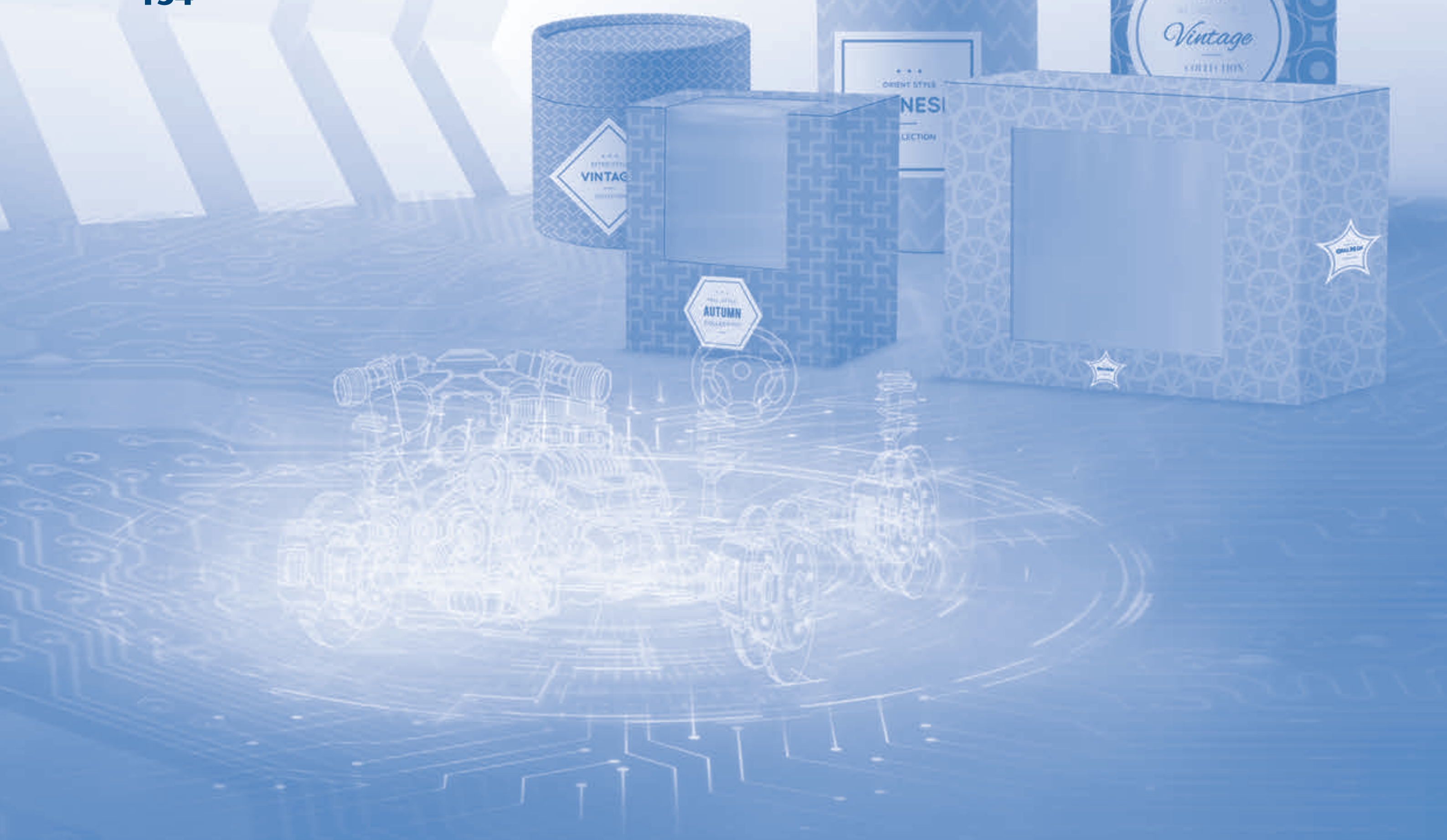
DAISHO MICROLINE HOLDINGS LIMITED
大昌微綫集團有限公司
(Incorporated in Bermuda with limited liability)
Stock Code : 0567

ANNUAL REPORT 2021/2022

CONTENTS



CORPORATE INFORMATION AND FINANCIAL CALENDAR

Board of Directors

Executive directors

Mr. Lee Man Kwong *(Chairman)*
Mr. Wong Siu Hung, Patrick
Mr. Meng Chuixiang *(Appointed on 24 September 2021 and resigned on 17 December 2021)*

Non-executive director

Mr. Yau Pak Yue

Independent non-executive directors

Mr. Leung King Fai
Mr. Chou Yuk Yan
(Resigned on 30 April 2021)
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming
(Appointed on 30 April 2021)

Company Secretary

Mr. Ng Yu Ho

Principal Bankers

Bank of China Limited
Bank of Communications Co., Ltd.
China CITIC Bank International Limited
China Merchants Bank Co., Ltd.
Chiyu Bank Corporation Limited
Nanyang Commercial Bank Limited
OCBC Wing Hang Bank Limited

Auditor

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Legal Advisers in Hong Kong

Michael Li & Co
Sidley Austin

Legal Adviser in Bermuda

Appleby

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Head Office and Principal Place of Business

Unit A, 10/F
Fook Hing Industrial Building
33 Lee Chung Street
Chai Wan, Hong Kong

Principal Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Registrar in Hong Kong

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Code

0567

Company Website

www.irasia.com/listco/hk/daisho

Financial Calendar

Interim Results:
26 November 2021

Annual Results:
24 June 2022

Annual General Meeting

23 September 2022

Dividends

Interim dividend:	Nil
Proposed final dividend:	Nil

CHAIRMAN'S STATEMENT

The global economy continues to be clouded by the novel COVID-19 pandemic and geopolitical turmoil. The resurgence of COVID-19 pandemic and the war in Ukraine have caused a slowdown and uncertainty in global growth in 2022. According to World Economic Outlook Report April 2022, the global growth is projected to be at 3.6 percent in 2022 and 2023, which is lower than their previous forecasts, and we expect our business will continue to be under pressure.

Printed Circuit Boards Business Segment

The key product of the Group's Printed Circuit Boards Business is printed circuit boards that are mainly used in automobiles and artificial intelligent building equipment. This business segment is supported by an experienced technical team and quality control team which have over 20 years of experience in the electronic components industry. While the Group will continue to focus on the automotive electronics markets and proposes to expand into the consumer electronics market, it intends to leverage its technical expertise into developing high technology business.

The recurring COVID-19 pandemic in China and the war in Ukraine have affected the downstream demand and supply chain in a considerable extent, a numerous automobile factories have suspended their operations in April and May 2022. We expect the demand for printed circuit boards will still be under pressure in the second half of the year of 2022. The Group will continue to implement cost control measures and leverage its technical expertise to develop high technology business.

Printing Business Segment

The Group's Printing Business mainly involves manufacturing and trading of printing and packaging products, with particular focus on sales of high-quality printing and packaging products. The resurgence of COVID-19 pandemic and the war in Ukraine have disrupted the global supply chain, lead to the soaring of raw materials and commodity prices which brought new challenges to the manufacturing industry in China.

