections to identify other investment opportunities in order to diversify its existing business for enhancing its shareholder's return. Meanwhile, the Group will continue its existing businesses with on-going monitoring on their performances so that resources can be allocated to appropriate business segments with the view to maximize the returns to its shareholders.

Directors and Senior Management Biographies

DIRECTORS

MR. TSE SING YU, Executive Director

Mr. Tse Sing Yu (“Mr. Tse”), aged 41, was appointed as an executive director in September 2016. Mr. Tse is currently the chief operating officer (the “COO”) of the Company. He is specialized in strategic planning with extensive experience in corporate management and business promotion particularly in the catering and retail industries.

MS. LIN SU, Executive Director

Ms. Lin Su (“Ms. Lin”), aged 38, was appointed as an executive director in September 2016. Ms. Lin graduated from 陝西國際商貿學院 (Shanxi Institute of International Trade & Commerce*) in the People’s Republic of China (the “PRC”) specialized in computer information management. Ms. Lin has over ten years of experience in the finance industry. Prior to joining the Company, she held senior position in a sizeable financial institution in the PRC.

MR. TAM CHAK CHI, Independent Non-executive Director

Mr. Tam Chak Chi (“Mr. Tam”), aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee in September 2013. Mr. Tam holds a bachelor’s degree of commerce from the University of Toronto. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a member of each of the American Institute of Certified Public Accountants and the Chartered Global Management Accountant. Mr. Tam has more than 15 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies. Mr. Tam is currently an independent non-executive director of Hong Kong Finance Investment Holding Group Limited (Stock Code: 0007), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Tam is an independent non-executive director of AL Group Limited (Stock Code: 8360) and an executive director of My Heart Bodibra Group Limited (Stock Code: 8297), both companies’ share are listed on the GEM of the Stock Exchange, and a financial consultant of various private companies.

MR. CHAN KA HUNG, Independent Non-executive Director

Mr. Chan Ka Hung (“Mr. Chan”), aged 40, was appointed as an independent non-executive director in October 2016. Mr. Chan holds a bachelor’s degree of Applied Physics from the City University of Hong Kong. He has over 12 years of experience in project management and business development in the industrial and manufacturing field particularly in the semiconductor industry.

MR. LIU YONGSHENG, Independent Non-executive Director

Mr. Liu Yongsheng (“Mr. Liu”), aged 67, was appointed as an independent non-executive director in October 2016. Mr. Liu has extensive experience in the real estate industry and the jewelry industry in The People’s Republic of China. He has over 30 years of marketing management experience in the said industries.



Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the trading of natural resources and commodities; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; investment in securities; and money lending business.

The principal activities and other particulars of the principal subsidiaries of the Company as at 31 March 2022 are set out in note 39 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segments is set out in note 6 to the financial statements.

RESULTS AND FINANCIAL POSITION

The Group's results for the year ended 31 March 2022 and the state of affairs of the Group are set out in the financial statements on pages 62 to 136. The state of affairs of the Company as at 31 March 2022 are set out in note 40 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2022 is set out in "Director's Statement" and "Management Discussion and Analysis" on page 4 and pages 5 to 10 respectively of this annual report.

KEY RISKS AND UNCERTAINTIES

The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties.

Business risks

The Group's money lending business is subject to risks that a customer or counterparty may fail to perform its contractual obligations on payment of interest as the principal or that the value of collateral held to secure the obligations might be inadequate. While the Group has internal policies and procedures designed to manage such risks, these policies and procedures may not be fully effective. Any material customers delay or default on their payments could adversely affect the Group's financial position and profitability. Although the Group has adopted the money lending policy and money lending procedure manual which provide guidelines on the handling and/or monitoring of the money lending procedures according to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), the Group may face the risk of breaching the relevant rules and regulations from time to time, which may result in penalty or other potential liabilities to the Group.

In addition, unfavourable movement on crude oil price will reduce the profitability of the operation.

The Group will update and monitor the risks exposures to the Group's businesses to ensure appropriate measures are implemented on a timely manner.

Strategic risks

The Directors maintain a strategic plan based on the knowledge to the external environments. The Group will invest in projects and investments based on the strategic plan in order to cope with the market demand and expectation. Given the rapid change of unforeseeable external environments in the financial and equity markets, the Group is facing significant strategic risks on its investments when changing the strategic plans to adopt the unexpected changes of external environments.

Foreign exchange rates risks

The Group has asset and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange rate. The Group monitors the foreign exchange exposure and will consider to hedge significant foreign currency exposure should the need arise.

Directors' Report

Operational risks

Operational risk is the risk of loss resulting from inadequate or fail internal processes, people and system, or from external events. In order to manage these risks, the Group had set a standard operational procedures, limits of authority and reporting framework and invests in human resources and equipments to manage and reduce the operational risks exposure.

Liquidity risks

Liquidity risk is the potential that our Group will not be able to meet its obligations when fall due. In order to manage the liquidity risk, the Group will continually monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the Group to meet its finance needs.

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

During the year ended 31 March 2022, the Company was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact to the Group.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted annually based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation.

In addition to the salaries, the Group had set up a mandatory provident fund scheme ("MPF Scheme") in accordance with the Hong Kong Employment Ordinance and medical insurance plan for our staffs in Hong Kong. The MPF Scheme is subject to regulations under the Mandatory Provident Fund Scheme Ordinance and is a defined contribution retirement plan administrated by independent trustees. The Group's staffs in the PRC are entitled to national statutory social insurance under the statutory Employment Ordinance of the PRC.

The Group understands the importance of maintaining a good relationship with our business partners, which including the Group's customers and suppliers. The Group believes that a healthy relationship can be build up by providing better products and enhanced services to the customers, maintaining an effective communication channel to the employees and collaborating with key suppliers.

ENVIRONMENTAL POLICIES

The Group is committed to reducing its carbon footprint and consumption of natural resources in all possible aspects of business operations. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, the Group has taken a proactive approach to effect internal and external communications by means of telephone, emails and conferences or such other communication means which are efficient yet environmentally friendly. Also, we are able to minimize physical travelling and printing.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 33 to the financial statements.

RESERVES

The movements in the reserves of the Company and the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity on page 65 respectively.

DIVIDENDS

The Board did not declare an interim dividend and did not recommend the payment of the final dividend in respect of the year ended 31 March 2022 (2021: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is available for distributions or payment of dividends to shareholders of the Company subject to the provisions of the articles of association (the "Articles of Association") of the Company, provided that immediately following the distribution of dividends, the Company is able to pay off its debts as and when they fall due in the ordinary course of business.

DIRECTORS

The Directors of the Company who held office during the year and up to the date of this report were:

Executive Directors

Mr. Tse Sing Yu

Ms. Lin Su

Independent Non-executive Directors

Mr. Tam Chak Chi

Mr. Liu Yongsheng

Mr. Chan Ka Hung

In accordance with Articles 84(1) and 84(2) of the Company's Articles of Association, Mr. Tse Sing Yu and Mr. Liu Yongsheng shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

All other existing Directors shall continue in office.

Directors' Report

Biographical details of all the Directors are set out on page 11 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' prior notice in writing served by either party on the other.

The Independent Non-executive Directors have been appointed for a term of three years in accordance with their respective appointment letters, which may be terminated by not less than two months' prior notice in writing served by either party on the other.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Particulars of the emoluments of the Directors on a named basis for the year are set out in note 11 to the financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expense which they or any of them may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Aggregate long positions in shares or underlying shares

Name of Directors	Capacity of interests	Number of		Total interests	Approximate percentage of total issued shares
		Number of shares held	share Options held		
Mr. Tse Sing Yu	Beneficial owner	2,790,000	7,190,190	9,980,190	1.34%
Ms. Lin Su	Beneficial owner	2,790,000	7,190,190	9,980,190	1.34%

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosures on the share options granted to the Directors in the section headed "Directors' and Chief Executive's Interests in Shares and Share Options" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries, or its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

At no time during the year ended 31 March 2022 had the Company or any of its subsidiaries, and the controlling shareholders or any of its subsidiaries entered into any contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2022, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 35 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Share options are granted to the Directors under the Scheme. Details of the Company's share option scheme are set out in note 35 to the financial statements.

Save as disclosed above, at no time during the year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

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 in existence during the year.

EMOLUMENT POLICY

The emolument policy for the employees of the group is formulated on the basis of their merit, qualifications and competence and it is the Group's policy to compensate each employee fairly and equitably.

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

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 35 to the financial statements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Director, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

CONNECTED TRANSACTIONS

During the year, there were no connected transactions entered into by the Group.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there is sufficient public float in the issued share capital of the Company pursuant to the GEM Listing Rules.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest customers accounted for approximately 73% of the Group's revenue and the largest customer included therein accounted for approximately 27% of the Group's revenue.

During the year, the Group's five largest suppliers accounted for approximately 90% of the Group's purchases and the largest supplier included therein accounted for approximately 36% of the Group's purchases.

At all times during the year, none of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers and suppliers.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes are set out in note 34 to the financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report.

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 22 to 35 of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the financial statements of the Group for the year ended 31 March 2022 and discussed with the management of the Company on auditing, internal control, financial reporting matters as well as risk management function. Information on the composition of the Audit Committee is set out in the Corporate Governance Report on pages 22 to 35 of this annual report.

Directors' Report

INDEPENDENT AUDITOR

The financial statements for the year ended 31 March 2022 was audited by Elite Partners CPA Limited whose term of office will be expired upon the forthcoming annual general meeting. An ordinary resolution for the re-appointment of Elite Partners CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

REVIEW OF ANNUAL REPORT

This annual report for the year ended 31 March 2022 has been reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

By order of the Board

Tse Sing Yu

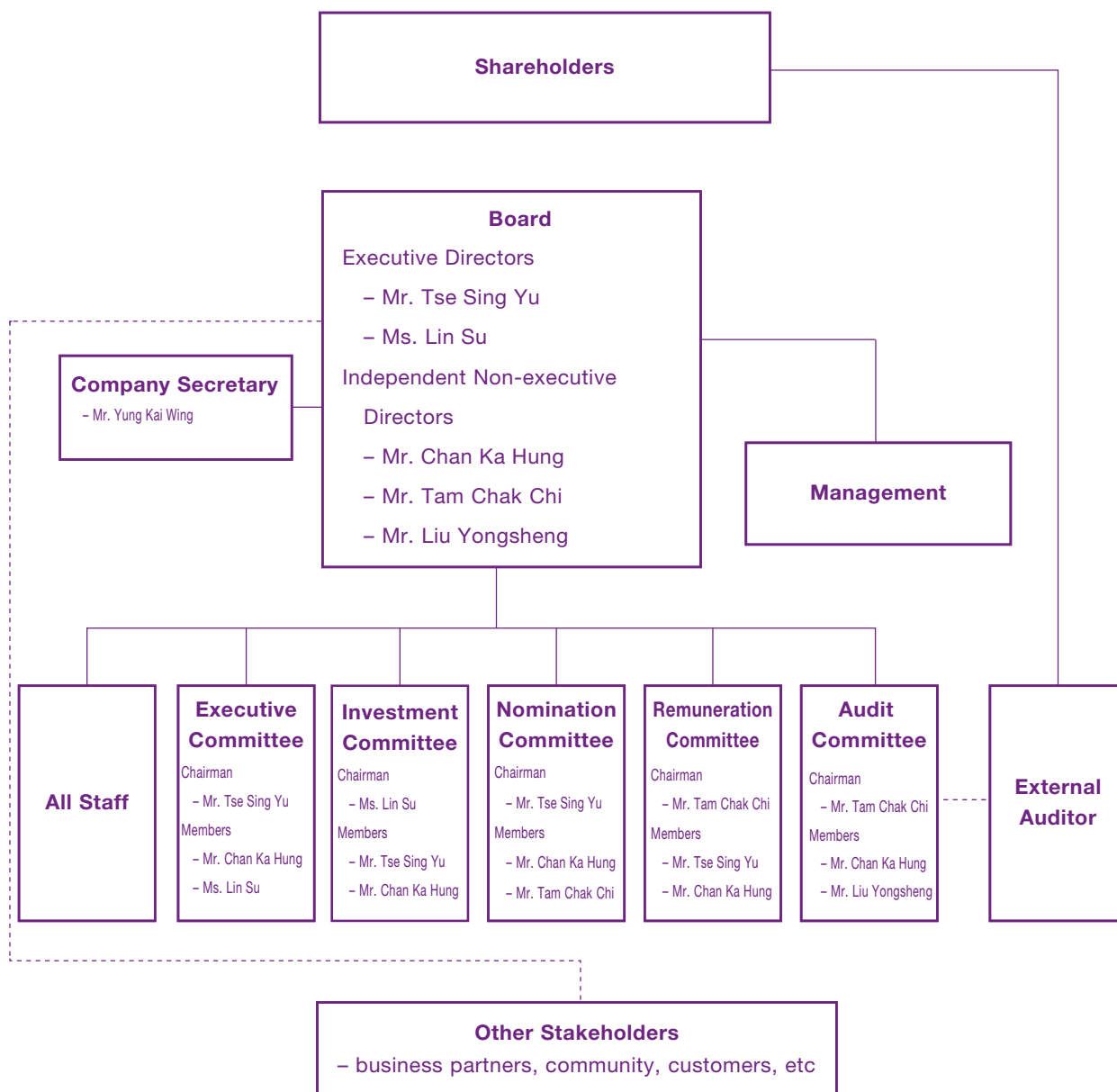
Executive Director

Hong Kong, 30 June 2022

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2022.

CORPORATE GOVERNANCE FRAMEWORK



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to protect the interests of shareholders and enhance shareholder value. The Company acknowledges the important role of its Board in providing effective leadership and direction to the Group's business, and ensuring accountability, transparency, fairness and integrity of the Company's operations.

Throughout the year ended 31 March 2022, the Company has complied with all the code provisions (the "CG Code") on Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules except for certain deviations as explained below.

In respect of the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend the general meetings of the Company. Two of the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 27 September 2021 respectively due to other business engagements.

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the year, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision A.1.3 of the CG Code in future. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors.

The Board will continue to monitor and review the corporate governance principle and practices to ensure compliance.

THE BOARD OF DIRECTORS

Responsibilities and Delegation

The Board is responsible for establishing policies, strategic direction, providing leadership in creating value and overseeing the Company's financial performance on behalf of the shareholders. The Board is also responsible for supervising the management of the Group and has delegated the responsibility for day-to-day operations and management of the Group's businesses to the management.

Matters Reserved by the Board

The Board reserves for its decisions major strategic and business matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, Board composition and remuneration, corporate governance matters, and other significant financial and operational matters.

Corporate Governance Report

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and the senior management, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

Division of Roles of the Board and the Management

The Board has delegated a schedule of responsibilities to the Chief Executive Officer and senior management of the Company. These responsibilities include, but not limited to, implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions being entered into by the foregoing officers and senior management.