The Group will continue to implement cost control measures, including supplier evaluation system and raw materials mix optimization. In addition, the governments in different countries planned to launch different measures to suppress the commodity prices, with this, we hope, the raw materials price will be stabilized and the operating environment will be improved.

Trading of Petroleum and Energy Products and Related Business Segment

There was a stable increase in the demand of the energy commodities. However, the supply chain of the commodity market is affected by the war in Ukraine, which lead to the price soaring for a number of commodities. The Brent crude oil price has reached its highest level since 2014. Despite the resumption of the trading of petroleum and energy products is still difficult, it is foreseen that the global commodity demand will remain to be strong. We will continue to seek for trading opportunities with reliable trading partners in energy products.

Business Outlook

The Group completed the rights issue in the fourth quarter of 2021. We had repaid majority of the outstanding loans, and the net proceeds has been utilised as general working capital and will be used as funding for appropriate investments opportunities.

In June 2022, the Group entered into a memorandum of understanding to set up a special purpose fund (the "SP Fund"). The Group is of the view that the establishment and subscription of the SP Fund, will present an investment opportunity to maximise return on the unutilised idle funds of the Group by making investments in emerging sectors such as energy and technology. The subscription of the SP Fund also allows the Group to diversify its business and sources of revenue which in turn will bring positive impact to the Group's financial position in terms of cash flow and gearing ratio. For details of the investment in the SP Fund, please refer to the Company's announcement dated 8 June 2022.

Looking forward, the Group will closely monitor the external environment and continue to grow our existing business when opportunity arises, and to explore investment and growth opportunities in different business sectors.

CHAIRMAN'S STATEMENT

On behalf of the Board, I would like to express my sincere appreciation to all of our staff, shareholders, business partners, customers for their continuous support.

Lee Man Kwong
Chairman

Hong Kong
24 June 2022

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Lee Man Kwong, aged 67, has been appointed as the Chairman of the board of directors of the Company since 16 October 2020. He has been redesignated as an executive director of the Company since 1 June 2018. He was appointed as an independent non-executive director of the Company on 14 December 2016 and re-designated as a non-executive director of the Company on 1 March 2017. Mr. Lee has been appointed as the Chairman of the Board, a member of the Remuneration Committee of the Company and the Chairman of the Nomination Committee of the Company since 16 October 2020. Mr. Lee is also a director of various subsidiaries of the Company. He was admitted as a solicitor in Hong Kong in 1983, and is also a solicitor qualified in England and Wales and Singapore. Mr. Lee is the senior partner of Messrs. Chan, Lau & Wai, Solicitors, a Hong Kong law firm established in 1980. Mr. Lee was an executive director of CCT Fortis Holdings Limited (stock code: 138) from 1996 to 1997, an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 391) from 1993 to 2003, an independent non-executive director of Uni-Bio Science Group Limited (stock code: 690) from 2001 to 2005, an independent non-executive director of Asia Standard Hotel Group Limited (stock code: 292) from 2000 to 2003, the chairman and executive director of Neo Telemedia Limited (stock code: 8167) from 2004 to 2007, and an executive director of Sau San Tong Holdings Limited (stock code: 8200) from 2006 to 2008.

Wong Siu Hung, Patrick, aged 66, has been appointed as an executive director of the Company since 3 September 2020. He is the chief operating officer of the Company since October 2019. He is in charge of the overall development of business of the group and in particular the trading of petroleum products business and vessel chartering business. Mr. Wong has over 40 years of working experience in banking, finance, commodity trading and project development.

Mr. Wong is currently a non-executive director and authorized representative of Huscoke Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 704). Mr. Wong was appointed as an independent non-executive director of Crown International Corporation Limited (stock code: 727) with effect from 3 March 2021 and has resigned from that position with effect from 31 March 2022. Mr. Wong was appointed as an executive director of FDG Kinetic Limited with effect from 30 April 2021, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 378), during the tenure of office as an executive director of FDG Kinetic Limited (Stock Code: 378) (In Liquidation), a winding up order pursuant to the Companies Winding Up and Miscellaneous Provisions Ordinance (Cap. 32 of the Laws of Hong Kong) was made by the High Court of Hong Kong Special Administrative Region against FDG Kinetic Limited on 6 September 2021. He was an executive director of Huscoke Holdings Limited between 2016 and 2018. Mr. Wong was an executive director of Winto Group (Holdings) Limited, a company listed on the GEM of the Stock Exchange (stock code: 8238) between April 2019 and November 2019 and Titan Petrochemicals Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1192) between 2008 and 2015.

Mr. Wong was the senior vice president of Commodity and Trade Finance at Societe Generale Singapore and the chief executive officer in the China Division of Louis Dreyfus Group, a global commodity trading firm.

Mr. Wong is an associate member of The Chartered Institute of Bankers, United Kingdom (now renamed to London Institute of Banking & Finance), fellow member of the Hong Kong Institute of Directors since 1 April 2017 and member of The Institute of Management Consultants Hong Kong since 1 August of the same year and qualified as Certified Management Consultant. Mr. Wong holds a Master's degree in Applied Finance from Macquarie University, Australia and completed the Executive Diploma in Management Consulting from The Hong Kong Polytechnic University on 12 October 2017.

Non-Executive Director

Yau Pak Yue, aged 53, has been appointed as a non-executive director of the Company since 3 September 2020. He obtained his Bachelor of Commerce (majoring in Accountancy) from the University of Wollongong in Australia. He was the chief knowledge officer of Guangzhou Chengfa Capital Company Limited, a state-owned fund management company, from May 2015 to January 2017. Prior to that, he was the chief executive officer of Taiyang International Cold Chain (Group) Limited from March 2014 to July 2014, and a partner at one of the big four international accounting firms from 2005 to 2012. He has over 25 years of experience in mergers and acquisitions transaction supports and financial due diligence. Mr. Yau is currently the director of Ewin Advisory Company Limited.

Mr. Yau is also a certified public accountant in Hong Kong and a certified practising accountant in Australia. Mr. Yau currently serves as an independent non-executive director of Fullsun International Holdings Group Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 627), an independent non-executive director of Hifood Group Holdings Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 442), an independent non-executive director of Xinhua News Media Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 309). Mr. Yau was an independent non-executive director of KEE Holdings Company Limited (currently renamed as China Apex Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2011) from 2017 to 2019 and Ascent International Holdings Limited (currently renamed as China International Development Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 264) from 2017 to 2018. Mr. Yau was an executive director of Freeman FinTech Corporation Limited (currently renamed as Arta TechFin Corporation Limited), a company listed on the Main Board of the Stock Exchange (stock code: 279) from 2020 to 2021. Mr. Yau was a non-executive director of Peking University Resources (Holdings) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 618) from October 2021 to December 2021.