Board Composition

As at 31 March 2022, the Board consists of the following Directors:–

Executive Directors

Mr. Tse Sing Yu

Ms. Lin Su

Independent Non-executive Directors

Mr. Tam Chak Chi

Mr. Liu Yongsheng

Mr. Chan Ka Hung

The list of all Directors (by category) is set out under the section headed “Corporate Information” in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The biographical details of the Directors are set out under the section headed “Directors and Senior Management Biographies” in this annual report.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the effective leadership of the Group. A balanced composition of Executive Directors and Independent Non-executive Directors is maintained to ensure independence and effective management.

Corporate Governance Report

The Company has complied with the requirements under Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules during the year. Rule 5.05A requires a listed issuer to appoint independent non-executive directors (“INED”) representing at least one-third of the Board. Rule 5.05(1) requires that every board of directors of a listed issuer must include at least three INEDs and Rule 5.05(2) requires that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. All INEDs must also meet the guidelines for assessment of their independence set out in Rule 5.09 of the GEM Listing Rules.

Independency

The Company has received the annual confirmation from the Independent Non-executive Directors in respect of their independence pursuant to the requirements of the GEM Listing Rules. The Company considers all Independent Non-executive Directors as independent.

Relationships

All Directors do not have any financial, business, family or other material/relevant relationships with each other.

Appointment, Re-election and Removal of Directors

Each of the Executive Directors has entered into a service agreement with the Company for a term of three years. The Company has also issued a letter of appointment to each of the Non-executive Directors and the Independent Non-executive Directors for a term of three years.

In accordance with the Company’s Articles of Association, one-third of the Directors are subject to retirements at each annual general meeting and all the Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings of the Company. Any new Director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next following general meeting and any new director appointed by the Board as an addition to the existing Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting.

Pursuant to the aforesaid provisions of the Company’s Articles of Association, Mr. Tse Sing Yu and Mr. Liu Yongsheng, shall retire at the forthcoming 2022 annual general meeting of the Company and, being eligible, will offer themselves for re-election at the meeting. The Company’s circular for the coming annual general meeting will contain detailed information of all retiring Directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company’s Articles of Association. The Company has established a Nomination Committee, which is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors. Details of the Nomination Committee and its work performed are set out in the “Board Committees” section below.

Corporate Governance Report

Continuous Professional Development

Every newly appointed Director receives a comprehensive and formal induction upon his appointment to ensure that he has a proper understanding of operations and business of the Group and the statutory and regulatory obligations of a director of a listed company. The Group provides continuing briefings and professional development to refresh the Directors' knowledge and skills, and updates all Directors on the latest developments in relation to the GEM Listing Rules and other applicable regulatory requirements to ensure compliance as well as to enhance their awareness of good corporate practices.

The Directors understand the need to continue developing and refreshing their knowledge and skills for making contributions to the Company. The Company provides regular updates, changes and developments relating to the Group's business and the legislative and regulatory requirements to the Directors.

The Directors are encouraged to enroll in relevant professional development program to ensure that they are aware of their responsibilities under the legal and regulatory requirements. For the year ended 31 March 2022, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills by attending conferences, seminars and in-house briefing. The Company has provided to the Directors with materials on risk management, ESG Reporting and updates on financial reporting and tax, etc.

Board Practices and Conduct of Meetings

The Board members meet regularly and at least 4 regular Board meetings a year are held at approximately quarterly intervals to discuss business development as well as the overall strategy of the Company. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The executive committee and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary assists the Chairman in preparing the agenda for each Board meeting, keeping minutes of Board meeting and meetings of Board Committees, and ensures that all applicable rules and regulations are complied. Draft Board minutes are circulated to all Directors for their respective comments as soon as possible after the meeting. The minutes of each Board meeting and Board Committees meeting have been kept by the Company Secretary and are open for inspection at any given time on reasonable notice by any Directors.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Corporate Governance Report

Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

The attendance record of each Director at regular Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and shareholders' general meetings during the year ended 31 March 2022 is set out in the following table:

Meetings held between 1 April 2021 and 31 March 2022

Directors	Board Meetings (Number of attendance/ eligible to attended)	Audit Committee Meetings (Number of attendance/ eligible to attended)	Remuneration Committee Meetings (Number of attendance/ eligible to attended)	Nomination Committee Meetings (Number of attendance/ eligible to attended)	Shareholders' General Meetings (Number of attendance/ eligible to attended)
Executive Directors					
Mr. Tse Sing Yu	7/7	N/A	3/3	1/1	1/1
Ms. Lin Su	5/7	N/A	N/A	N/A	0/1
Independent Non-executive Directors					
Mr. Tam Chak Chi	6/7	3/4	2/3	1/1	1/1
Mr. Liu Yongsheng	5/7	3/4	N/A	N/A	0/1
Mr. Chan Ka Hung	6/7	4/4	3/3	1/1	0/1

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors as the code of conduct regarding securities transactions by the Directors (the "Model Code"). Having made specific enquiries to the Directors, all the Directors confirmed that they complied with the required standards as set out in the Model Code throughout the year ended 31 March 2022.

No incident of non-compliance of the Required Standard of Dealings by the Directors and relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

Corporate Governance Report

BOARD COMMITTEES

The Board has established five Board Committees, namely, the Executive Committee, the Investment Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board Committees have been established with defined written terms of reference, which are available to shareholders upon request. All the Board Committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board Committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and (v) to review the Company's compliance with the CG Code and disclosures in the corporate governance report.

Executive Committee

The Executive Committee comprises all the Executive Directors with Mr. Tse Sing Yu acting as the chairman of the Executive Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

Audit Committee

The Audit Committee comprises a total of three members, namely, Mr. Tam Chak Chi (Chairman), Mr. Chan Ka Hung and Mr. Liu Yongsheng, all of whom are Independent Non-executive Directors, with written terms of reference.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possesses appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal role and function of the Audit Committee are to:

- (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditor before submission to the Board;

Corporate Governance Report

- (ii) review the relationship with the external auditor by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor; and
- (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

For the year ended 31 March 2022, the Audit Committee met four times with the relevant senior management of the Company, and one of which with the external auditor and performed, inter alia, the following major tasks:

- Reviewed and discussed the interim, quarterly and annual financial statements, results announcements and reports for the year ended 31 March 2021, three months ended 30 June 2021, six months ended 30 September 2021 and nine months ended 31 December 2021, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- Reviewed and discussed the internal control system of the Group;
- Discussed and recommended of the appointment of external auditor; and
- Reviewed and approved the remuneration and terms of engagement of external auditor.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

Remuneration Committee

The Remuneration Committee comprises a total of three members, namely, Mr. Tam Chak Chi (Chairman), Mr. Tse Sing Yu and Mr. Chan Ka Hung and two of whom are Independent Non-executive Directors, with written terms of reference.

The principal role and function of the Remuneration Committee are to:

- (i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) determine the remuneration packages of Executive Directors and senior management and make recommendation to the Board of the remuneration of Non-executive Directors; and
- (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Details of the remuneration of each Director of the Company for the year ended 31 March 2022 are set out in note 11 to the financial statements contained in this annual report.

Corporate Governance Report

For the year ended 31 March 2022, three meetings of the Remuneration Committee has been held to perform, inter alias, the following major tasks:

- Reviewed and recommended the development procedure for the remuneration policy;
- Reviewed the performance and approved the current remuneration package of Executive Directors and senior management of the Group; and
- Recommended the packages of Non-executive Directors.

Nomination Committee

The Nomination Committee comprises a total of three members, namely, Mr. Tse Sing Yu (Chairman), Mr. Chan Ka Hung and Mr. Tam Chak Chi, the latter two of whom are Independent Non-executive Directors, with written terms of reference.

The principal role and function of the Nomination Committee are to:

- review the Board composition;
- develop and formulate relevant procedures for the nomination and appointment of Directors;
- identify qualified individuals to become members of the Board;
- monitor the appointment and succession planning of Directors; and
- assess the independence of Independent Non-executive Directors.

For the year ended 31 March 2022, one meetings of the Nomination Committee have been held and performed, inter alias, the following major tasks:

- Reviewed and discussed of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Assessed the re-designation of a Non-executive Director to an Executive Director;
- Assessed of the independence of the existing Independent Non-executive Directors; and
- Recommended on the re-appointment of retiring Directors at the annual general meeting of the Company pursuant to the Company's Articles of Association.

Corporate Governance Report

The Company recognises the importance of board diversity which is beneficial for the enhancement of the Company's performance. During the year, the Nomination Committee reviewed the diversity of the Board from perspectives, including gender, age, professional and educational background, business experience, length of service and directorship with other listed companies. The Nomination Committee considered that the Board possessed a balance of skill and expertise and a diverse mix appropriate for the business of the Company.

INVESTMENT COMMITTEE

The investment committee of the Company was established in August 2015. The investment committee is responsible for formulating investment policies and the reviewing of major proposed investments to be conducted by the Group.

DIRECTORS' RESPONSIBILITIES

Under Statutes, Rules and Regulations

All Directors, collectively and individually, are aware of their responsibilities to the shareholders of the Company for the conduct, business activities and development of the Company and shall perform their responsibilities in accordance with the CG Code. They have a proper understanding of the operations and business of the Company and are fully aware of their responsibilities under statutes and common laws, the GEM Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

Annual Report and Accounts

The Directors acknowledge their responsibility to prepare financial statements which give a true and fair view.

Accounting Policies

The Directors consider that in preparing the financial statements the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Listing Rules, the Companies Ordinance and the applicable accounting standards.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and has no material uncertainties and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss, and to mitigate rather than eliminate risks of failure in the operational systems and achievements of the Group's business objectives.

The Board has, engaged an independent internal control review advisor (the "Internal Control Advisor"), conducted interim and annual reviews of the effectiveness of the internal control system of the Group covering the Group's corporate governance, internal control, financial, operational (including information security), as well as risk management function and compliance functions. The Board as the ultimate responsible governing body of the Group monitors compliance with policies and procedures and the effectiveness of internal control structures across the Group and its principal divisions. The Board also ensures the internal controls are in place and functioning properly as intended. During the risk assessment process, the Internal Control Advisor interviewed the relevant personal and identified the business objectives and significant risks of the Group. A risk management report prepared by the Internal Control Advisor which sets out the risks, issues and recommended action plan was presented to the Board for review and endorsement. The Board considered that significant risks of the Group were managed within the acceptable level and the management will continue to monitor the residual risks and report to the Board on an ongoing basis.

In response to the risk management report, the management shall implement proper policies and procedures to review the effectiveness of risk management and internal control and remedy any defects of internal control, including conduct evaluation on a regular basis to keep abreast of the related information in a timely manner so as to facilitate the Audit Committee and the Board to evaluate the effectiveness of control and risk management of the Group.

For the year ended 31 March 2022, the Board and Audit committee have reviewed and confirmed the effectiveness of the risk management and internal control systems.

The Group has a formal whistle-blowing policy to encourage and guide its staff to raise serious concerns internally in a responsible manner, without fear of retribution. During the year under review, the Board has not been informed any complaints or concerns over financial improprieties from staff.

The Group has the Inside Information Policy which sets out guidelines to the Directors and senior management of the Group to ensure inside information of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

Corporate Governance Report

EXTERNAL AUDITOR AND INDEPENDENT AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 March 2022 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year ended 31 March 2022, the total fee paid and payable to Elite Partners CPA Limited in relation to the audit and other services for the financial year ended 31 March 2022, amounted to HK\$590,000.

COMPANY SECRETARY

Mr. Yung Kai Wing ("Mr. Yung") has been appointed as the company secretary of the Company since 6 January 2017. According to Rule 5.15 of the GEM Listing Rules, Mr. Yung has taken no less than 15 hours of professional training during the year ended 31 March 2022.

COMPLIANCE OFFICER

Mr. Tse Sing Yu was appointed as the Compliance Officer on 31 December 2016 pursuant to Rule 5.19 of the GEM Listing Rules, he is responsible for advising on and assisting the Board in implementing procedures to ensure that the Company complies with the GEM Listing Rules and other relevant laws and regulations applicable to the Company; and responding promptly and efficiently to all enquiries directed at him by the Stock Exchange.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover has been taken out for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. The insurance coverage is reviewed on an annual basis.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholder communication policy with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal, and timely access to balanced and comprehensible information about the Company.

The Company has established a number of channels to communicate with the shareholders of the Company as follows:

- (i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.wealthglory.com;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information is made available on the Company's website;

Corporate Governance Report

- (iv) annual and extraordinary general meetings provide a forum for the shareholders of the Company to make comments and exchange views with the Directors and senior management; and
- (v) the Company's branch share registrar in Hong Kong serves the shareholders of the Company in respect of share registration, dividend payment and related matters.

The Company has arranged for the notice to shareholders for annual general meeting of the Company to be sent at least 20 business days before the meeting and to be sent at least 10 business days for all other general meetings. The chairpersons of the Board and of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, other members of the respective Board Committees, were invited to attend the annual general meeting of the Company to answer questions from Shareholders. External auditor was also invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. Separate resolutions were proposed by the chairman of general meetings in respect of each substantial issue, including the election of individual Directors. The poll results were posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

During the year ended 31 March 2022, there was no significant change in the Company's memorandum and articles of association. A copy of the latest consolidated version of the memorandum and articles of association of the Company is posted on the websites of the Company and the Stock Exchange.

Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Room 1104, Crawford House, 70 Queen's Road Central, Central, Hong Kong or via email to info@wealthglory.com for any inquiries. Inquiries are dealt with in an informative and timely manner.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, various rights of shareholders, including the right to propose resolutions, are contained in the Articles of Association.

Corporate Governance Report

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the Articles of Association of the Company and the poll voting results will be posted on the GEM website "www.hkgem.com" and the Company's website "www.wealthglory.com" after the relevant shareholders' meetings. Extraordinary general meeting may be convened by the Board on requisition of shareholders of the Company holding not less than one-tenth of the paid up capital of the Company or by such shareholders of the Company who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 58 of the Company's Articles of Association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders of the Company should follow the requirements and procedures as set out in such Article on convening an extraordinary general meeting. Shareholders of the Company may put forward proposals at general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders of the Company may send written enquiries to the Company. Shareholders of the Company may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Environmental, Social and Governance Report

ABOUT THE GROUP

Wealth Glory Holdings Limited (the “Company”), together with its subsidiaries (collectively referred to as the “Group”) aims to be a successful operator in its business operations and to maximize returns for its stakeholders, at the same time to maintain a healthy and safe working environment for its employees, and to achieve continuing and sustainable development for both the local community and the environment. It is the Group’s mission to deliver quality products and services to meet our clients’ requirements and satisfaction.

The Group is principally engaged in 4 main businesses, namely:

- (i) trading of natural resources and commodities, namely steam coal and palm oil;
- (ii) development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products;
- (iii) money lending business; and
- (iv) securities investment.

The above business segments do not have any direct significant impact on environmental aspects. The major material environmental, social and governance (“ESG”) issues are social responsibilities relating to employment, labour practices and operation practices, and environmental responsibilities focus on environmental protection through green practices.

ABOUT THIS REPORT

The Group releases its Environment, Social and Governance (“ESG”) Report (the “ESG Report”), which is prepared in accordance with Appendix 20 – Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of the Rules Governing the Listing of Securities on The Stock Exchange Limited (the “HKEX”). This ESG report continues to follow the principles of materiality, quantitative and consistency as recommended by the ESG Guide, and report the performance of the material environmental and social issues which are considered to have significant impacts and are relevant to the Group’s business and stakeholders from 1 April 2020 to 31 March 2021 (the “Reporting Period”).

This ESG report mainly covers the ESG performance of the business operations directly managed by the Group in its 2 offices in Hong Kong Special Administrative Region (“HKSAR”) – the headquarter office in Sheung Wan from 1 April 2021 to 31 August 2021 and the office of its subsidiary, MD Inc. Limited, in Kowloon Bay from 1 April 2021 to 31 March 2022. The reporting scope is slightly different from the previous year as the contract of the Sheung Wan office ended in August 2021.

Environmental, Social and Governance Report

BOARD STATEMENT OF ESG GOVERNANCE

The Group follows the ESG Guide and considers ESG issues as significant consideration for its business operations in short-and long-term. The Group is committed to conducting its business in a socially responsible manner. In order to comply with legal and regulatory requirements and adhere to high ethical standards, the Group also closely monitors the impact of its daily operation on the environment, employees, clients and local communities. Furthermore, the Group makes great efforts to meet, maximize and balance the interests of all stakeholders, environment, society and corporate governance.

The Group has maintained its ESG management and operation structure since the commencement of ESG reporting. The Board of directors (the “Board”) has the total responsibilities on the environmental and social issues included in the ESG Guide, and has initiated and approved its corresponding ESG strategies and policies.

The Board has delegated the Group’s Chief Executive Officer (“CEO”) to have the overall responsibility to implement the ESG strategies and policies accordingly. Through normal operation channels, all department heads are required to report to and support the CEO in implementing the approved strategies and policies.

The CEO and the management executives are responsible for examining and addressing all environmental and social issues listed in the ESG Guide, as well as keeping the established Key Performance Indicators (“KPIs”) in line with the Group’s strategies and policies. In managing the ESG priorities, the Group requires all its operations to fulfil and comply with their environmental and social responsibilities and obligations in compliance with the ESG Guide, laws and regulations, and all relevant statutory requirements, operating practices and standards of the HKSAR and the domicile countries.

The Group also takes into account the opinions and views of its stakeholders, including shareholders, investors, employees, clients, suppliers, service providers, professional advisors, NGO partners and industry associations, and strives to address their concerns. The CEO has assigned the duty managers to constantly communicate with its stakeholders through various channels, including but not limited to annual, semi-annual and special shareholder meetings, public websites, emails, circulated documents, fax and telephonic enquires, regular meetings with employees and business partners with the management and frontline staff, and so on, in order to gain insights on material ESG aspects during the Reporting Period.

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

Through the constant communications with stakeholders and with reference to the ESG Guide, the Group has identified the following ESG material areas and aspects and has managed them strictly in accordance with the Group's established management structure, process, policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Occupational Health and Safety;
- Employee Development and Growth;
- Labour Standards;
- Quality of Products and Services (especially on the Trendy Fashion and Merchandises and Consumer Products Sold);
- Protection of Privacy Information; and
- Anti-bribery and Anti-corruption.

The ESG issues and performance, especially on the above material areas during the Reporting Period, have continued to be monitored and managed by the CEO together with his management team. The detailed descriptions of the ESG issues are summarized in the sections below.

ENVIRONMENTAL ASPECTS

The Group is committed to reducing its carbon footprint and consumption of natural resources in all possible aspects during its business operations. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation.

Given the in-house operation nature of our business activities, the Group mainly uses energy and resources, such as electricity, water, printing paper and packaging materials. Our operations and activities do not generate any polluted or toxic emissions, wastes and discharges.

As a socially responsible corporation, the Group strives to protect the environment, and is aware of the importance of its sustainable development in relation to its ongoing business operations. The Group abides by all local environmental laws and regulations, implements and takes measures and continues with its responsibility and commitments to protect the environment, prevent and minimize pollution prevention, and to conserve and efficiently use energy, water and resources.

Environmental, Social and Governance Report

EMISSIONS

As aforementioned, most of our business activities are operated in-house under normal office environment. For the Reporting Period, the types of emissions, wastes and discharges, same as the previous reporting periods, were mainly indirect greenhouse gas, such as carbon dioxide (“CO₂”) emissions from electricity consumption, wastewater from hygiene uses, and wastes from general refuse, non-hazardous packaging and printing papers. The emissions and discharges were relatively insignificant in terms of amounts generated and did not cause any significant impact on the environment.

The Group’s four main businesses are in-house office works and services, which do not directly generate any hazardous and non-hazardous gas emissions or waste discharges and do not have significant adverse impacts on the environment.

The trading of palm oil is conducted entirely in office on back-to-back paper agreement basis without taking any physical deliveries. Hence, no direct gas emissions, solid or water wastes from transportation are generated. The subcontracted logistics companies and the buyers will take out insurance for the potential environmental damages of the oil cargo during transit.

For our trading of trendy merchandises and consumer products, as we do not own nor operate any manufacturing plant and only purchase from OEM, and therefore no gas emissions, solid and water waste discharges will be generated.

Similarly, the lending and securities investment businesses are entirely conducted in normal office environment and therefore no gas emissions, solid or water waste discharges are generated. However, during our normal course of business and operation, indirect greenhouse gases, primarily CO₂ from electricity consumption and stationary fuel consumption are emitted and discharged. Therefore, the reduction of energy consumption continues to be part of our top priorities.

The operations and activities of the Group only generate an insignificant amount of greenhouse gases, non-hazardous wastes, such as printing paper and packaging materials, and wastewater from employee’s daily hygiene uses. All of these emissions and discharges have no significant impact on the environment.

During the Reporting Period, the Group did not receive any complaints or breaches on its emissions and discharges from the management offices or any environmental protection laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Environmental, Social and Governance Report

Air and Greenhouse Gas Emissions

As the Group's business activities are operated under normal office environment and the Group does not own any transport fleet, no quantifiable direct hazardous air or pollutant emission is generated. The reported air emissions are generated from the use of gaseous fuel consumption (i.e. Towngas) for the furnaces.

Air emissions	2022	2021	Unit
Nitrogen oxides (NO _x)	10.4	0.28	kg
Sulphur oxides (SO _x)	0.1	0.001	kg
Respirable suspended particles (RSP)	-	-	kg

Greenhouse Gas Emissions

The consumption of Towngas for supporting staff's meals contributes to both direct greenhouse gas emissions (Scope 1 emissions) and indirect greenhouse gas emissions (Scope 2 emissions). Indirect greenhouse gas emissions are generated as a result of electricity and fuel consumption. Other indirect greenhouse gas emissions are generated from water and sewage processing. Please refer to the table below for the relevant emission figures.

Greenhouse gas emissions	2022	2021	Unit
Scope 1 emissions	138.5	3.7	tonnes CO ₂ -e
Scope 2 emissions	50.1	32.8	tonnes CO ₂ -e
Scope 3 emissions	0.1	-	tonnes CO ₂ -e
Total greenhouse gas emissions	188.7	36.5	tonnes CO ₂ -e
Intensity (by revenue)	3.6	-	tonnes CO ₂ -e/ million HKD revenue

Looking forward, the Group will continue to assess and monitor our emission sources. We believe identifying the major sources will facilitate our carbon reduction and sustainability management in the future.

Environmental, Social and Governance Report

Hazardous and Non-hazardous Waste

The Group did not produce any hazardous wastes during the Reporting Period, given that most of the business activities were conducted under normal office working environment.

During the daily office operation, an insignificant amount of non-hazardous wastes, such as used printing paper, packaging materials, waste water, etc., is generated from the office operation and staff living. The non-hazardous wastes will be collected and disposed by the property management offices.

To reduce greenhouse gas emissions and waste generation, the Group has introduced guidelines to encourage employees to save energy and reduce water consumption. All levels of the employees of the Group have been reminded, educated, and practice the importance of the “5-R” principle – “reducing, reusing, recycling, replacing and recovering”. Though the Group is satisfied with its accomplishments in general and recognizes the efforts and achievements of its employees, it will continue to closely monitor the “eco-practices”.

During the Reporting Period, the Group fully complied with all the relevant laws and did not receive any complaints, fines or warning notices from the public or the relevant environmental agencies regarding our waste disposal activities.

USE OF RESOURCES

Electricity, fresh-water, printing paper and office consumables are the main types of resources used during our daily operations. Although the volume and quantity of the resources used have not been significant nor irregular due to our “in-office” operational nature, the Group has committed to the conservation and efficient utilization of energy and all resources. We have adopted, promoted and implemented a commonly practiced 5-R principle to encourage and guide our employees on energy saving and resource usage. To ensure that the introduced measures are followed, the Group has appointed the administration department of each office to perform routine checks. The Group has also been exploring alternatives to reduce the use of resources and improve resource efficiency by installing advanced and modern equipment.

Environmental, Social and Governance Report

Energy Consumption

Given the “in-office” operation nature, the Group only uses electricity supplied from the city grid network. During the Reporting Period, the Group consumed 2,603.5 GJ in fuel used for the furnaces and 31.3 MWh of electricity. As we are only operating within an office environment, the usage is considered insignificant and minimal.

The Group has implemented measures to encourage energy saving and conservation, such as appointing responsible employees to ensure all electrical appliances and equipment are turned off when not in use or after office hours, and regulating the office temperature and air-conditioning at optimal level. At the same time, the Group also invests in deploying energy-saving devices, such as LED lights and printing machines. Employees have constantly been reminded to use energy wisely and responsibly. Through these direct and positive measures, the Group will continuously optimise its energy management system for the enhancement of energy efficiency.

Direct and indirect energy consumption by type	2022	2021	Unit
Direct energy consumption	2,603.5	69.6	GJ
Indirect energy consumption	31.3	43.9	MWh
Total energy consumption	754.5	63.2	MWh-e
Intensity (by revenue)	14.5	1.3	MWh-e/million HKD revenue

Water Consumption

During the Reporting Period, fresh water supplied from the city supply network was used only for general living and sanitary purposes by our employees in offices. The volume of water consumed during the Reporting Period was insignificant.

The Group will continue to constantly educate, remind and guide its employees to conserve and use water efficiently as it is now one of the most scarce and valuable natural resources in the world.

Water consumption in total and intensity	2022	2021	Unit
Total water consumption	75.0	–	m ³
Intensity (by revenue)	1.4	–	m ³ /million HKD revenue

Environmental, Social and Governance Report

Consumption of Paper and Packaging Materials

Trendy fashion merchandises and consumer products consume most of our packaging materials, especially during product promotions and exhibitions. As a general principle, the Group insists that the packaging materials must be fit for purpose and in compliance with safety and hygiene standard in accordance with our specifications and considerations.

In offices, the Group continues to commit to building a paperless working environment and using paper only on as-needed basis. All employees are constantly encouraged and reminded to use electronic tools, such as emails, messages, and Universal Serial Bus (“USB”) storage, to replace paper files, sketches and letters, and to adopt the 5-R principle in their handling and usage of papers and other office utensils. During the Reporting Period, same as the previous reporting period, the Group continued to monitor the consumption of paper and other office utensils in an efficient and effective manner for cost-saving as well as resource conservation.

The Environment and Natural Resources

As stated before, one of the visions of the Group is to be a socially responsible corporation, in which environmental protection and resource conservation are the two important considerations in our daily business operations. We consume electricity, fresh-water, printing paper, office consumables for normal office routine operations, and packaging materials for our trendy fashions and consumer products. The resource consumption of the Group does not have any significant adverse impact on the environment. Furthermore, given our in-house operation nature, no hazardous emissions and wastes are generated.

Driven by our social and environmental responsibility, the Group has implemented eco-friendly practices, especially adopting the 5-R principle to reduce and conserve energy, fresh water and other natural resources. The Group has complied with all the environmental laws and regulations, and cooperated with the local government agencies and supported environmental organizations to promote activities to build a “clean and safe” environment and society. During the Reporting Period, no irregularities on natural resource consumption were discovered by the management.

CLIMATE CHANGE

Climate change brings potential risks and disturbances to business operations in the world. The Group is concerned about climate-related issues. Similar to our governance on the ESG issues, the CEO and the management executives are responsible for examining and addressing all climate-related risks and opportunities. Since the Group’s four main businesses are in-house office works and services, the impacts caused by climate change are limited to the Group’s operation.

Environmental, Social and Governance Report

The Group has identified transitional risk that may affect the operation, such as market risks brought by the shift in consumer preferences. The growing environmental awareness of consumers is forcing a transition to a more sustainable and environmentally-friendly lifestyle around the world. This may affect our palm oil business and the design of the trendy fashion and other consumer products in long-term.

Looking forward, the Group will continue to monitor the energy consumption and reduce the greenhouse gas emissions for mitigating the impacts of climate change.

SOCIAL ASPECTS

The Group strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, communities, as well as the public and government authorities. During the formulation of our ESG strategies and policies, we have taken into account both our business development goals and the considerations and our responsibility to our stakeholders.

Employment and Labour Practices

Employment

The Group has always held high regard for its employees and provided opportunities for growth and development of their careers. As such, their payroll and employee remuneration are determined with reference to market terms and the performance, qualifications and experiences of individual employees as well as their contribution to the Group. The Group has continued to provide training for existing and new employees to enhance their on-the-job skills and know-how.

The Group recognises the keys to its continual success and competitiveness are the skills and commitment of its employees. With a competitive employment market condition, it can be difficult to recruit and keep talented employees, and the Group is ever more mindful and committed to offering attractive employment packages and maintaining a safe and equal working environment for our employees, providing development opportunities and promoting employees' health and well-being.

All employees are required to enter into proper employment contracts with the Group in accordance with the Employment Ordinance. We have developed and outlined in our Internal Control Policy clear rules and regulations to provide provisions on equal opportunities, diversity and other benefits as well as welfare for our employees. Our employment contract terms and internal employee handbook demonstrate these commitments and cover the Group's standards in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods, remuneration, dismissal and other benefits and welfare.

Environmental, Social and Governance Report

Recruitment and Promotion

On recruitment, the Group adopts a hybrid of external recruitment, internal nomination and job rotation to recruit suitable personnel from outside and provide advancement opportunities to existing employees. All job positions are open to all with equal opportunities with no discrimination on sex, race, religion, gender, age and disability, and are selected on competency basis.

Remuneration and Compensation

The Group provides and maintains statutory benefits to all qualified employees. Apart from salaries, the Group has set up a Mandatory Provident Fund Schemes (“MPF Schemes”) in accordance with the Employment Ordinance and medical insurance plan for our HKSAR employees. The MPF Schemes is subject to regulations under the MPF Schemes Ordinance of the HKSAR (Chapter 485 of the Laws of Hong Kong) (“MPFSO”) and is a defined contribution retirement plan administered by independent trustees. The Group’s employees in the People’s Republic of China (the “PRC”) are entitled to national social insurance under the statutory Labour Laws of the PRC.

Employees’ salary and compensation packages of the Group are a major material ESG topic. At all times we are in strict compliance with relevant laws and regulations including the Employment Ordinance, Employees’ Compensation Ordinance, Minimum Wage Ordinance of the HKSAR (Chapter 608 of the Laws of Hong Kong), and MPFSO to provide remuneration not less than the applicable statutory minimum wage, overtime compensation and Mandatory Provident Fund (“MPF”) payments to employees. Employees are also entitled to various fringe benefits, such as statutory holidays, paid annual and maternity leaves, etc.