Independent Non-Executive Directors

Leung King Fai, aged 50, has been an independent non-executive director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 9 June 2015. He has been appointed as the chairman of the Audit Committee of the Company with effect from 2 April 2016 and the chairman of the Remuneration Committee of the Company with effect from 12 December 2016. Mr. Leung graduated from the Deakin University with a Bachelor degree in Commerce in 1996. He is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and Chartered Institute of Management Accountants. He has over 25 years of experience in accounting, audit and finance.

He is also an independent director of Planet Green Holdings Corp. (stock code: PLAG), a company listed on New York Stock Exchange (NYSE) since 1 July 2019. Mr. Leung was an executive director of Chineseinvestors.com Inc. (stock code: CIIX), a company listed on the OTCQB of United States from 1 March 2019 to 3 December 2020.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Chan Yau Ching, Bob, aged 59, has been an independent non-executive director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 3 September 2018. He is a holder of a Doctorate degree in Finance. Dr. Chan graduated from the Chinese University of Hong Kong and obtained a Bachelor's degree in Business Administration in 1984. He further obtained a Master degree in Business Administration from the University of Wisconsin-Madison, the United States of America ("US") in 1986, and a Doctorate degree in Finance from Purdue University, US in 1994. Dr. Chan is a member of the Chartered Financial Analyst Institution and the Hong Kong Society of Financial Analysts.

Since April 2009, Dr. Chan has been a licenced representative/responsible officer engaging in type 4 (advising of securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Dr. Chan was appointed as an executive director and the chief strategic officer of Celestial Asia Securities Holdings Limited (stock code: 1049) from August 2002 to February 2005, and later as the investment director from November 2005 to July 2010, where he was mainly responsible for strategic investment projects and asset management.

Dr. Chan was appointed as a managing director of Pricerite Group Limited (stock code: 996, currently known as Carnival Group International Holdings Limited) from November 2003 to November 2004, which primarily engaged in the retail of furniture and household products. During 2005 to 2007, Dr. Chan was appointed as the chief financial officer of Moli Group Limited (摩力集團有限公司), Shanghai, the People's Republic of China (a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited), which was a developer, operator and distributor of online games, where he was mainly responsible for building accounting, finance and control procedures and policies and in charge of the human resources. Dr. Chan was later appointed as the chief executive officer of Moli Group Limited from July 2010 to October 2012, where he was mainly responsible for the re-focusing of the company's business covering online and mobile entertainment.

Dr. Chan was appointed as the deputy chief executive officer and an executive director of Celestial Asia Securities Holdings Limited from November 2012 to July 2013, and later as the director of investments and corporate development from August to November 2013, where he was mainly responsible for the overall business development and the design and development of algorithm trading strategies respectively.

Since January 2002, Dr. Chan has been appointed as an independent non-executive director of Lee's Pharmaceutical Holdings Limited (stock code: 950), which principally engaged in the research, development, manufacturing and distribution of biopharmaceutical drugs in China.

Since March 2014, Dr. Chan has been appointed as a managing director of KBR Capital Limited, where he is mainly responsible for asset management, advising on capital market transactions and investment management. Dr. Chan is currently a managing director and a responsible officer of KBR Fund Management Limited, which is a licenced corporation carrying out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Since December 2016, Dr. Chan has been appointed as an independent non-executive director of China High Speed Transmission Equipment Group Company Limited (stock code: 658), which principally engaged in the design, manufacturing and distribution of transmission systems for wind powered generators with customers globally.

Dr. Chan has been appointed as an independent director of Hangzhou Huaxing Chuangye Communication Technology Co., Ltd. (杭州華星創業通信技術股份有限公司) (stock code: 300025) from December 2018 to December 2020, the shares of which are listed on ChiNext of the Shenzhen Stock Exchange.

Leung Hoi Ming, aged 54, has been appointed as an independent non-executive director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 30 April 2021. He has extensive knowledge and experience in risk management of financial instruments, treasury business and financial derivative products. He has served DBS Bank Ltd for eight years and was Senior Vice President in the Treasury and Markets Division upon his departure from the bank on 22 May 2009. Dr. Leung started his career in the finance industry in 1996 with Citibank as quantitative analyst in the Equity Derivatives Asia Department. He had served a few other financial institutes before joining DBS Bank Ltd as a financial product specialist as well and had held various roles in business development, trading and risk management.

Dr. Leung holds a Bachelor (First Class Honours) degree of Science from the Chinese University of Hong Kong in 1990. Also, he holds a Master degree of Science in Mathematics in 1993 and a Doctor degree of Philosophy in Mathematics in 1996 both from the California Institute of Technology, and a Master degree of Science in Investment Management from the Hong Kong University of Science and Technology in 1999.

He is currently an independent non-executive director of Yuan Heng Gas Holdings Limited (stock code: 332) since 19 January 2010. Dr. Leung was an independent non-executive director of Fresh Express Delivery Holdings Group Co., Limited (stock code: 1175) from July 2013 to December 2021.

Senior Management

Ou Zhong, aged 46, is the chief executive officer of a major subsidiary of the Company in Mainland China. He graduated from Guangdong University of Technology in Mainland China with a bachelor's degree in automation. Mr. Ou is a senior manager in the electronic technology industry and possesses more than 20 years of experience in the fields of corporate operations management, research and development of electronic products and market development. He has held senior positions in a number of state-owned enterprises and has a remarkable track record. He joined the Group in June 2017.

Ye Xian Bang, aged 51, is the production manager of a major subsidiary of the Company in Mainland China. He graduated from Huizhou University with a Bachelor's degree. He possesses more than 10 years of experience in the printing and packaging industry and has held senior management positions in a number of large Hong Kong-owned enterprises. He joined the Group in September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The Group's total revenue was approximately HK$106.5 million, representing an increase of 56.8% as compared with approximately HK$67.9 million for the last year. The increase in total revenue was mainly due to the revenue from printing and packaging products business ("Printing Business") has only covered 8-months period in last year as the Group completed the acquisition of Sky Will Printing & Packaging Limited ("Sky Will"), representing the Printing Business, on 12 August 2020. The segment revenue had recorded an overall increase by approximately HK$34.7 million from approximately HK$36.1 million for the period from acquisition to 31 March 2021 to approximately HK$70.8 million for the year.

Due to the suspension of petroleum trading business, there had been no revenue generated from petroleum trading business since last year. It recorded a segment loss of approximately HK$0.2 million as compared to the segment loss of approximately HK$0.9 million for the last year.

The Group's vessel chartering income had decreased to approximately HK$2.8 million, representing a decrease of 86.8% as compared with the revenue of approximately HK$21.2 million in last year. The decrease in revenue was due to the completion of disposal of the vessels in May 2021 as detailed in "Significant Investment and Material Acquisitions and Disposals" below. It recorded a segment loss of approximately HK$2.1 million as compared to a segment loss of approximately HK$29.9 million for the last year. The decrease in segment loss was due to the one-off effect of impairment loss on vessels of HK$32.3 million recognised last year.

The Group recorded a revenue of approximately HK$35.7 million for its manufacturing and trading of printed circuit boards (the "PCB") business, representing an increase of 12.3% as compared with the revenue of approximately HK$31.8 million in last year. The increase in revenue was mainly due to the increase in overseas customers' demand as a result of economic recovery in the second half of the year of 2021. The Group's PCB business recorded a segment loss of approximately HK$9.0 million as compared with the segment loss of approximately HK$12.5 million for the last year. Such decrease in segment loss was mainly due to the reversal of impairment loss on trade receivables of HK$2.2 million this year.

The Group's Printing Business recorded a segment loss of approximately HK$5.1 million as compared with a segment gain of approximately of HK$4.9 million in last year. The gross profit margin for the Printing Business was approximately 8.6% as compared with approximately 23.7% for the last year. The segment loss and decrease in gross profit margin was mainly due to (i) the sharp increase in raw materials price as a result of supply chain disruption caused by the resurgence of COVID-19 pandemic in the People's Republic of China and (ii) increase in staff costs due to the increase in staff numbers. The cost cannot be reflected instantly to the selling price as the management would like to remain competitive in the market.

As a result of aforementioned factors, the Group's gross profit margin of continuing operation was reduced to approximately 7.3%, representing a decrease as compared with approximately 18.1% in the last year.

The Group had recorded a total net loss of approximately HK$29.1 million for the year as compared to the total net loss of approximately HK$67.0 million for the last year. Such decrease in the net loss was mainly derived from (i) decrease in the loss from discontinued operation from approximately HK$29.5 million for the last year to approximately HK$1.7 million this year due to the one-off effect of impairment loss on vessels of HK$32.3 million in last year; (ii) decrease in finance costs from approximately HK$7.7 million for the last year to approximately HK$2.2 million for this year mainly due to the maturity of the convertible bonds on 21 September 2020 with an aggregated principal amount of HK$80.0 million and fully redeemed last year; and (iii) an one-off loss on early redemption of a promissory note of HK$4.5 million incurred last year.

The Group's equity attributable to owners of the Company increased from approximately HK$95.1 million as at 31 March 2021 to approximately HK$132.7 million as at 31 March 2022, which was mainly due to the increase in share capital resulted from the Rights Issue completed during the year net off with the reported loss for the year.

The Group's gearing ratio (defined as interest-bearing borrowings and lease liabilities) as at 31 March 2022 was 7% (2021: 95%). The decrease in gearing ratio was mainly due to the repayment of shareholder's loan of approximately HK$40.0 million and bank revolving loan of approximately HK$37.0 million during the year as detailed in Note 23 to the consolidated financial statements in this report. The Group's current ratio as at 31 March 2022 and 2021 was 2.92 times and 1.20 times, respectively.

As at 31 March 2022, the Group's total cash and bank balances were approximately HK$55.0 million (2021: approximately HK$30.3 million), in which approximately HK$2.7 million as at 31 March 2021 that were placed with banks in Hong Kong were restricted from use, had been fully released from restriction of use since 18 May 2021 as a result of the discharge of the injunction order as detailed in Note 33(b) to the consolidated financial statements in this report. The Group's total interest-bearing borrowings, comprise other borrowings, were approximately HK$8.9 million (2021: comprise bank revolving loan, other borrowings and shareholder's loan in aggregate of approximately HK$85.6 million).

Capital Structure

The capital structure of the Group during the year ended 31 March 2022 is summarised as follows:

Interest-bearing Borrowings

As at 31 March 2022, the balance of the interest-bearing borrowings was approximately HK$8.9 million (2021: approximately HK$85.6 million). The shareholder's loan of approximately HK$40.0 million and bank revolving loan of approximately HK$37.0 million were fully settled during the year. Details are set out in Note 23 to the consolidated financial statements in this report.

Rights Issue

On 16 December 2021, the Group issued and allotted 806,643,785 ordinary shares by way of rights issue (the "Rights Issue") on the basis of one rights share for every one existing share held on 23 November 2021 at a subscription price of HK$0.1 per rights share. The reasons for the Rights Issue were (i) to reduce the debt level; (ii) to invest in appropriate investment opportunities; and (iii) as additional working capital to the Group. The net proceeds from the Rights Issue were approximately HK$79.1 million after deducting direct cost of approximately HK$1.6 million. The use of net proceeds up to the date of this report are as follows:

Date of particulars of the Rights Issue	**Net proceeds raised (approximately)** *(HK$)*	**Intended use of proceeds (approximately)**	**Actual use of proceeds (approximately)**
Issue of 806,643,785 shares under prospectus on 24 November 2021	79.1 million	(1) Repayment of bank revolving loan of approximately HK$37.0 million	(1) Used as intended
		(2) Investments in appropriate opportunities of approximately HK$20.0 million	(2) Not yet used and are expected to be used during the year ending 31 March 2023
		(3) Remaining of the net proceeds will be used as general working capital	(3) Used as intended

Foreign Exchange Exposure

The Group's transaction and monetary assets are principally denominated in Renminbi, Hong Kong dollars and United States dollars. The Group has not experienced any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the year ended 31 March 2022. The Group did not enter into any foreign exchange derivative contract to manage the currency translation risk of Renminbi against United States dollars, United States dollars against Hong Kong dollars during the year ended 31 March 2022, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate time.

Litigation

Save as disclosed outstanding litigations set out in Note 33 to the consolidated financial statements in this report, the Group is not a party to any other significant legal proceedings.

Contingent Liabilities

As at 31 March 2022, the Group did not have any material contingent liabilities (2021: Nil). During the year ended 31 March 2021, the Group's subsidiary had provided a bank with unlimited corporate guarantee to secure banking facilities granted to the Group's another subsidiary as result from acquisition of subsidiaries. As at 31 March 2022, there was no outstanding facilities (2021: approximately HK$37.0 million).

Capital Commitments

The Group had no capital commitments during the year (2021: Nil).

Pledge of Assets

As at 31 March 2022, the other borrowings were secured by the property, plant and equipment of the Group relating to the PCB business located in the PRC with an aggregate net carrying amount of approximately HK$10.5 million (2021: HK$19.5 million).

Employees and Remuneration Policy

As at 31 March 2022, the Group had 349 (2021: 262) employees, including directors, working mainly in Hong Kong and the PRC. For the year ended 31 March 2022, the Group's total staff costs including directors' emoluments were approximately HK$38.8 million (2021: approximately HK$29.9 million).

The Group actively recruits skilled and qualified personnel in local markets through various channels, such as internal referrals and advertisement on the Internet. The Group believes that employees are important assets and the core of its competitive advantage. Therefore, we are dedicated to improving our employment system in order to attract, cultivate and retain talents and believe that this will contribute significantly to the Group's success. It provides competitive remuneration packages and fringe benefits, including basic salary, different types of leave (annual, sick, maternity, funeral, injury and breast-feeding), insurance, housing provident fund, allowance, subsidy and bonus to its employees.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Scheme") for all employees in Hong Kong.