All remuneration packages are linked to individual performance, the Group’s business performance, and taking into consideration of industry practices and market conditions, and are reviewed on an ongoing basis with management regularly meeting with staff to understand their concerns and assist with their daily roles.

Equal Opportunities and Diversity

The Group provides equal opportunity to all employees on recruitment, promotion, compensation and benefits. The Group aims to build harmonious, safe and healthy working environment, and forbid the recruitment of child labour and forced labour. We have managed our human resources with employee-oriented policies to encourage co-operation and motivation, to protect the interests and rights of our employees, and ultimately to achieve an amicable relationship with our employees.

The Group has created a fair and non-discriminatory atmosphere where male and female staff are equally entitled to employment and promotion opportunities. Child labour and forced labour are strictly forbidden.

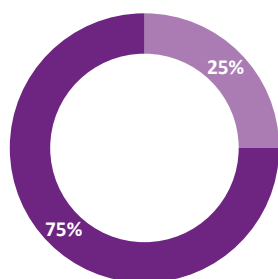
Environmental, Social and Governance Report

The personnel administration manager reports directly to the Group’s CEO and has the overall responsibility to implement the Group’s strategies and policies on human resources management, and to ensure all the statutory obligations of the Group have been legally fulfilled and complied with. All employees are required enter into proper and standardized employment contracts with the Group at the time of employment. The employment contracts contain all the terms and conditions related to wages and salaries, holidays, overtime, severance and compensation pay, medical benefits arrangement, mandatory provident funds, accidents and injury, safety and health, performance assessment, and so on, which are in strict compliance with the Employment Ordinance and Employees’ Compensation Ordinance and the Labour Laws of the PRC (中華人民共和國勞動法). Moreover, bonuses in form of cash or shares options will be assessed jointly by the department head, personnel administration manager and the Group’s CEO and recommended to the Board for approval before granting.

The Group continues to adopt the policy of strict compliance with all the laws, rules and regulations on the employment arrangements under the Employment Ordinances (Chapter 58 of the Laws of Hong Kong) of the HKSAR (“Employment Ordinance”) and Employees’ Compensation Ordinance of the HKSAR (Chapter 282 of the Laws of Hong Kong) (“Employees’ Compensation Ordinance”), and the Labour Laws of the Peoples Republic of China (the “PRC”). During the Reporting Period, the Group honoured all of its obligations on employment-related issues and did not have any material non-compliance with laws and regulations in respect of employment.

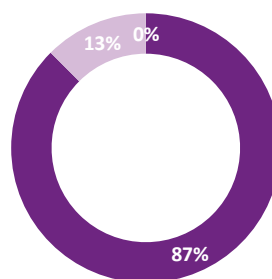
As at the end of the Reporting Period, the Group had a total of 8 full-time employees and the employee turnover rate is 0%. The charts below show the employee distribution by gender, age group, level and geographical region.

Number of Employee By Gender



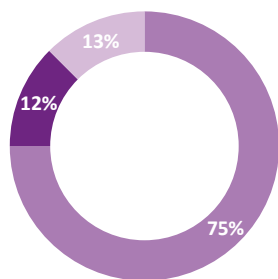
■ Female ■ Male

Number of Employee By Age Group



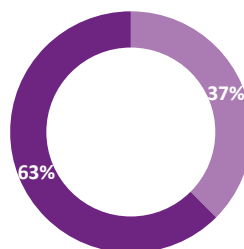
■ <30 ■ 30-50 ■ >50

Number of Employee By Level



■ Director ■ Manager ■ Employee

Number of Employee By Geographical Region



■ Hong Kong ■ China

Environmental, Social and Governance Report

Health and Safety

As a continuing policy, the Group is committed to providing a safe, healthy and pleasant working environment to the employees and protecting them from work-related injuries by implementing occupational health and safety policies and safety training. We have equipped all our offices with adequate equipment and facilities to ensure the safety and convenience of employees. The Group has arranged medical insurance to cover sickness, injuries and accidents, and has fully contributed to the MPF for all our employees. The employment contracts contain details on health and safety protection, which the Group has fully complied in accordance with statutory requirements of the HKSAR and the PRC.

To place safety as their priority during office work, our employees are constantly reminded to strictly observe and follow the established health and safety policies, instructions and guidance. Managers and supervisors are charged with the responsibility of enforcing the safety policies, rules and practices.

In case of an injury or accident of an employee during work, regardless of location, type and seriousness, it is compulsory to notify their superiors and/or the senior management immediately who will take immediate and appropriate actions. Measures are being put in place to require corresponding remedial or compensatory actions arising from safety and health issues or work injuries in accordance with the Employment Ordinance, Employees' Compensation Ordinance or the Labour Laws of the PRC and the agreed terms under the employment contracts.

The Group maintained at all times relevant employees' compensation for injuries and death in the course of employment and relevant third insurance for all our operations. During the Reporting Period, the Group did not record any insurance claim on compensation from work injury, occupational health or safety hazard case.

During the past three years, including the Reporting Period, the Group did not record any serious events or accidents that resulted in death or serious physical injury and did not identify any material non-compliance with laws and regulations relevant to the health and safety of employees.

Development and Training

The Group encourages and supports employees to continue learning and improving their knowledge and job skills for the benefits of the employees as well as the Group.

The Group continues to provide three categories of training. Induction training is provided to new recruits to enhance their understanding of the Group history, organization structure, work environment, regulations, responsibilities and duties required of the job, working skills, safety in operation, and career development plan, etc.

Environmental, Social and Governance Report

On-the-job and specific training for long-term employees aiming at improving their career development and skills to perform their required job duties in a more competent and capable manner and without risking their health and safety. Employees are also encouraged to engage in self-development by taking external training programs and seminars which the Group may sponsor, in part or whole, at the discretion and recommendation of the management.

During the Reporting Period, the Group continued to sponsor 6 Directors, 1 manager and 1 employee to attend an external training program on the listed company management for 15 hours organized by the Hong Kong Securities and Investment Institute.

Labour Standards

The Group continued with its strict compliance with the Employment Ordinances and Labour Laws of the PRC as its minimum labour standard on labour protection and welfare. During the Reporting Period, the Group was not aware of any non-compliance with regard to labour practices of any relevant laws or regulations in the HKSAR and the PRC. There were no labour conflicts and strikes within the Group and we did not experience any material labour disputes.

Equal opportunities have been given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees have not been discriminated against or deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws.

Child labour and forced labour have been forbidden. To combat against illegal employment on child labour, underage workers and forced labour, the Group's personnel administration manager requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. The Group firmly believes that it has maintained an amicable working relationship with our employees.

During the Reporting Period, the Group was not found in violation of any relevant laws and regulations in relation to the prevention of child and forced labour. For the coming year, we will maintain our zero-tolerance to forced and child labour.

Operating Practices and Social Investment

The Group has mainly been a commodity trading and investment holding company and operates strictly according to related commodities trading and investment contract laws and by-laws with integrity, fairness and honesty. The Group and its employees are required to practice the related industry code of standards as well as to obey the social responsibility ethics. The Group and its employees also follow the related industry code of standards as well as social responsibility ethics.

Environmental, Social and Governance Report

Supply Chain Management

Supply chain management in the ESG Guide mainly focuses on the management of sourcing and procurement. During the Reporting Period, the OEM and sales of our own designed trendy fashion merchandise and consumer products replaced the trading of palm oil as the major business activity in terms of turnover. On palm oil trading, the Group purchased directly from the planters and sold to buyers on back-to-back basis with no physical deliveries; trendy merchandises and consumer products were purchased directly from factories on OEM under our own designs and brands; while the lending and investment activities had no physical purchases.

During the Reporting Period, the Group's purchase policies and management processes were same as in the previous reporting periods, which can be summarized below:

The Group had a material and supplier management system, covering the process and procedure for procurement and integrating sustainability into our supply chain by evaluating risks, economics and environmental considerations. Our internal control policies manage and mitigate the economic, social and environmental risks in the supply chain.

The Group continued to procure on open and transparent basis from all suppliers on a fair and equitable manner. The Group maintained a stable relationship with qualified suppliers through strict selection criteria and supplier assessment, which included:

- (i) ability to meet specifications and standards;
- (ii) product and service quality;
- (iii) pricing of the products and services;
- (iv) quality control methods and practices, and reliable delivery method;
- (v) past performance; and
- (vi) environmental standards considerations including energy efficiency.

Before effecting any purchase order, the purchase department will perform a due diligence check on the ability and quality of the suppliers either through self-assessed customary market checking or engaging external professional firms to carry out a trade and credit checking.

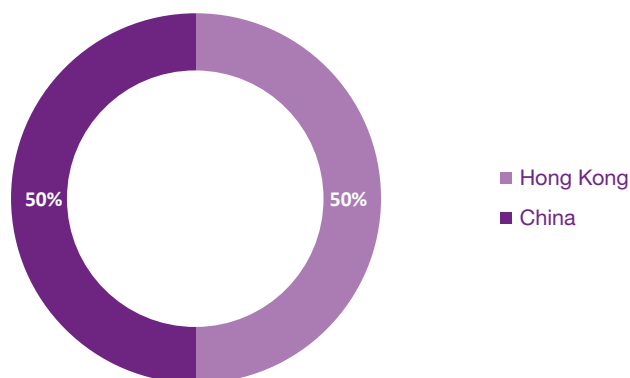
Environmental, Social and Governance Report

To strengthen its mitigation of the procurement risks, the Group continued with its well-structured supply and purchase management policy and processes by adopting different approval authorities at different hierarchy levels of the management team. The system ensures that flaws and faults are eliminated in a check and balance manner.

The purchase of items or services for general use, such as general office supplies, were generally sourced from local reputable and reliable suppliers to reduce carbon footprint during transportation and support the development of the local economy. The Group also actively sourced environmentally preferable products when selecting our suppliers. For palm oil, the Group only purchased from few long-term suppliers in Southeast Asia. For trendy fashion merchandises and consumer products, they were purchased on OEM basis from factories meeting with our specifications and requirements in the PRC.

The procurement of the group should be sourced from qualified suppliers whose products meet the requirements of applicable environmental and social law and regulations. In the environmental aspect, suppliers are required to minimise the negative impacts on the environment during their operations and strengthen monitoring of environmental issues. In the social aspect, suppliers are required to comply with the relevant national labour policies and legislation, which include prevention of slavery, forced and bonded labour, child labour and abusive employment practices.

Supplier Distribution by Geographical Region



During the Reporting Period, the Group did not experience any significant problems with the products purchased from its suppliers in terms of quality and reliability. The Group also did not find any malpractice nor fraud during the procurement processes.

Environmental, Social and Governance Report

Product Responsibility

Quality Assurance

Palm oil, trendy fashion merchandises, consumer products, and lending services continue to be the major areas where product qualities are involved and concerned. The Group fully understands that the quality and consistency of our end products and services are crucial for maintaining our reputation, credibility and market share.

Same as before, for palm oil trading, given its direct back-to-back nature, there will be no delivery time lag or concerns on products quality and quantities; on trendy fashion merchandises and consumer products, which will be sold in their respective forms, images or designs at the time of contracts entered, there will not be any changes or quality issue after sales; however, there may be an issue on quality of after-sale supporting services, as the buyers may need our advice or request for modifications.

To minimize the risks, the Group relies on reliable track records, reputation and integrity in selecting our trading partners and properly follows the cargo inspection procedures. The relevant sale and purchase contracts signed are also fully compliant with the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) and the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong).

On our lending activity, the employees are required to follow strictly the rules and regulations issued by Hong Kong Monetary Authority in conducting our business, and are not allowed to misrepresent and give any warranties without the senior management's approval.

During the Reporting Period, the Group did not have any material non-compliance related to its quality of product or services.

Complaint Handling

The Group has committed to delivering quality and professional services to our customers and has implemented various procedures to ensure all customer complaints or concerns are addressed at the appropriate levels and in a timely manner. The direct sales account officer is obligated to report any incidents received instantly to his superiors who will then decide the appropriate remedial actions to be taken. During the Reporting Period, the Group did not have any incident of customer complaint claiming material compensation, or any investigation by any government authorities in relation to such complaint that could have a material adverse impact on its business.

Data Protection

The Group is fully aware of its obligations to keep and protect private and sensitive information of the clients and business partners available during the course of its business transactions. The Group and the management have installed stringent supervisory, control policy and measures pursuant to the Privacy Laws of the HKSAR and international conventions, to ensure those information and data are kept in strictest confidence, and are not allowed to be disclosed and/or leaked to any other third parties without the knowledge and approval of the owner. All Group's employment contracts specifically contain confidentiality provisions and all employees are prohibited from accessing information without approval and/or leaking private and confidential information to third parties. A system of authorized access to such data is installed and followed at all times.

Environmental, Social and Governance Report

During the Reporting Period, there were no cases initiated against the Group, nor any complaints received, regarding any breach of relevant privacy laws, regulations and policies in any area in which it operated.

Protection of Intellectual Property Rights (“IPR”)

Among the Group’s main business, the design of the trendy fashion merchandises and consumer products is the only one related to IPR. The Group has constantly alerted our designers not to use pirated software, not to infringe on the IPR of others during the product design and development stages. The Group primarily relies on trademark and intellectual property laws, and confidentiality agreements with its senior employees and designers, to protect all intellectual property relating to the operation of its trendy fashion merchandises and consumer goods. The Group also undertakes to the client that all the images, designs and brands sold have valid and effective legal rights and patents.

During the Reporting Period, the Group did not have any infringement of its or any IPR including which had or could have a material adverse effect on its business, and there were no legal proceedings in relation to IPR against the Group.

Anti-Corruption

The Group continued to adopt a zero-tolerance policy towards corruption, bribery, extortion, fraud and money laundering. At all times, all employees must adhere to ethical considerations as embodied in our code of conduct contained in the employment contracts and employee handbook and internal control policies when working on its business activities. The Group adopted and implemented clear policies and procedures with regards to procurement, sales, operational management and finance, and the CEO is charged with the responsibility to initiate investigation upon receiving any corruption reports. Employees are also required to declare any conflicts of interest in the execution of their roles. Through establishing these rules and guidance, the Group encourages all employees to discharge their duties with integrity and comply with the relevant national anti-bribery laws and regulations.

In order to encourage our employees to report corrupt practices, the Group establishes internal whistle-blowing policy to protected the whistle-blower from retaliation or adverse consequence of their employment. Any improprieties can be reported to the Director via a confidential reporting channel to the extent that is made possible to all employees. The Director is responsible for conducting a comprehensive and independent investigation of each reasonably established report.

During the Reporting Period, no adverse comment from independent external auditor on corruption and fraud was reported. No enquiry or concern from the government or banking officials regarding money laundering was received, and no complaint or litigation case on bribery, corruption or fraud against its staff was recorded.