The Group believes that development and training are crucial for employees to discharge their duties more effectively and efficiently. To nurture talents and support continuous development of employees, the Group has established the "Training Management Policy" in its "Employee Handbook" to regulate the processes of training planning, preparation, execution, evaluation and feedback.

Share Option Scheme

A share option scheme (the "Share Option Scheme") was approved and adopted by the Shareholders on 22 November 2016 and further approved by the Listing Committee of The Stock Exchange of Hong Kong Limited on 23 June 2017, under which, options may be granted to any eligible participants (including executive and non-executive directors) to subscribe for shares in the Company subject to the terms and conditions stipulated in Share Option Scheme. The Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption.

During the year ended 31 March 2021, 4,800,000 share options were forfeited and 33,600,000 share options were lapsed. There were no outstanding share options at 31 March 2022 and 2021.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

Significant Investment and Material Acquisitions and Disposals

Material disposal of vessels

On 25 January 2021, the Group entered into conditional memorandum of agreements (the "MOAs") with two respective buyers, pursuant to which, among others, the Group agreed to sell the vessel named Pacific Energy 28 (the "Vessel I") and Pacific Energy 138 (the "Vessel II") and each buyer agreed to acquire the Vessel I and the Vessel II for cash consideration of SGD4,020,000 (equivalent to approximately HK$23,232,000) and SGD4,760,000 (equivalent to approximately HK$27,508,000), respectively (the "Disposals") and the respective balance of security deposits held by the Group under the existing charterparty in respect of the Vessel I and the Vessel II would be transferred from the Group to the respective buyers.

On 31 March 2021, the circular was despatched to the Company's shareholders. The disposal was approved by the Shareholders on 23 April 2021 and completed on 24 May 2021.

Outlook

PCB Business Segment

The Group's PCB business continued to be affected by the resurgence of COVID-19 pandemic. Lockdown measures and travel restrictions are implemented in the countries around the world to contain and slow the spread of the virus. The Board expected the demand for printed circuit boards will be under pressure in the second half of the year of 2022. The Group will continue to implement cost control scheme and improve our own technology to develop high technology business.

Printing Business Segment

Although the global economy continued to recover during the second half of the year of 2021 and the demand for printing and packaging products has been steadily resumed, the resurgence of COVID-19 pandemic and the war in Ukraine have disrupted the global supply chain, lead to the soaring of raw materials price. The gross profit margin of the business has decreased sharply. The Board expected the business continue to be under pressure under the macroeconomic environment. The Group will continue to implement cost control measures and expand the customer base, we hope, with the government policies from different countries to suppress the commodity prices, the operating environment will be improved.

Trading of Petroleum and Energy Products and Related Business Segment

The legal proceedings against the two subsidiaries of the Company initiated by Societe Generale Bank in August 2019 had been vigorously defended by the Company. On 10 July 2020, the Hong Kong High Court handed down its decision that the injunction to be continued but only on a proprietary basis, and only in the sums totaling HK$10.2 million and discharge of the injunction would be permitted if such amount was paid into the Court.

In November 2020, a subsidiary paid an amount of approximately HK$6.8 million into the Court. The injunction order against this subsidiary was discharged by the order of the Court dated 14 December 2020 and therefore the bank balances held by this subsidiary were released from restriction of use.

At 31 March 2021, another subsidiary had bank balances of approximately HK$2.7 million which were restricted to use. In April 2021, this subsidiary paid the amount of approximately HK$3.4 million into the Court. The injunction order against this subsidiary was discharged by the order of the Court dated 18 May 2021 and therefore the bank balances held by this subsidiary were released from restriction of use.

With reference to the opinion of the Group's lawyer, the Group is of view that we have a reasonable ground of defense, and will continue to defend the case.

Details of the legal proceedings are set out in Note 33(b) to the consolidated financial statements in this report.

The supply chain of the commodity market is affected by the war in Ukraine, which lead to the price soaring for a number of commodities. The credit availability to trading companies remains to be tight. The resumption of the trading of petroleum and energy products is still difficult; however, the global commodity demand is foreseen to be strong, and the Group will continue to explore the trading opportunities with reliable trading partner in other types of energy products.

Vessel Chartering Business Segment

As aforementioned in "Significant Investment and Material Acquisitions and Disposals", the vessels were disposed of and such transaction was completed on 24 May 2021, which resulted in discontinuance of vessel chartering business segment and reported as discontinued operation in the consolidated financial statements since last year. Details of the discontinued operation are set out in Note 20 to the consolidated financial statements in this report.

Other Investments

On 8 June 2022, the Group entered into a memorandum of understanding to set up a special purpose fund (the "SP Fund"). The Group is of the view that the establishment and subscription of the SP Fund, will present an investment opportunity to maximise return on the unutilised idle funds of the Group by making investments in emerging sectors such as energy and technology. The subscription of the SP Fund also allows the Group to diversify its business and sources of revenue which in turn will bring positive impact to the Group's financial position in terms of cash flow and gearing ratio. For details of the investment in the SP Fund, please refer to the Company's announcement dated 8 June 2022.

On 16 December 2021, the Group completed the Rights Issue and raised net proceeds of approximately HK$79.1 million of which approximately HK$37.0 million had been utilised to repay the majority of the outstanding loans. Save as amount of approximately HK$20.0 million which is expected to be used as investments in appropriate opportunities during the year ending 31 March 2023, the remaining net proceeds have been utilised as general working capital as intended.

Looking forward, the Group will closely monitor the external environment and continue to grow our existing business when opportunity arises, and to explore investment and growth opportunities in different business sectors.

REPORT OF THE DIRECTORS

The directors present herewith their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2022.

Principal Activities

The principal activity of the Company is investment holding. The Group operates its business mainly through four segments: (i) the Printed Circuit Boards (the "PCB") segment engages in the manufacturing and trading of PCB; (ii) the vessel chartering business segment engages in the vessel chartering business which was classified as discontinued operation since last year; (iii) the printing business segment engages in the manufacture and trading of printing and packaging products business; (iv) and the trading of petroleum and energy products and related business segment.

Results and Dividends

The Group's results for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss on page 75 of this report.

The Board do not recommend the payment of any dividends in respect of the year (2021: Nil).

Business Review

A review of the business of the Group during the year and a discussion on the Group's outlook are provided in Management Discussion and Analysis on pages 10 to 14 of this report, which constitute part of this report of the directors.

Details of the discussion of environmental policies and performance, and key relationships with employees, customers and suppliers are set out in the Environmental, Social and Governance Report on pages 25 to 51 of this annual report.

The principal risks and uncertainties of the Group are shown in Note 31 to the consolidated financial statements.

Compliance with Laws and Regulations

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 March 2022.

For more details, please refer to the Environmental, Social and Governance Report on pages 25 to 51 of this report.

Summary Financial Information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out below.