Community Investment

The Group strives to be a socially responsible corporate citizen making contributions to the local community within which we operate by addressing local community environmental, employment and cultural concerns and issues. The Group prioritized its employment by giving first consideration to employees from the local communities. The Group supported its employees and their family members to provide voluntary services and participate in charity, cultural, sports and educational activities as means to pay back to the local communities. The Group also operates in an eco-friendly mode and supported environmental activities to build a “Green Global Society”.

Environmental, Social and Governance Report

SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Aspects		2022	2021	Unit
Aspect A1: Emissions				
A1.1	The types of emissions and respective emissions data			
	Nitrogen oxides (NO _x)	10.4	0.28	kg
	Sulphur oxides (SO _x)	0.1	0.001	kg
	Respirable suspended particles (RSP)	–	0.28	kg
A1.2	Greenhouse gas emissions in total and intensity			
	Scope 1 emissions	138.5	3.7	tonnes CO ₂ -e
	Scope 2 emissions	50.1	32.8	tonnes CO ₂ -e
	Scope 3 emissions	0.1	–	tonnes CO ₂ -e
	Total greenhouse gas emissions	188.7	36.5	tonnes CO ₂ -e
	Intensity (by revenue)	3.6	–	tonnes CO ₂ -e/ million HKD revenue
Aspect A2: Use of Resources				
A2.1	Direct and/or indirect energy consumption by type			
	Direct energy consumption	2,603.5 ¹	69.6	GJ
	Indirect energy consumption	31.3	43.9	MWh
	Total energy consumption	754.5	63.2	MWh-e
	Intensity (by revenue)	14.5	1.3	MWh-e/million HKD revenue
A2.2	Water consumption in total and intensity			
	Total water consumption	75.0	–	m ³
	Intensity (by revenue)	1.4	–	m ³ /million HKD revenue

¹ The increase in the direct energy consumption in 2022 was mainly due to the inclusion of Towngas consumption used in the furnace for providing staff meals in the Sheung Wan office.

Environmental, Social and Governance Report

Social Aspects			2022	Unit
Aspect B1: Employment				
B1.1	Total workforce			
	Total number of employees		8	employee
	By gender	Female	2	employee
		Male	6	employee
	By employment type	Full-time	8	employee
		Part-time	0	employee
	By age group	Under 30 years old	0	employee
		30-50 years old	7	employee
		Over 50 years old	1	employee
	By employee category	Director	6	employee
		Manager	1	employee
		Employee	1	employee
	By function	Executive	3	employee
		Technical	3	employee
Administrative		2	employee	
By geographical region	Hong Kong	3	employee	
	China	5	employee	
B1.2	Employee turnover rate			
	Total employee turnover rate		0	%

Environmental, Social and Governance Report

Social Aspects		2022	Unit
Aspect B2: Health and Safety			
B2.1	Number of work-related fatalities	0	no.
	Rate of work-related fatalities	0	%
B2.2	Lost days due to work injury	0	day
Aspect B3: Development and Training			
B3.1	Percentage of trained employees²		
	Total number of trained employees		8 employee
	Percentage of total employees trained		100 %
	By gender	Female	25 %
		Male	75 %
	By employee category	Director	75 %
		Manager	13 %
		Employee	13 %
	By function	Executive	38 %
		Technical	38 %
Administrative		25 %	
B3.2	Average training hours completed		
	Average training hours per employee		6 hour/employee
	By gender	Female	9 hour/employee
		Male	5 hour/employee
	By employee category	Director	3 hour/employee
		Manager	15 hour/employee
		Employee	15 hour/employee
	By function	Executive	2 hour/employee
		Administrative	21 hour/employee
		Production	9 hour/employee

² Percentages may not add up to 100% due to rounding.

Environmental, Social and Governance Report

Social Aspects		2022	Unit
Aspect B5: Supply Chain Management			
B5.1	Number of suppliers by geographical region		
	Total number of suppliers		6 supplier
	By geographical region	Hong Kong	3 supplier
		China	3 supplier
Aspect B6: Product Responsibility			
B6.1	Percentage of total products sold or shipped subject to recalls	0	%
B6.2	Number of products and service-related complaints received	0	no.
Aspect B7: Anti-corruption			
B7.1	Number of concluded legal cases regarding corruption	0	case

Independent Auditor's Report



To the Members of Wealth Glory Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wealth Glory Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 62 to 135, 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, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group 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 OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (CONT'D)

Key audit matter

How the matter was addressed in our audit

Impairment assessment of trade and other receivables and loans receivables

We identified impairment assessment of trade and other receivables and loans receivables as a key audit matter due to its significance to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit loss ("ECL") of these accounts at the end of the reporting period.

As disclosed in note 4 to the consolidated financial statements, ECL in relation of trade and other receivables and loans receivables is assessed individually for the customers/debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

The Group engaged an independent professional valuer in the assessment of ECL, which is based on historical observed default rates and adjusted by 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.

The provision of ECL is sensitive to changes in estimates. The information about the ECL of the Group's trade and other receivables, loan receivables and loan to investees are disclosed in notes 23, 24 and 25.

Our audit procedures relating to the impairment assessment of trade and other receivables and loans receivables included the following:

- We understood key controls on how the management estimates the loss allowance for trade and other receivables and loans receivables;
- We tested the integrity of information used by the management to develop the matrix, including ageing analysis as at 31 March 2022, on a sample basis, by comparing individual items in the analysis with the relevant supporting documents;
- We evaluated the management's judgement in assessing the valuation methodology;
- We challenged management's basis and judgement in determining credit loss allowance on these accounts as at 31 March 2022, including their identification and evaluation of individually assessed customers/debtors, the reasonableness of management's grouping of the remaining customers/debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information);
- We evaluated the capabilities, objectivities, and competence of the independent external valuer taking into account its experience and qualifications; and
- We evaluated the disclosures regarding the impairment assessment of trade and other receivables and loans receivables in notes 23, 24 and 25 to the consolidated financial statements.

Independent Auditor's Report

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. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company 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.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 the 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.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

The engagement partner on the audit resulting in the independent auditor's report is Siu Jimmy with Practising Certificate number P05898.

Elite Partners CPA Limited

Certified Public Accountants

10/F., 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
Hong Kong
30 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	6	51,551	50,506
– Goods and service		49,846	48,602
– Interest		1,705	1,904
Cost of sales		(47,604)	(46,027)
Gross profit		3,947	4,479
Other income	7	58	2,103
Other gains and losses, net	8	(1,691)	(1,299)
Reversal/(provision) for impairment losses of financial assets at amortised cost	9	4,445	(14,232)
Impairment loss of goodwill		–	(29,394)
Selling expenses		(8,353)	(493)
Administrative expenses		(26,012)	(26,997)
Other expenses		(218)	(435)
Loss from operations		(27,824)	(66,268)
Finance costs	10	(305)	(641)
Loss before taxation		(28,129)	(66,909)
Taxation	12	30	195
Loss and total comprehensive expense for the year		(28,099)	(66,714)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(28,091)	(66,695)
Non-controlling interests		(8)	(19)
		(28,099)	(66,714)
		HK cents	HK cents
Loss per share			
Basic and diluted	15	(3.91)	(15.48)

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment	16	–	1,467
Right-of-use assets	17	–	573
Intangible assets	20	324	542
		324	2,582
Current assets			
Inventories	21	3,406	3,744
Financial assets at fair value through profit and loss (“FVTPL”)	22	721	2,669
Trade receivables	23	29,674	31,936
Loans receivables	24	20,419	19,332
Prepayments, deposits and other receivables	25	12,782	6,962
Loans to investees	18	–	4,099
Tax recoverable		–	13
Cash and cash equivalents	26	9,186	28,561
		76,188	97,316
Current liabilities			
Trade payables	27	5,646	2,167
Accruals and other payables	28	22,860	18,225
Lease liabilities	29	–	694
Bonds	30	–	9,700
		28,506	30,786
Net current assets		47,682	66,530

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Total assets less current liabilities		48,006	69,112
Non-current liabilities			
Deferred tax liabilities	32	–	35
Net assets		48,006	69,077
Capital and reserves			
Share capital	33	17,256	17,256
Reserves		30,777	51,840
Equity attributable to owners of the Company		48,033	69,096
Non-controlling interests		(27)	(19)
Total equity		48,006	69,077

The consolidated financial statements on pages 62 to 135 were approved and authorised for issue by the Board of Directors on 30 June 2022 and are signed on its behalf by:

Tse Sing Yu
Executive Director

Lin Su
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Equity attributable to owners of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (Note i)	Share-based payments reserve HK\$'000 (Note ii)	FVOCI reserve HK\$'000 (Note iii)	Accumulated losses HK\$'000	Sub-Total HK\$'000	Non-controlling interest HK\$'000	
At 31 March 2020	49,304	566,572	(4,246)	2,967	(1,766)	(519,004)	93,827	-	93,827
Loss for the year	-	-	-	-	-	(66,695)	(66,695)	(19)	(66,714)
Capital reduction	(44,374)	44,374	-	-	-	-	-	-	-
Shares issued under rights issue	12,326	27,789	-	-	-	-	40,115	-	40,115
Transfer upon lapse of share options	-	-	-	(2,967)	-	2,967	-	-	-
Recognition of equity-settled share based payments	-	-	-	1,849	-	-	1,849	-	1,849
Written-off of financial assets at FVTOCI	-	-	-	-	1,766	(1,766)	-	-	-
At 31 March 2021	17,256	638,735	(4,246)	1,849	-	(584,498)	69,096	(19)	69,077
Loss for the year	-	-	-	-	-	(28,091)	(28,091)	(8)	(28,099)
Recognition of equity-settled share based payments	-	-	-	7,028	-	-	7,028	-	7,028
At 31 March 2022	17,256	638,735	(4,246)	8,877	-	(612,589)	48,033	(27)	48,006

Notes:

- i) The merger reserve of the Group arose as a result of the reorganisation of the Group implemented in preparation for the listing on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").
- ii) The share-based payments reserve represents the fair value of the actual or estimated number of unexercised or lapsed share options granted to grantee recognised in accordance with the accounting policy adopted for share-based payments as described in note 3 to these consolidated financial statements.
- iii) The FVTOCI reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVTOCI that have been recognised in other comprehensive income, net of amounts transferred to accumulated losses when those equity instruments at FVTOCI are disposed of or are determined to be impaired.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
Operating activities		
Loss before taxation	(28,129)	(66,909)
Adjustments for:		
Impairment loss (reversed)/provided on trade receivables	(345)	1,157
Impairment loss provided on loans receivables	618	3,959
Impairment loss provided/(reversed) on other receivables	282	(11)
Loss/(gain) from changes in fair value on financial assets at FVTPL	1,135	(626)
Realised loss provided on disposal of financial assets at FVTPL	556	992
Impairment loss (reversed)/provided on loans to investees	(5,000)	9,127
Impairment of goodwill	–	29,394
Depreciation of property, plant and equipment	1,467	3,481
Depreciation of right-of-use assets	573	1,524
Amortisation of intangible assets	218	435
Loss on disposal of property, plant and equipment	–	830
Interest expense	305	641
Interest income	–	(1,789)
Share-based payments expenses	7,028	1,849
Rent concession	(58)	(35)
Written off of movie script deposit	–	220
Written off of financial assets at FVTOCI	–	2,742
Bad debts for loans receivables	–	3,148
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(21,350)	(9,871)
Decrease/(increase) in inventories	338	(2,976)
Decrease/(increase) in financial assets at FVTPL	257	(367)
Decrease in trade receivables	2,607	566
(Increase)/decrease in loans receivables	(1,705)	849
(Increase)/decrease in prepayments, deposits and other receivables	(6,102)	2,904
Increase in trade payables	3,479	2,167
Increase/(decrease) in accruals and other payables	4,635	(3,163)
	<hr/>	<hr/>
Net cash used in operations	(17,841)	(9,891)
Tax refund/(paid)	8	(65)
	<hr/>	<hr/>
Net cash used in operating activities	(17,833)	(9,956)

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
Investing activities		
Interest paid	(5)	(155)
Proceed from sales of property, plant and equipment	–	500
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(5)	345
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Financing activities		
Repayment of lease liability	(636)	(1,450)
Share issued under right issue	–	40,115
Repayment from loans to investees	9,099	2,000
Repayment of other borrowings	–	(2,955)
Repayment of bond	(10,000)	–
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(1,537)	37,710
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net (decrease)/increase in cash and cash equivalents	(19,375)	28,099
Cash and cash equivalents at 1 April	28,561	462
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	9,186	28,561
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Represented by:		
Cash and cash equivalents	9,186	28,561
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Wealth Glory Holdings Limited (the “Company”) is incorporated in the Cayman Islands with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information section to the annual report.

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 40.

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

2. APPLICATION OF 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 periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform – Phase 2
HKFRS 4 and HKFRS 16

Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

Except as described below, 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.

2.1 Impacts on the application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases (“HKFRS 16”) by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group’s financial positions and performance for the current and prior years.

Notes to the Consolidated Financial Statements

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONT’D)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments 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 Estimates 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
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

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

⁴ Effective for business combinations/common control combination for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Preparation

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 GEM of the Stock Exchange (the “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 values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are accounted for in accordance with HKFRS 16, 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.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies

(a) *Basis of consolidation*

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

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

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

Consolidation of 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(b) Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(c) 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 or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(c) *Revenue from contracts with customers (cont'd)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group engages in trading of consumer products, natural resources and commodities. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk and credit risk. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(c) Revenue from contracts with customers (cont'd)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) 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 purpose. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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.

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 the profit or loss.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. 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.

(f) 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(g) Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. 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 effective of any changes in estimate being accounted for on a prospective basis.

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.

(h) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(h) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset 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.

(i) Borrowing costs

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

(j) 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 loss before taxation because 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 base 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(j) *Taxation (cont'd)*

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associate, 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 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 a deferred tax asset is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit 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.

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(k) 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, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

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

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

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 is 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(k) Leases (cont'd)

The Group as a lessee (cont'd)

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 lease payments (including in-substance fixed payments) less any lease incentives receivable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

Covid-19-related rent concessions

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

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

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(l) Foreign currencies

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

Exchange differences 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.

(m) Retirement benefit costs

Payments to Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions to the scheme are expensed as incurred and are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

(n) Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. 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 and financial liabilities at fair value through profit or loss ("FVTPL")) 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 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 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.

Interest/dividend income which are derived from the Group's ordinary cause of business are present as revenue.

(i) *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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Classification and subsequent measurement of financial assets (cont'd)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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, except that at the initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) *Financial instruments (cont'd)*

(i) *Financial assets (cont'd)*

Classification and subsequent measurement of financial assets (cont'd)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). 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 from the next reporting period. 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 from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI 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 "other gains and losses" line item.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) Financial instruments (cont'd)

(ii) Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loans receivables, deposits paid, other receivables, loans to investees and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is 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, loans to investees and loans receivables. The ECL on trade receivables are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) *Financial instruments (cont'd)*

(ii) *Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)*

(i) Significant increase in credit risk (cont'd)

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

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

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 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) *Financial instruments (cont'd)*

(ii) *Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)*

(i) Significant increase in credit risk (cont'd)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

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 540 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) *Financial instruments (cont'd)*

- (ii) *Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)*
- (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:

- (a) significant financial difficulty of the issuer or the borrower; or
 - (b) a breach of contract, such as a default or past due event; or
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
 - (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (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 advances and receivables, when the amounts are over 730 days 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) Financial instruments (cont'd)

- (ii) Impairment of financial assets subject to impairment assessment under HKFRS 9 (cont'd)
- (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.

Lifetime ECL for certain trade receivables, loans to investees and loans receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(o) *Financial instruments (cont'd)*

(iii) *Financial liabilities and equity*

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 recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade payables, accruals and other payables, lease liabilities and bonds) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(iv) *Derecognition*

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 measured at amounted cost, 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 are derecognised when the Group's obligations specified in the relevant contract 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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(p) Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without tasking into considerations 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 payments 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 payments reserves. 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 payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

(q) Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, 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 services. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

(r) 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 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".

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(t) Related parties

- (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 key management personnel of the Group or the Group's parent.

- (b) An entity is related to the Group if any of the following conditions apply:
 - (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 the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of the 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 key management personnel of the entity (or of a parent of the entity); or
 - (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.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principal Accounting Policies (cont'd)

(t) Related parties (cont'd)

Close members 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 and include:

- (i) that 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. 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 judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Provision of ECL for trade and other receivable and loans receivables

The Group's trade and other receivables and loans receivables are assessed for impairment based on the expected loss model required by HKFRS 9. The assessment made by management has taken into account relevant historical information adjusted for forward looking information available to management at the date of assessment (to the extent that such information is reasonable and supportable without undue cost or effort). Impairment losses are recognised for the current year (please see Notes 23, 24 and 25). Management has exercised judgment in estimating the amount of expected credit loss. If the actual outcome is different from management's estimate, an additional impairment loss or reversal of impairment loss may arise.

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 HK\$'000	2021 HK\$'000
Financial assets		
Financial assets at fair value through profit and loss	721	2,669
Financial assets at amortised cost	65,525	89,886
	<u>66,246</u>	<u>92,555</u>
Financial liabilities		
Amortised cost	28,506	30,092

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through profit or loss, trade receivables, loans receivables, other receivables and deposits, loans to investees, cash and cash equivalents, trade payables, accruals and other payables and bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Market risk

(i) Currency risk

Certain cash and cash equivalents, trade receivables and trade payables of the Group are denominated in foreign currencies which are different from functional currencies of respective group entities. As at 31 March 2022 and 2021, cash and cash equivalents, trade receivables and trade payables of respective group entities denominated in foreign currencies were immaterial. The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group's cash flow interest rate risk primarily relates to the variable-rate cash and cash equivalents. The Group is also exposed to fair value interest rate risk in relation to its loans receivables and loans to investees. The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Dollar Prime rate arising from the Group's Hong Kong dollar denominated borrowings.

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate cash and cash equivalents, a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

(iii) Price risk

The Group is exposed to price risk through its natural resources trading business of which their prices fluctuate directly with the commodity price (i.e. price of magnetite sand concentrate and palm oil). The commodity price is affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuation in commodity prices may have favourable or unfavourable impacts to the Group. The management considered that the price risk is mitigated through entering into corresponding contracts with customers and the Group's pricing policy in relation to the suppliers' and customers' contracts. Accordingly, the exposure of the Group to price risk is considered insignificant by the management of the Group and hence no sensitivity analysis is presented.

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

(iii) Price risk (cont'd)

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted on the Stock Exchange. In addition, the Group monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is set as 10% as a result of the volatile financial market. If the prices of the respective equity instruments had been 10% higher/lower, the loss for the year ended 31 March 2022 would decrease/increase by HK\$72,000 (2021: HK\$267,000) as a result of the change in financial assets at FVTPL.

Credit risk and impairment assessment

As at 31 March 2022 and 2021, the Group's credit risk is primarily attributable to trade receivables, loans to investees, loans receivables, other receivables and deposit and cash and cash equivalents.

As at 31 March 2022 and 2021, 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 is the carrying amounts of the respective recognised financial assets such as loans receivables, and trade receivables as stated in the consolidated statement of financial position.

The Group has significant concentration of credit risk on loans receivables and loans to investees to five counterparties (2021: five) and no counterparty (2021: one) respectively of HK\$21,200,000 (2021: HK\$15,924,000) and Nil (2021: HK\$4,099,000) respectively and largest customer of loans receivables of HK\$4,200,000 (2021: HK\$4,000,000) as at 31 March 2022. The directors of the Company continuously monitors the credit quality and financial conditions of these counterparties and the level of exposure to ensure the follow-up action is taken to recover the debt.

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk and impairment assessment (cont'd)

As at 31 March 2022, financial assets at FVTPL of HK\$721,000 (2021: HK\$2,669,000) are held under a broker's custodian account.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

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

The Group applied the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables, loans to investees and loans receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, loans to investees and loans receivables as at 31 March 2022 and 2021:

	Trade receivables		
	Expected loss	Gross carrying amount	Loss allowance – Lifetime ECL (not credit impaired)
	%	HK\$'000	HK\$'000
At 31 March 2022			
Current (not past due)	0.27	2,581	7
Less than 3 months past due	0.81	4,427	36
3 months to 6 months past due	1.16	18,804	219
6 months to 12 months past due	1.79	557	10
Over 1 year past due	21.19	4,539	962
		<u>30,908</u>	<u>1,234</u>
At 31 March 2021			
Current (not past due)	0.30	2,007	6
Less than 3 months past due	0.76	24,547	187
3 months to 6 months past due	19.17	1,586	304
6 months to 12 months past due	20.13	5,375	1,082
		<u>33,515</u>	<u>1,579</u>

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk and impairment assessment (cont'd)

	Loans to investees			
	Expected loss %	Gross carrying amount HK\$'000	Loss allowance – Lifetime ECL (not credit impaired) HK\$'000	Loss allowance – Lifetime ECL (credit impaired) HK\$'000
At 31 March 2022				
Current (not past due)	–	–	–	–
61-90 day past due	–	–	–	–
91-180 day past due	–	–	–	–
Over 1 year past due	100%	15,198	–	15,198
		<u>15,198</u>	<u>–</u>	<u>15,198</u>

At 31 March 2021				
Current (not past due)	0.07%	4,102	3	–
61-90 day past due	100%	9,998	–	9,998
91-180 day past due	100%	10,200	–	10,200
		<u>24,300</u>	<u>3</u>	<u>20,198</u>

	Loans receivables		
	Expected loss %	Gross carrying amount HK\$'000	Loss allowance – Lifetime ECL (not credit impaired) HK\$'000
At 31 March 2022			
Current (not past due)	21.19	<u>25,910</u>	<u>5,491</u>
At 31 March 2021			
Current (not past due)	20.13	<u>24,205</u>	<u>4,873</u>

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk and impairment assessment (cont'd)

Expected loss rates are based on actual loss experience over the past 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers/debtors to settle the receivables.

The following table shows reconciliation of loss allowance for other receivables under HKFRS 9.

	12m ECL HK\$'000	Lifetime ECL (credit impaired) HK\$'000	Total HK\$'000
As at 1 April 2020	16	8,338	8,354
Reversal of ECL	(11)	–	(11)
Written-off	–	(8,338)	(8,338)
As at 31 March 2021 and 1 April 2021	5	–	5
Recognition of ECL	282	–	282
As at 31 March 2022	287	–	287

Liquidity risk

The Group manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of other borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective Interest rate %	Within 1 year or repayable on demand HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount at the end of the reporting period HK\$'000
As at 31 March 2022							
Trade payables, accruals and other payables	–	28,506	–	–	–	28,506	28,506

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Weighted average effective Interest rate %	Within 1 year or repayable on demand HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount at the end of the reporting period HK\$'000
As at 31 March 2021							
Trade payables, accruals and other payables	-	20,392	-	-	-	20,392	20,392
Lease liabilities	3.27	695	-	-	-	695	694
Bonds	7.04	10,000	-	-	-	10,000	9,700
		<u>31,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,087</u>	<u>30,786</u>

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of the reporting period.

Fair value hierarchy as at 31 March 2022

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTPL				
Held for trading-listed equity securities	<u>721</u>	<u>-</u>	<u>-</u>	<u>721</u>

Fair value hierarchy as at 31 March 2021

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTPL				
Held for trading-listed equity securities	<u>2,669</u>	<u>-</u>	<u>-</u>	<u>2,669</u>

There is no transfer between different levels of the fair value hierarchy for the years ended 31 March 2022 and 2021.

Notes to the Consolidated Financial Statements

5. FINANCIAL INSTRUMENTS (CONT'D)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold and services provided by the Group, net of discounts and sales related taxes for both years.

Revenue by product type is as follows:

	2022 HK\$'000	2021 HK\$'000
Natural Resources and Commodities	18,368	25,500
Trading of Consumer Products	31,478	23,102
Money Lending	1,705	1,904
	<u>51,551</u>	<u>50,506</u>

Segment revenue and results

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers (the "CODM"), for the purposes of resource allocation and performance assessment.

During the year ended 31 March 2022, the Group's reportable and operating segments are as follows:

- (a) the natural resources and commodities business segment engaged in the trading of natural resources and commodities including but not limited to iron ore concentrate, coal and crude palm oil etc. ("Trading of Resources and Commodities");
- (b) the trading of trendy fashion merchandises and others consumer products ("Trading of Consumer Products");

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Segment revenue and results (cont'd)

(c) interest income from the money lending business (“Money Lending”); and

(d) the investments in securities in Hong Kong (“Securities Investment”).

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

	2022				Total HK\$'000
	Trading of Resources and Commodities HK\$'000	Trading of Consumer Products HK\$'000	Money Lending HK\$'000	Securities Investment HK\$'000	
Segment revenue					
External	18,368	31,478	1,705	-	51,551
Timing of revenue recognition					
At a point of time	18,368	31,478	-	-	49,846
Over time	-	-	1,705	-	1,705
	18,368	31,478	1,705	-	51,551
Segment results	300	(15,209)	187	(1,691)	(16,413)
Reconciliation:					
Amortisation of intangible assets					(218)
Impairment loss recognised in respect of loans receivables					(618)
Impairment loss reversed in respect of trade receivables					345
Impairment loss recognised in respect of other receivables					(282)
Impairment loss reversed in respect of loans to investees					5,000
Unallocated corporate income					58
Unallocated corporate expenses					(15,696)
Unallocated finance costs					(305)
Loss before taxation					(28,129)

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Segment revenue and results (cont'd)

	2021				Total HK\$'000
	Trading of Resources and Commodities HK\$'000	Trading of Consumer Products HK\$'000	Money Lending HK\$'000	Securities Investment HK\$'000	
Segment revenue					
External	25,500	23,102	1,904	-	50,506
Timing of revenue recognition					
At a point of time	25,500	23,102	-	-	48,602
Over time	-	-	1,904	-	1,904
	25,500	23,102	1,904	-	50,506
Segment results	(546)	(5,334)	64	(366)	(6,182)
Reconciliation:					
Interest income and other income					1,789
Amortisation of intangible assets					(435)
Impairment loss of goodwill					(29,394)
Impairment loss recognised in respect of loans receivables					(3,959)
Impairment loss recognised in respect of trade receivables					(1,157)
Impairment loss recognised in respect of loans to investees					(9,127)
Impairment loss reversed in respect of other receivables					11
Bad debts for loans receivables					(3,148)
Unallocated corporate income					142
Unallocated corporate expenses					(14,808)
Unallocated finance costs					(641)
Loss before taxation					(66,909)

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Segment revenue and results (cont'd)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss incurred) profit earned by each segment without allocation of interest income and other income, amortisation of intangible assets, impairment losses (reversed)/recognised in respect of goodwill, intangible assets, trade and other receivables, loans to an investee, bad debt of loans receivables, unallocated corporate income, corporate expenses and certain finance costs. This is the measure reported to the Group's CODM for the purpose of resource allocation and performance assessment. The CODM only focuses on monitoring segment performances without reviewing segment assets and liabilities. Accordingly, no segment assets and segment liabilities are presented.

Other segment information

For the year ended 31 March 2022

	Trading of Resources and Commodities HK\$'000	Trading of Consumer Products HK\$'000	Money Lending HK\$'000	Securities Investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results:						
Depreciation of right-of-use assets	-	-	-	-	573	573
Depreciation of property, plant and equipment	-	-	-	-	1,467	1,467
Finance costs	-	-	-	-	305	305

For the year ended 31 March 2021

	Trading of Resources and Commodities HK\$'000	Trading of Consumer Products HK\$'000	Money Lending HK\$'000	Securities Investment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results:						
Depreciation of right-of-use assets	-	149	-	-	1,375	1,524
Depreciation of property, plant and equipment	-	4	-	-	3,477	3,481
Finance costs	-	1	-	-	640	641

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Geographical information

The Group's operation are located on Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operation. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	10,486	12,888	324	2,582
The People's Republic of China (the "PRC") (except Hong Kong)	41,065	37,618	–	–
Total	51,551	50,506	324	2,582

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of total revenue of the Group are as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A ²	10,048	11,870
Customer B ¹	13,863	11,822
Customer C ²	8,320	13,630

¹ These revenue are derived from the Group's Trading of Consumer Products segment.

² These revenue are derived from the Group's Trading of Resources and Commodities segment.

Notes to the Consolidated Financial Statements

7. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Interest income from loans to investees	–	1,789
Others	–	13
Government grants	–	266
Rent concession	58	35
	<u>58</u>	<u>2,103</u>

During the year ended 31 March 2021, the Group recognised government grants of Covid-19 related subsidies, of which all related to Employment Support Scheme provided by the Hong Kong Government.

8. OTHER GAINS AND LOSSES, NET

	2022 HK\$'000	2021 HK\$'000
(Loss)/gain from changes in fair value on financial assets at FVTPL	(1,135)	626
Net foreign exchange loss	–	(65)
Loss on disposal of financial assets at FVTPL	(556)	(992)
Loss on disposal of property, plant and equipment	–	(830)
Others	–	(38)
	<u>(1,691)</u>	<u>(1,299)</u>

9. REVERSAL/(PROVISION) FOR IMPAIRMENT LOSSES OF FINANCIAL ASSETS AT AMORTISED COST

	2022 HK\$'000	2021 HK\$'000
Impairment loss (reversed)/provided on trade receivables	(345)	1,157
Impairment loss provided/(reversed) on other receivables	282	(11)
Impairment loss (reversed)/provided on loans to investees	(5,000)	9,127
Impairment loss provided on loans receivables	618	3,959
	<u>(4,445)</u>	<u>14,232</u>

Notes to the Consolidated Financial Statements

10. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interests on other borrowings	–	108
Interest on lease liabilities	5	47
Effective interests on bonds	300	486
	305	641

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration

Directors' remuneration for the year ended 31 March 2022, as disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 March 2022					Total emolument HK\$'000
	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Bonus HK\$'000	Share-based payments HK\$'000	Retirement benefits scheme contributions HK\$'000	
Executive Directors						
Ms. Lin Su	–	240	–	787	–	1,027
Mr. Tse Sing Yu (<i>Chairman</i>)	–	361	15	787	20	1,183
Independent Non-Executive Directors						
Mr. Tam Chak Chi	–	–	–	–	–	–
Mr. Liu Yongsheng	120	–	–	–	–	120
Mr. Chan Ka Hung	120	–	–	–	–	120
Total emoluments	240	601	15	1,574	20	2,450

Notes to the Consolidated Financial Statements

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONT'D)

Directors' remuneration (cont'd)

Directors' remuneration for the year ended 31 March 2021, as disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 March 2021					Total emolument HK\$'000
	Directors' fees HK\$'000	Salaries and benefits in kind HK\$'000	Bonus HK\$'000	Share-based payments HK\$'000	Retirement benefits scheme contributions HK\$'000	
Executive Directors						
Ms. Lin Su	-	240	-	205	-	445
Mr. Tse Sing Yu (<i>Chairman</i>)	-	360	-	205	18	583
Independent Non-executive Directors						
Mr. Tam Chak Chi	-	-	-	-	-	-
Mr. Liu Yongsheng	120	-	-	-	-	120
Mr. Chan Ka Hung	120	-	-	-	-	120
Total emoluments	240	600	-	410	18	1,268

Notes to the Consolidated Financial Statements

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONT'D)

Directors' remuneration (cont'd)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. No directors of the Company waived any emoluments during the years ended 31 March 2022 and 2021.