Results

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000
Revenue					
Continuing operations	**106,471**	67,886	1,185,407	1,505,908	411,859
Discontinued operation	**2,767**	21,219	20,403	10,915	–
	109,238	89,105	1,205,810	1,516,823	411,859
(Loss) Profit before income tax from continuing and discontinued operations	**(29,149)**	(66,901)	(98,036)	116,471	(80,077)
Income tax credit (expense) from continuing and discontinued operations	**21**	(75)	10,788	(16,005)	–
(Loss) Profit for the year	**(29,128)**	(66,976)	(87,248)	100,466	(80,077)
(Loss) Profit attributable to:					
Owners of the Company	**(29,128)**	(66,976)	(87,248)	100,466	(80,077)

Assets and Liabilities

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**50,543**	78,851	125,672	135,019	141,320
Current assets	**125,065**	100,571	131,944	657,796	342,502
Assets classified as held for sale	**–**	50,740	–	–	–
Current liabilities	**(42,801)**	(124,029)	(122,532)	(488,244)	(208,433)
Liabilities associated with assets classified as held for sale	**–**	(1,959)	–	–	–
Net current assets	**82,264**	25,323	9,412	169,552	134,069
Non-current liabilities	**(146)**	(9,052)	(1,998)	(75,361)	(124,969)
Total equity	**132,661**	95,122	133,086	229,210	150,420

Note: The revenue figures have been restated as if the vessel chartering business segment had been discontinued during the years ended 31 March 2020 and 2019 respectively.

Donations

During the year, the Group made charitable and other donation in the total amount of HK$8,000 (2021: Nil).

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 12 to the consolidated financial statements.

Share Capital

Details of the Company's authorised and issued share capital are set out in Note 26 to the consolidated financial statements.

Share Option Scheme

Pursuant to the Company's special general meeting on 22 November 2016 (the "Date of Adoption"), an ordinary resolution was passed to approve and adopt the new share option scheme of the Company (the "Scheme") which was further subject to approval by the Listing Committee of the Stock Exchange (the "Listing Committee") granting the approval for the listing of, and permission to deal in, any ordinary share of the Company which may fall to be issued pursuant to the exercise of the options (the "Listing Approval"). On 23 June 2017, the Listing Approval was confirmed by the Listing Committee.

The purpose of the Scheme is to provide the incentives or rewards to the eligible persons for their contribution to, and continuing efforts to promote interests of, the Company and to enable the Group to recruit and retain high-calibre employees. Eligible persons of the Scheme include (i) any director (whether executive or non-executive, including independent non-executive director) or employee (whether full time or part time) of the Company or any of its subsidiaries or associated companies; (ii) consultant, adviser, supplier or customer of the Company or any of its subsidiaries or associated companies; and (iii) any other group of classes of participants which the Board may, from time to time in its absolute discretion, consider appropriate on basis of such participants' contribution or potential contribution to the development, growth or benefit of the Company or any of its subsidiaries or associated companies. The Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant. An offer of grant of an option may be accepted by an eligible person within 28 days from the date of the offer of grant of the option.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not exceed 10% of the total number of shares in issue as at the Date of Adoption of the Scheme i.e. 48,024,000 shares (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. The maximum number of shares issued and issuable to each eligible person under the Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue as at proposed grant date. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. As at the date of this annual report, the total number of shares available for issue under the Scheme was 9,624,000 shares which represented approximately 0.60% of the total number of ordinary shares of the Company in issue.

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 an independent non-executive director or a substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 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 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 Board and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Scheme.

The exercise price of share options is determined by the Board, and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the share options; and (iii) the nominal value of the Company's shares. During the year ended 31 March 2022, no share options were granted, exercised, lapsed or cancelled, and there were no outstanding share options under the Scheme as at 1 April 2021 and 31 March 2022.

Pre-Emptive Rights

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

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the year.

Equity-Linked Agreements

Save for the Scheme as disclosed in this report, no equity-linked agreements were entered into by the Company or subsisted at any time during the year.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves and Distributable Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 34(a) to the consolidated financial statements and in the consolidated statement of changes in equity on page 79 of this report, respectively.

Major Suppliers and Customers

The percentages of the Group's purchases and sales for the year attributable to the largest and five largest suppliers and customers of the Group respectively are as follows:

a.	Percentage of purchases attributable to the:	
	– Largest supplier	17%
	– Five largest suppliers	44%
b.	Percentage of sales attributable to the:	
	– Largest customer	30%
	– Five largest customers	61%

None of the directors of the Company or any of their close associates or any shareholders of the Company (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest suppliers and customers.

REPORT OF THE DIRECTORS

Directors

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

Executive directors:

Mr. Lee Man Kwong *(Chairman)*
Mr. Wong Siu Hung, Patrick
Mr. Meng Chuixiang *(Appointed on 24 September 2021 and resigned on 17 December 2021)*

Non-executive director:

Mr. Yau Pak Yue

Independent non-executive directors:

Mr. Leung King Fai
Mr. Chou Yuk Yan *(Resigned on 30 April 2021)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming *(Appointed on 30 April 2021)*

Dr. Leung Hoi Ming has been appointed as an independent non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 30 April 2021.

Mr. Chou Yuk Yan has resigned as an independent non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 30 April 2021.

Mr. Meng Chuixiang has been appointed as an executive Director with effect from 24 September 2021 and has resigned as an executive Director due to his personal reasons with effect from 17 December 2021.

Mr. Chou Yuk Yan and Mr. Meng Chuixiang confirmed that they have no disagreement with the Board and there were no other matters in relation to their resignation that need to be brought to the attention of the shareholders of the Company and the Stock Exchange.

Under the Bye-Laws of the Company, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that save for a director holding office as chairman or managing director, every director shall be subject to retirement by rotation at least once every three years. In the spirit of good corporate governance practice, the existing chairman of the Company, Mr. Lee Man Kwong has agreed to retire at least once every three years.

The Company's Bye-Laws also provides that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the next general meeting after appointment. The retiring directors shall be eligible for re-election.

In accordance with Bye-Law 99 of the Company's Bye-Laws, Mr. Lee Man Kwong and Mr. Leung King Fai will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting ("AGM").

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

Directors' and Senior Management's Biographies

Biographical details of the directors and the senior management of the Company are set out on pages 5 to 9 of this report.

Directors' Service Contracts

No director proposed for re-election at the forthcoming AGM 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.

Litigation

Save as disclosed outstanding litigations set out in Note 33 to the consolidated financial statements, the Group is not a party to any other significant legal proceedings.

Permitted Indemnity Provisions

A permitted indemnity provision for the benefit of the directors and officers of the Company is currently in force and was in force throughout the year. Pursuant to the Bye-Laws of the Company, the directors and the officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reasons of any act done, concurred in or omitted in or about the execution of their duties. The Company has maintained liability insurance to provide appropriate cover for the directors and officers of the Group.

Directors' Interests in Contracts

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.