Five highest paid employees

Of the five employees with the highest emoluments in the Group, two (2021: two) was the directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2021: three) employees are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and benefits in kind	933	1,118
Contributions to retirement benefits schemes	29	36
Share-based payments	2,045	540
	<u>3,007</u>	<u>1,694</u>

Their emoluments were within the following bands:

	2022 Number of employee	2021 Number of employee
Nil to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$1,500,000	2	–
	<u>3</u>	<u>3</u>

No emoluments were paid by the Group to the directors of the Company or the five highest paid employees during the years ended 31 March 2022 and 2021 as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

12. TAXATION

	2022 HK\$'000	2021 HK\$'000
Tax credit comprise of:		
Overprovision in prior year	–	(123)
Current tax expense	5	–
Deferred tax credit (<i>Note 33</i>)	(35)	(72)
	<u>(30)</u>	<u>(195)</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of 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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

	2022 HK\$'000	2021 HK\$'000
Loss before taxation	<u>(28,129)</u>	<u>(66,909)</u>
Tax at the income tax rate of 16.5% (2021: 16.5%)	(4,641)	(11,039)
Tax relief of 8.25% on first HK\$2 million assessable profit	(15)	–
Tax effect of expenses not deductible for tax purposes	3,001	9,281
Tax effect of income not taxable for tax purposes	(874)	–
Tax effect of the tax losses not recognised	2,509	1,686
Tax concession	(10)	–
Overprovision in respect of prior years	–	(123)
Taxation for the year	<u>(30)</u>	<u>(195)</u>

Notes to the Consolidated Financial Statements

13. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2022 HK\$'000	2021 HK\$'000
Auditor's remuneration	590	590
Bad debts of loans receivables	–	3,148
Cost of inventories recognised as an expense	47,604	48,602
Depreciation of property, plant and equipment	1,467	3,481
Depreciation of right-of-use assets	573	1,524
Amortisation of intangible assets (included in other expenses)	218	435
Expenses related to short-term leases	218	277
Written off of movie script deposit	–	220
Written off of financial assets FVTOCI	–	2,742
Loss on disposal of property, plant and equipment	–	830
Staff costs including directors' emoluments		
– Salaries and benefits in kind	2,710	2,342
– Share-based payments	7,028	1,849
– bonus	15	–
– Contributions to retirement benefits schemes	82	69
	<hr/>	<hr/>
Total staff costs	9,835	4,260
	<hr/> <hr/>	<hr/> <hr/>

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: HK\$Nil).

Notes to the Consolidated Financial Statements

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the year is based on the following data:

	2022 HK\$'000	2021 HK\$'000
Loss for the year attributable to owners of the Company		
Loss for the purposes of basic and diluted loss per share	<u>28,091</u>	<u>66,695</u>

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>719,019</u>	<u>430,739</u>

The computation of diluted loss per share for the years ended 31 March 2022 and 2021 do not assume the exercise of the Company's share options since their assumed conversion would result in a decrease in loss per share.

Notes to the Consolidated Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motoryacht HK\$'000	Total HK\$'000
Cost				
At 1 April 2020	6,286	163	3,800	10,249
Disposal	–	–	(3,800)	(3,800)
At 31 March 2021 and 1 April 2021	6,286	163	–	6,449
Disposal	(6,286)	–	–	(6,286)
At 31 March 2022	–	163	–	163
Depreciation				
At 1 April 2020	1,532	159	2,280	3,971
Provided for the year	3,287	4	190	3,481
Eliminated on disposal	–	–	(2,470)	(2,470)
At 31 March 2021 and 1 April 2021	4,819	163	–	4,982
Provided for the year	1,467	–	–	1,467
Eliminated on disposal	(6,286)	–	–	(6,286)
At 31 March 2022	–	163	–	163
Net carrying value				
At 31 March 2022	–	–	–	–
At 31 March 2021	1,467	–	–	1,467

The above items of property, plant and equipment are depreciated on straight-line basis to their residual values at the following rates per annum:

Leasehold improvements	Over the lease term
Furniture and equipment	20%
Motoryacht	20%

Notes to the Consolidated Financial Statements

17. RIGHT-OF-USE ASSETS

	Leased properties
	HK\$'000
At 31 March 2022	
Carrying amount	–
At 31 March 2021	
Carrying amount	573
For the year ended 31 March 2022	
Depreciation	(573)
For the year ended 31 March 2021	
Depreciation	(1,524)
	2022
	2021
	HK\$'000
	HK\$'000
Expense relating to short-term leases	218
Total cash outflow for leases	859
	277
	1,774

For the year ended 31 March 2021, the Group leases properties for its operations. Lease contracts are entered into for fixed term of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

18. LOANS TO INVESTEES

	2022 HK\$'000	2021 HK\$'000
At 1 April	4,099	5,750
Loan interest receivable	–	349
Repayment	(4,099)	(2,000)
	<hr/>	<hr/>
At 31 March	–	4,099
	<hr/> <hr/>	<hr/> <hr/>

The movement in impairment of loan to investee are as follow:

	2022 HK\$'000	2021 HK\$'000
At 1 April	3	3
Impairment loss written-off	(3)	–
	<hr/>	<hr/>
At 31 March	–	3
	<hr/> <hr/>	<hr/> <hr/>

The loan to Goldenbase of HK\$Nil (2021: HK\$4,099,000) is unsecured, interest-bearing at 10% per annum and repayable on demand.

Notes to the Consolidated Financial Statements

19. GOODWILL

The amounts of goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position arising from the acquisition of subsidiaries are as follows:

	2022 HK\$'000	2021 HK\$'000
Reconciliation of carrying amount		
At beginning of reporting period	-	29,394
Impairment	-	(29,394)
	<hr/>	<hr/>
At end of reporting period	-	-
	<hr/> <hr/>	<hr/> <hr/>
At 31 March		
Cost	34,279	34,279
Accumulated impairment losses	(34,279)	(34,279)
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 March 2021, the recoverable amount of trading of consumer products business segment – CGU has been determined based on a value in use calculation with reference to a valuation performed by a firm of independent professional valuer. The calculation adopted cash flow projections covering a 5-year period, based on financial budgets approved by the management with discount rate of 15.14% per annum. Cash flows beyond the 5-year period are extrapolated with 3% growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted gross margin of 5.32%. Such estimation is based on the unit's past performance and management's expectations of the market development.

During the year ended 31 March 2021, HK\$29,394,000 impairment loss has been recognised in relation to the trading of consumer products business segment – CGU.

Notes to the Consolidated Financial Statements

20. INTANGIBLE ASSETS

	Distribution right in 3D phone HK\$'000	Customer relationship HK\$'000	Distribution right in sports cars HK\$'000	Money lending license HK\$'000	Total HK\$'000
Cost					
At 1 April 2020	1,600	2,610	20,000	324	24,534
Written off	(1,600)	-	-	-	(1,600)
At 31 March 2021 and 31 March 2022	-	2,610	20,000	324	22,934
Amortisation and impairment					
At 1 April 2020	1,600	1,957	20,000	-	23,557
Amortisation	-	435	-	-	435
Written off	(1,600)	-	-	-	(1,600)
At 31 March 2021	-	2,392	20,000	-	22,392
Amortisation	-	218	-	-	218
At 31 March 2022	-	2,610	20,000	-	22,610
Net carrying value					
At 31 March 2022	-	-	-	324	324
At 31 March 2021	-	218	-	324	542

Notes to the Consolidated Financial Statements

20. INTANGIBLE ASSETS (CONT'D)

During the year ended 31 March 2016, Bright Billion Holdings Limited (“Bright Billion”), a wholly-owned subsidiary of the Company, signed a distribution agreement with a supplier, pursuant to which, Bright Billion was appointed as an authorised distributor and granted the right of distribution, marketing and service of a 3D phone “FOVEA” in India at a consideration of HK\$1,600,000 in cash. The distribution right in 3D phone has finite useful lives and are amortised on a straight-line basis over 5 years. The directors decided that the 3D phone project has not yet operated and no revenue generated in the last 2 years. The Group’s Chief operating decision makers decided to make a fully impairment of the carrying amount HK\$1,200,000 in year ended 31 March 2017. The distribution right has expired during the year ended 31 March 2021 and the related carrying amount is written off accordingly.

The intangible assets of customer relationship are acquired from the acquisition of a subsidiary during the year ended 31 March 2016 and is amortised on a straight-line basis over 6 years.

During the year ended 31 March 2022, the directors considered the market feasibility for this kind of sport car and therefore reassessed the value of distribution rights in sports cars. As the distribution rights has not generated any revenue in the prior years, the directors decided that no reversal of impairment for the year.

21. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
Finished goods	3,406	3,744

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	2022 HK\$'000	2021 HK\$'000
Equity securities listed in Hong Kong (<i>Note</i>)	721	2,669

Note: The fair value of these listed securities are determined based on the quoted market bid parties at the end of each reporting period.

Notes to the Consolidated Financial Statements

23. TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	30,908	33,515
Less: Impairment allowance	(1,234)	(1,579)
	29,674	31,936

The Group allows an average credit period of 30 days to its customers from Trading of Consumer Products business for both years. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. An ageing analysis of the trade receivables, net of allowance of credit loss presented based on the invoice date (which is approximately the revenue recognition date) at the end of the reporting period is presented below.

	2022 HK\$'000	2021 HK\$'000
0-90 days	2,761	2,001
91-180 days	4,153	24,360
181-365 days	19,183	1,282
Over 365 days	3,577	4,293
	29,674	31,936

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Customers representing trade receivables that are neither past due nor impaired are customers that have no default of payment in the past and have good credit rating attributable under the credit review procedures used by the Group.

The Group has a policy for impairment allowance which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the credit creditworthiness and the past collection history of each client.

As at 1 April 2020, trade receivable from contracts with customers amounted to HK\$33,663,000.

Notes to the Consolidated Financial Statements

23. TRADE RECEIVABLES (CONT'D)

The movement in impairment allowance of trade receivables is as follow:

	2022 HK\$'000	2021 HK\$'000
At 1 April	1,579	422
Impairment loss (reversed)/recognised	(345)	1,157
At 31 March	1,234	1,579

24. LOANS RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Unsecured fixed-rate loans receivables	25,910	24,205
Less: impairment allowance	(5,491)	(4,873)
Total	20,419	19,332

The exposure of the Group's fixed-rate loans receivables to interest rate risks and their contractual maturity dates are as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	20,419	19,332

The Group seeks to apply strict control over its outstanding loans receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The loans receivable had contractual maturity dates between six months to a year as at 31 March 2022 (2021: six months to a year). The interest rate for the fixed-rate loans receivable was ranged from 6% to 12% (2021: 6% to 12%) per annum.

Notes to the Consolidated Financial Statements

24. LOANS RECEIVABLES (CONT'D)

The movement in impairment of loan receivables are as follow:

	2022 HK\$'000	2021 HK\$'000
At 1 April	4,873	914
Impairment loss recognised	618	3,959
	<hr/>	<hr/>
At 31 March	5,491	4,873

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Current assets:		
Deposit paid	4,248	4,348
Prepayment	6,536	1,004
Other receivables	2,285	1,615
Less: Impairment loss recognised (<i>Note ii</i>)	(287)	(5)
	<hr/>	<hr/>
Loans to investees (<i>Note iii</i>)	12,872	6,692
Less: Impairment recognised in respect of loans to investees (<i>Note i</i>)	15,198	20,198
	<hr/>	<hr/>
	12,782	6,962

Notes to the Consolidated Financial Statements

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONT'D)

Notes:

- (i) The movement in impairment allowance on loans to investees is as follow:

	2022 HK\$'000	2021 HK\$'000
At 1 April	20,198	11,071
Impairment loss (reversed)/recognised	(5,000)	9,127
At 31 March	<u>15,198</u>	<u>20,198</u>

- (ii) The movement in impairment allowance on other receivables is as follow:

	2022 HK\$'000	2021 HK\$'000
At 1 April	5	8,354
Allowance recognised/(reversed)	282	(11)
Amount written off	-	(8,338)
At 31 March	<u>287</u>	<u>5</u>

- (iii) The balance represents shareholder's loans to Joyful Ease and Ocean Group of which are unsecured and interest-free.

The directors of the Company expect that the shareholder's loan to Joyful Ease with principal amount of HK\$9,000,000 will be repaid after five years from the date of derecognition of interest in Joyful Ease to available-for-sale investments in year ended 31 March 2016, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted for revised estimates and HK\$4,241,000 is debited to profit or loss using effective interest rate of 13.63% per annum in the year ended 31 March 2016. The balance as at 31 March 2022 is HK\$9,000,000 (2021: HK\$9,000,000). Impairment loss HK\$Nil (2021: HK\$437,000), was recognised during the year.

The directors of the Company expect that another shareholder's loan to Joyful Ease with principal amount of HK\$1,200,000 will be repaid after five years from the first day of drawdown in the year ended 31 March 2016, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted for revised estimates and HK\$515,000 is debited to profit or loss using effective interest rate of 11.88% per annum in the year ended 31 March 2016. The balance as at 31 March 2022 is HK\$1,200,000 (2021: HK\$1,200,000). Impairment loss HK\$Nil (2021: HK\$122,000) was recognised during the year.

The directors of the Company expect that the shareholder's loan to Ocean Group with principal amount of HK\$9,998,000 will be repaid after five years from the first day of drawdown in the year ended 31 March 2016, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted for revised estimates and HK\$4,327,000 is debited to available-for-sale investments using effective interest rate of 11.96% per annum in the year ended 31 March 2016. The balance as at 31 March 2022 is HK\$4,998,000 (2021: HK\$9,998,000). Impairment loss HK\$5,000,000 (2021: HK\$8,568,000) was recovered during the year.

Notes to the Consolidated Financial Statements

26. CASH AND CASH EQUIVALENTS

The balance include bank balances which receive variable interest at an average rate of 1% (2021: 1%) per annum. For the year ended 31 March 2022, none of the bank balances was denominated in RMB (2021: HK\$ Nil), which is not freely convertible into other currencies.

27. TRADE PAYABLES

The following is an ageing analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2022 HK\$'000	2021 HK\$'000
0-90 days	–	1,167
91-180 days	–	1,000
181-365 days	5,646	–
	<hr/>	<hr/>
	5,646	2,167
	<hr/> <hr/>	<hr/> <hr/>

The credit period ranged from 90 days to 120 days.

28. ACCRUALS AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Accruals	16,114	14,228
Deposit received	344	344
Other payables	6,402	3,653
	<hr/>	<hr/>
	22,860	18,225
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements

29. LEASE LIABILITIES

The exposure of the Group's lease liabilities is as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	–	694
Within a period of more than one year but exceeding two years	–	–
	–	694
Less: Amount due for settlement within 12 months shown under current liabilities	–	(694)
Amount due for settlement after 12 months shown under non-current liabilities	–	–
	<u>–</u>	<u>–</u>

The weighted average incremental borrowing rates applied to lease liabilities was Nil (2021: 3.27%).

30. BONDS

	2022 HK\$'000	2021 HK\$'000
As at 1 April	9,700	9,214
Effective interest expense	300	486
Repayment	(10,000)	–
As at 31 March	<u>–</u>	<u>9,700</u>

	2022 HK\$'000	2021 HK\$'000
Analysed by:		
Current	–	9,700
Non-current	–	–
	<u>–</u>	<u>9,700</u>

On 28 November 2013, the Company issued an unsecured bond to an independent third party with principal amount of HK\$10,000,000, and with coupon rate of 5.33% per annum. The aggregate consideration of the bond amounted to HK\$6,000,000 which has been netted with the fully prepaid interest of HK\$4,000,000. The effective interest rate of the bond is 7.04%. The maturity date of the bond is 7.5 years.

Notes to the Consolidated Financial Statements

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bonds	Other	Lease	Total
	HK\$'000	borrowings HK\$'000	liabilities HK\$'000	HK\$'000
At 1 April 2020	9,214	2,955	2,179	14,348
Changes from financing cash flows				
Repayment	–	(2,955)	(1,450)	(4,405)
Interest paid	–	(108)	(47)	(155)
Other changes				
Interest charges	486	108	47	641
Rent concession	–	–	(35)	(35)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	9,700	–	694	10,394
Changes from financing cash flows				
Repayment	(10,000)	–	(636)	(10,636)
Interest paid	–	–	(5)	(5)
Other changes				
Interest charges	300	–	5	305
Rent concession	–	–	(58)	(58)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	–	–	–	–

Notes to the Consolidated Financial Statements

32. DEFERRED TAXATION

The following are the major deferred tax asset and liability recognised and movements thereon during the current and prior years:

	Unrealised loss on securities trading	Tax loss	Intangible assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	(2,950)	2,950	107	107
(Credit) charge to profit or loss (<i>Note 12</i>)	(103)	103	(72)	(72)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021 and 1 April 2021	(3,053)	3,053	35	35
(Credit) charge to profit or loss (<i>Note 12</i>)	187	(187)	(35)	(35)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	<u>(2,866)</u>	<u>2,866</u>	<u>–</u>	<u>–</u>

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$88,238,000 (2021: HK\$73,029,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. As at 31 March 2022, the unrecognised tax losses of approximately HK\$88,238,000 can be carried forward indefinitely.

Notes to the Consolidated Financial Statements

33. SHARE CAPITAL

Authorised and issued share capital

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.24 each at 1 April 2020	416,667	100,000
Sub-division of unissued shares (<i>Note i</i>)	3,750,000	–
	<hr/>	<hr/>
Ordinary shares of HK\$0.024 each at 31 March 2021 and 31 March 2022	<u>4,166,667</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.24 each at 1 April 2020	205,434	49,304
Capital reduction (<i>Note i</i>)	–	(44,374)
Shares issued under rights issue (<i>Note ii</i>)	513,585	12,326
	<hr/>	<hr/>
Ordinary shares of HK\$0.024 each at 31 March 2021 and 31 March 2022	<u>719,019</u>	<u>17,256</u>

Notes:

- (i) On 31 January 2020, the Company approved the capital reduction of issued shares and sub-division of unissued shares at extraordinary general meeting. On 7 May 2020, the Court approved the capital reduction of issued shares and sub-division of unissued shares of the Company.

For the capital reduction of issued shares, the par value of each of the issued ordinary shares be reduced from HK\$0.24 to HK\$0.024 per issued ordinary share by cancelling the paid up share capital to the extent of HK\$0.216 per issued ordinary share by way of a reduction of capital, so as to form issued new ordinary shares with par value of HK\$0.024 each.

For sub-division of unissued shares, immediately following the capital reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.24 each be subdivided into 10 new ordinary shares with par value of HK\$0.024 each.

The capital reduction of issued shares and sub-division of unissued shares became effective on 8 May 2020.

- (ii) On 27 November 2020, the Company issued 513,585,000 ordinary shares, on the basis of five rights shares for every two existing shares held by the shareholders of the Company at a subscription price of HK\$0.08 per share through rights issue.

Notes to the Consolidated Financial Statements

34. RETIREMENT BENEFITS SCHEMES

The Group makes contributions to Mandatory Provident Fund Scheme (“MPF Scheme”) for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a fixed percentage of the relevant payroll to the MPF Scheme. Effective from 1 June 2014, the cap of contribution amount had been changed from HK\$1,250 to HK\$1,500 per employee per month.

35. SHARE OPTION SCHEMES

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries. The Scheme became effective on 26 September 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

At 31 March 2022, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 99,961,000 (2021: 28,059,000), representing 13.9% (2021: 3.9%) of the shares of the Company in issue at that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 10 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and vests immediately and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders’ meetings.

Notes to the Consolidated Financial Statements

35. SHARE OPTION SCHEMES (CONT'D)

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

Name	Date of grant	Exercisable period	Exercise price per share (HK\$) (Note i & ii)	Number of options Outstanding			Outstanding as at 31 March 2022
				Outstanding as at 1 April 2021	Grant during the year	Lapsed during the year	
Directors:							
Ms. Lin Su	30 March 2022	30 March 2022 to 29 March 2024	0.211	-	7,190,190	-	7,190,190
	22 April 2021	22 April 2020 to 21 April 2022	0.18	2,805,928	-	-	2,805,928
Mr. Tse Sing Yu	30 March 2022	30 March 2022 to 29 March 2024	0.211	-	7,190,190	-	7,190,190
	22 April 2021	22 April 2020 to 21 April 2022	0.18	2,805,928	-	-	2,805,928
Employees	30 March 2022	30 March 2022 to 29 March 2024	0.211	-	57,521,520	-	57,521,520
	22 April 2021	22 April 2020 to 21 April 2022	0.18	22,447,422	-	-	22,447,422
				<u>28,059,278</u>	<u>71,901,900</u>	<u>-</u>	<u>99,961,178</u>
Exercisable at the end of the year				<u>28,059,278</u>			<u>99,961,178</u>

Name	Date of grant	Exercisable period	Exercise price per share (HK\$) (Note i & ii)	Number of options Outstanding				Outstanding as at 31 March 2021
				Outstanding as at 1 April 2020	Grant during the year	Lapsed during the year	Adjustment during the year (Note ii)	
Directors:								
Ms. Lin Su	13 March 2019	13 March 2019 to 12 March 2021	0.26	2,000,000	-	(2,731,707)	731,707	-
	22 April 2021	22 April 2020 to 21 April 2022	0.18	-	2,054,340	-	751,588	2,805,928
Mr. Tse Sing Yu	13 March 2019	13 March 2019 to 12 March 2021	0.26	2,000,000	-	(2,731,707)	731,707	-
	22 April 2021	22 April 2020 to 21 April 2022	0.18	-	2,054,340	-	751,588	2,805,928
Employees	13 March 2019	13 March 2019 to 12 March 2021	0.26	7,496,975	-	(10,239,771)	2,742,796	-
	22 April 2021	22 April 2020 to 21 April 2022	0.18	-	16,434,720	-	6,012,702	22,447,422
Consultants	13 March 2019	13 March 2019 to 12 March 2021	0.26	5,622,675	-	(7,679,751)	2,057,076	-
				<u>17,119,650</u>	<u>20,543,400</u>	<u>(23,382,936)</u>	<u>13,779,164</u>	<u>28,059,278</u>
Exercisable at the end of the year				<u>17,119,650</u>				<u>28,059,278</u>

Notes to the Consolidated Financial Statements

35. SHARE OPTION SCHEMES (CONT'D)

Notes:

- (i) The exercise price per share option was adjusted upon the completion of share consolidation on 9 October 2019.
- (ii) The exercise price per share option was adjusted upon the completion of rights issue on 27 November 2020.

No share option was exercised during the year ended 31 March 2022.

The fair values of options granted on 13 March 2019, 22 April 2020 and 30 March 2022 determined at using the Binomial model approximately were HK\$2,967,000, HK\$1,849,000 and HK\$7,028,000, respectively.

The following assumptions were used to calculate the fair values of share options:

	30.3.2022	22.4.2020	13.3.2019
Grant date share price	HK\$0.209	HK\$0.185	HK\$0.090
Exercise price	HK\$0.211	HK\$0.24	HK\$0.090
Option life	2 years	2 years	2 years
Expected volatility (<i>Note i</i>)	115.035%	144.864%	92.924%
Dividend yield	-	-	-
Risk-free interest rate (<i>Note ii</i>)	1.766%	0.418%	1.581%

Notes:

- (i) Expected volatility for options was based on historical daily price movements of the Company over a historical period over the previous two years with respect to the option life.
- (ii) The risk-free rate was determined by reference to the yield of Hong Kong Exchange Fund Notes with respect to the option life.

Notes to the Consolidated Financial Statements

35. SHARE OPTION SCHEMES (CONT'D)

The Binomial model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varied with different variables of certain subjective assumptions.

During the year ended 31 March 2022, an amount of share-based payment expenses in respect of the Company's share options of HK\$7,028,000 (2021: HK\$1,849,000) had been recognised in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment recognised in the Group's share-based payments reserve.

36. RELATED PARTY TRANSACTIONS

(a) During the year, the Group has entered into followings transactions between related parties:

	2022 HK\$'000	2021 HK\$'000
Amount due to director (<i>Note 1</i>)	3,575	3,552

Note 1: As at 31 March 2022, amount due to a director, Mr. Tse Sing Yu with amount HK\$3,575,000 (2021: HK\$3,552,000) was included in other payables. The amount due is interest free, unsecured and repayable on demand.

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the year are set out in note 11 to the consolidated financial statements.



Notes to the Consolidated Financial Statements

37. 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 owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital and reserves.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues, repurchase of shares and the issue of new debt or the redemption of the existing debt.

The Group's overall strategy remains unchanged from prior year.

38. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2022 and up to the date of this annual report.

Notes to the Consolidated Financial Statements

39. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company at 31 March 2022 and 31 March 2021.

Name of subsidiary	Place of incorporation/ establishment and business	Issued and fully paid up capital	Proportion of equity interest attributable to the Company		Principal activities
			2022	2021	
Billion Revenue Holdings Limited	British Virgin Islands ("BVI")	US\$1 Ordinary	100%	100%	Investment holding
Bliss Castle Investment Limited	BVI	US\$1 Ordinary	100%	100%	Investment holding
Eminent Along Limited	BVI	US\$100 Ordinary	100%	100%	Investment holding
Silver Summit Investments Limited	BVI	US\$100 Ordinary	100%	100%	Investment holding
Speedy Track Inc.	BVI	US\$1 Ordinary	100%	100%	Investment holding
Euto Consulting Limited	Hong Kong	HK\$10,000 Ordinary	100%	100%	Money lending
Bright Billion Holdings Limited	Hong Kong	HK\$1 Ordinary	100%	100%	Vehicle distribution
Grand Charm Commodities Limited	Hong Kong	HK\$1,000 Ordinary	100%	100%	Palm oil trading
MD Inc. Limited	Hong Kong	HK\$2 Ordinary	100%	100%	Trading of consumer products
Gold Sun Trading & Development Limited	Hong Kong	HK\$100 Ordinary	51%	51%	Trading of consumer products
Unpix Corporation Limited	Hong Kong	HK\$10,000 Ordinary	100%	100%	Trading of consumer products
Allied Gear Limited	Hong Kong	HK\$10,000 Ordinary	100%	100%	Investment holding

None of the subsidiaries had issued any debt securities at the end of the year.

At the end of the reporting period, the Company has non-controlling interests that are not material to the Group that no further disclosures on the financial information of these individually immaterial subsidiaries with non-controlling interests are presented.

Notes to the Consolidated Financial Statements

40. FINANCIAL INFORMATION OF COMPANY

	2022 HK\$'000	2021 HK\$'000
Non-current assets		
Property, plant and equipment	–	1,465
Right-of-use assets	–	573
Investments in subsidiaries	–	–
	–	2,038
Current assets		
Financial assets at FVTPL	721	2,669
Prepayments, deposits and other receivables	3,956	617
Amounts due from subsidiaries	19,289	22,532
Loans to investee	–	4,099
Cash and cash equivalents	8,680	28,412
	32,646	58,329
Current liabilities		
Accruals and other payables	7,210	6,243
Amount due to director	5,677	6,304
Lease liabilities	–	694
Bonds	–	9,700
	12,887	22,941
Net current assets	19,759	35,388
Total assets less current liabilities	19,759	37,426
Net assets	19,759	37,426
Capital and reserves		
Share capital	17,256	17,256
Reserves	2,503	20,170
Total equity	19,759	37,426

Approved and authorised for issue by the board of directors on 30 June 2022.

Tse Sing Yu
Executive Director

Lin Su
Executive Director

Notes to the Consolidated Financial Statements

40. FINANCIAL INFORMATION OF COMPANY (CONT'D)

	Share premium HK\$'000	Share-based payments HK\$'000	Contribution surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020	566,572	2,967	17,065	(611,750)	(25,146)
Changes in equity for 2021:					
Loss and total comprehensive expense for the year	-	-	-	(29,668)	(29,668)
Shares issued under right issues	28,761	-	-	-	28,761
Capital reduction	44,374	-	-	-	44,374
Transfer upon lapse of share options	-	(2,967)	-	2,967	-
Recognition of equity-settled share based payments	-	1,849	-	-	1,849
At 31 March 2021 and 1 April 2021	639,707	1,849	17,065	(638,451)	20,170
Changes in equity for 2021:					
Loss and total comprehensive expense for the year	-	-	-	(24,695)	(24,695)
Recognition of equity-settled share based payments	-	7,028	-	-	7,028
At 31 March 2022	639,707	8,877	17,065	(663,146)	2,503

Financial Summary

RESULT

	For the year ended 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	51,551	50,506	66,198	96,721	86,544
Loss attributable to owners of the Company	(28,091)	(66,695)	(19,855)	(16,745)	(57,105)

ASSETS AND LIABILITIES

	As at 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Total assets	76,512	99,898	129,845	141,361	171,314
Total liabilities	(28,506)	(30,821)	(36,018)	(26,555)	(43,701)
Total equity	48,006	69,077	93,827	114,806	127,613