Related Party/Connected Transactions

The significant related party transactions made during the Reporting Period were disclosed in Note 30 to the consolidated financial statements. The transactions set out therein fall within the definition of connected transactions under Chapter 14A of the Listing Rules and disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2022, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of director	Nature of interests	Number of issued ordinary shares held (Long position)	Number of underlying shares held	Approximate percentage of the Company's issued share capital (Note)
Lee Man Kwong	Beneficial owner	–	10,000	0.0006%

Note:

The approximate percentages were calculated based on 1,613,287,570 shares in issue as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, none of the directors had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Arrangement to Purchase Shares or Debentures

Other than the Scheme disclosed in this annual report, at no time during the year and at the end of the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements 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.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 March 2022, the interests of the substantial shareholders and other persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of issued ordinary shares held (Long positions)	Approximate percentage of the Company's issued share capital
Spring Global Enterprises Limited (Note 1)	Beneficial owner	280,000,000	17.36%
Ng Man Chan (Note 1)	Interest in controlled corporation	280,000,000	17.36%
Cheung Ling Mun	Beneficial owner	120,068,000	7.44%
Kingston Finance Limited (Note 2)	Person having a security interest in shares	120,068,000	7.44%
Ample Cheer Limited (Note 2)	Interest in controlled corporation	120,068,000	7.44%
Chu Yuet Wah (Note 2)	Interest in controlled corporation	120,068,000	7.44%
Apact Consultancy (Hong Kong) Company Limited	Investment manager	103,826,000	6.44%

Notes:

(1) Spring Global Enterprises Limited is wholly-owned by Ng Man Chan. Ng Man Chan is deemed to be interested in all the shares in which Spring Global Enterprises Limited is interested under Part XV of the SFO.

(2) Kingston Finance Limited ("KFL") is wholly-owned by Ample Cheer Limited ("ACL"). ACL is wholly-owned by Chu Yuet Wah. Accordingly, ACL and Chu Yuet Wah are deemed to be interested in all the shares that KFL is interested under Part XV of the SFO.

Save as disclosed above, as at 31 March 2022, no other persons had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, at least 25% of the Company's total issued share capital was held by the public throughout the year and as at the date of this report.

Directors' Interest in a Competing Business

During the year and up to the date of this report, no director is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Corporate Governance

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 52 to 68 of this annual report.

Events after Reporting Period

For material subsequent events undertaken by the Company or by the Group after 31 March 2022, please refer to Note 35 to the consolidated financial statements in this report.

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2022 have been audited by Mazars CPA Limited, *Certified Public Accountants*, who will retire and, being eligible, offers itself for re-appointment and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

Environmental, Social and Governance

The Environmental, Social and Governance ("ESG") exercise for the year ended 31 March 2022 have been undertaken by a third party consultant which enables the Company to present a succinct and balanced account of our ESG related matters to our stakeholders in a transparent manner which are set out in the ESG Report on pages 25 to 51 of this report.

On behalf of the Board

Lee Man Kwong
Chairman

Hong Kong
24 June 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

Daisho Microline Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "we") is principally engaged in (i) manufacturing and trading of printed circuit boards ("PCB"); (ii) trading of petroleum and energy products and related business; (iii) vessel chartering business which was classified as discontinued operation since last year; and (iv) manufacturing and trading of printing and packaging products. Since 2019, the Group has temporary suspended its petroleum trading business. In May 2021, the disposals of two vessels have been completed. More corporate information about the Group is available on the Group's annual report and website.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the "ESG Report") explains the environmental, social and governance ("ESG") practices, plans and performance of the Group.

Reporting Period

The ESG Report specifies the ESG activities, challenges and measures being taken during the financial year from 1 April 2021 to 31 March 2022 (the "Reporting Period" or "2022").

Reporting Scope

The reporting scope is consistent with the annual report and covers all the continuing operations that are the principal source of revenue of the Group, which includes the PCB business and printing business operated in Hong Kong and the People's Republic of China (the "PRC"), but excludes the petroleum trading business and vessel chartering business which have been suspended and classified as discontinued operation respectively. During the Reporting Period, the Group has expanded the reporting scope to disclose the available key performance indicators ("KPIs") data of the Hong Kong office. The Group will continue to assess the major ESG aspects of different businesses to determine whether to expand the scope of reporting.

Reporting Framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance practices can be found in the Corporate Governance Report from page 52 to 68 of the annual report. The four reporting principles, namely materiality, quantitative, consistency and balance, form the backbone of the ESG Report:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board of Directors (the "Board") and ESG Working Group ("Working Group"). For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of KPIs data were supplemented by explanatory notes.

Consistency: As mentioned in the section headed "Reporting Scope", the reporting scope of this ESG Report has been adjusted. Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous year for comparison. If there are any changes in the scope of disclosure and calculation methods that may affect comparisons with previous reports, the Group will provide explanations for the corresponding data.

Balance: This ESG Report aims to provide a balanced representation of the Group's performance in five aspects: corporate governance, environmental protection, employment practice, operating practice and community investment. It avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

ESG GOVERNANCE STRUCTURE

The Group has developed an ESG governance structure to ensure its corporate social responsibility ("CSR") strategy is aligned with the Group's mission, values, guiding principles, as well as the corporate governance framework.

The Board has the overall responsibility for the Group's sustainability governance and is responsible for overseeing the potential impacts and risks of the ESG issues related to the Group's operation. The Board regularly reviews its performance against ESG-related targets, which cover aspects of energy conservation, emission reduction and waste management, with the aim to align with the corporate sustainability strategy, echo with national vision of carbon neutrality and enhance corporate reputation. The Board is also responsible for reviewing the materiality of ESG issues, ensuring the effectiveness of the Group's risk management and internal control systems and approving disclosures in the ESG reports.

To systematically manage ESG issues under the Board's delegations, the Group has established the Working Group. The Working Group is composed of executive and independent non-executive directors, which facilitates the Board's oversight of ESG issues. The Working Group shall arrange regular meetings and report to the Board periodically, with the aim of improving the Group's ESG performance. The Working Group is responsible for the following:

- Assisting in conducting materiality assessment;
- Ensuring compliance with ESG-related laws and regulations;
- Assisting in the assessment and identification of the Group's ESG risks and opportunities;
- Keeping track of and reviewing the progress made against the Group's ESG-related targets, evaluating the effectiveness of current policies and procedures, and formulating appropriate solutions;
- Collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance and preparing ESG reports; and
- Assisting in ensuring the implementation and effectiveness of risk management and internal control systems.

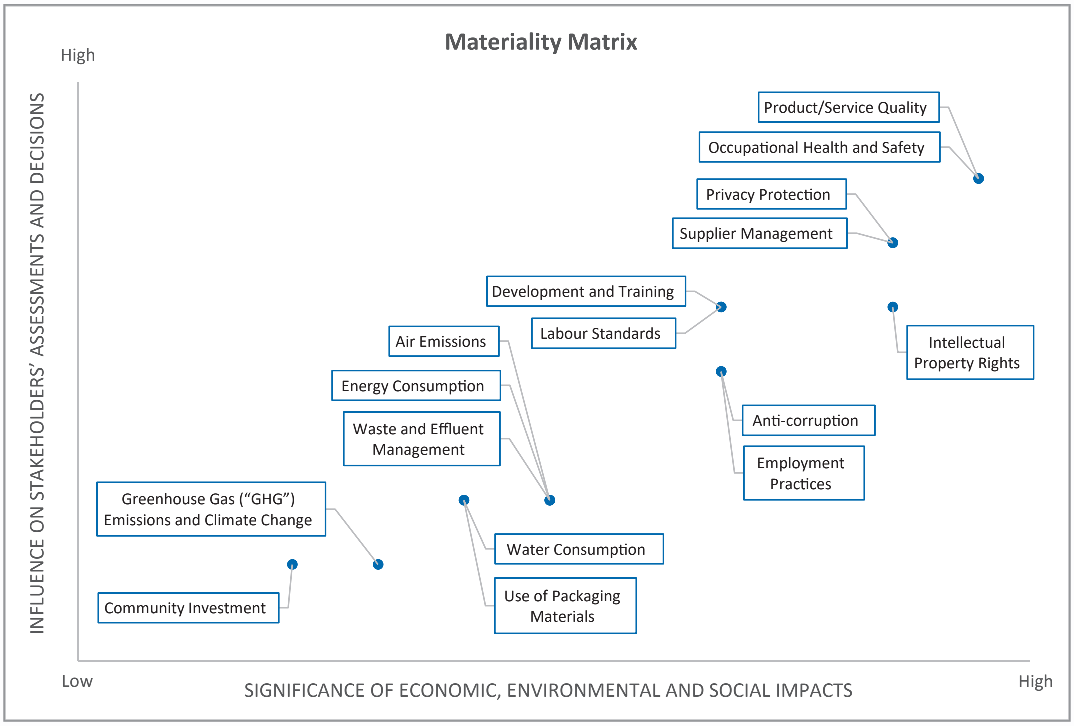
STAKEHOLDER ENGAGEMENT

The Group values feedback from its stakeholders as they bring invaluable directions for continuous development to the Group. We communicate with internal and external stakeholders regularly to collect their views regarding the Group's operation and performances. By using the diversified cooperation methods and communication channels shown in the table below, we bring the expectation of our stakeholders into our operation and ESG strategies.

Stakeholders	Key Communication Channels	Concerns
Shareholders/Investors	• Annual general meetings • Financial reports • Announcements and circulars	• Complying with relevant laws and regulations • Disclosure of latest corporate information in due course • Financial results • Corporate sustainability
Customers	• Emails • Customer meetings • After-sales services	• Product and service responsibility • Customer information and privacy protection
Employees	• Staff appraisals • Regular meetings • Emails and telephone calls • Employee handbook • Customised trainings	• Health and safety • Equal opportunities • Remuneration and benefits • Career development
Government and regulatory authorities	• Company website • Legal counsel • Meetings, emails and phone calls	• Business ethics • Complying with relevant laws and regulations
Community	• ESG reports • Press releases and announcements • Annual reports	• Giving back to society • Environmental protection • Compliant operation

MATERIALITY ASSESSMENT

In hopes of understanding the views and expectations of stakeholders on the Group's ESG performance, the Group has conducted an annual materiality assessment which specifically engaged various stakeholder representatives to gain further insights on ESG material aspects and challenges. They are invited to participate in the materiality survey and rate the potentially material issues. The materiality matrix below presents the result of the materiality assessment process:



The above aspects were strictly managed through compliance with relevant laws and regulations, and the Group's policies and guidelines. Management of these aspects has been described in separate sections below. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to exchange ideas for advancing the Group's ESG management.

CONTACT US

The Group welcomes stakeholders to provide their feedback on its ESG approach and performance. Please give suggestions or share your views with the Group via email at dminfo@dmgroup567.com.

A. ENVIRONMENTAL

A1. Emissions

Upholding sustainable development as the ESG management goal, the Group is devoted to implementing environmental control mechanism and monitoring measures in its business activities and workplace. The Group has formulated the "Environmental Policy" to manage the environmental impact of its manufacturing operations and stipulate measures on the efficient use of resources and waste treatment.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Relevant laws and regulations include but not are limited to the "Environmental Protection Law of the PRC", the "Atmospheric Pollution Prevention and Control Law of the PRC", the "Water Pollution Prevention and Control Law of the PRC", the "Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes", "Regulation on Urban Drainage and Sewage Treatment", and the "Air Pollution Control Ordinance" and the "Waste Disposal Ordinance" of Hong Kong.

Air Emissions

The main sources of the Group's air emissions were the consumption of petrol and diesel by vehicles and machinery. In order to mitigate its impact to the environment, the Group will maintain the overall air emissions intensity for the financial year ended 31 March 2023 ("2023") to be not greater than that in 2022. The Group has also set a target to reduce its overall air emissions intensity by 6% by the financial year ended 31 March 2025 ("2025"), using 2022 as the baseline year.

We are committed to monitoring the air emissions to comply with relevant laws, regulations and standards, and have actively executed the following reduction and monitoring measures:

- Regularly maintain and repair vehicles to prevent them from generating excess air emissions from broken parts;
- Phase out unqualified vehicles in accordance with the local emission regulations;
- Perform regular inspections to monitor the concentration of air pollutants, volatile organic compounds, benzene, toluene and xylene to ensure the emissions are within the emission standards set by the government; and
- Install filter bags, scrubber and bio-trickling filter to filter dusts, neutralise gas and deodorise air before air is emitted into the atmosphere.

The Group's performance of air emissions is summarised below:

Type of air emissions[1]	Unit	2022	2021
Nitrogen Oxides (NOx)	kg	**23.38**	6.03
Sulphur Oxides (SOx)	kg	**0.59**	0.13
Particulate Matters (PM)	kg	**1.72**	0.44

Note:

1. The Group has extended the reporting scope to include the use of vehicle from the Hong Kong office. Hence, the relevant data in both years cannot be directly compared.

GHG Emissions

The GHG emissions of the Group were attributed to the following activities:

- Direct (Scope 1) emissions: combustion of petrol for mobile source, combustion of diesel for stationary source and refrigerant emissions;
- Energy indirect (Scope 2) emissions: purchased electricity; and
- Other indirect (Scope 3) emissions: municipal freshwater and sewage processing, paper waste disposal at landfills and business air travel.

Echoing with the PRC government's goal of "achieving peak emissions by 2030 and carbon neutrality by 2060", the Group will actively respond to the government's emission reduction plan and strive to reduce its GHG emissions intensity within the target period. The Group has set a target to reduce its total GHG emissions intensity by 4% by 2025, using 2022 as the baseline year. We have adopted the following emission reduction measures actively:

- Adopt emission reduction measures on vehicles and machinery, which are described in the section headed "Air Emissions" under this Aspect;
- Adopt energy-saving measures, which are described in the section headed "Energy Management" in Aspect A2;
- Encourage employees to use virtual communication for meetings with colleagues, business partners and clients to reduce the frequency of business trips;
- Keep track of and monitor employees' business air travel; and
- Choose the most energy-efficient method when meeting in-person is inevitable. Flights would only be taken when necessary. Economic class, which has a lower emission, is always preferred.

The Group's performance of GHG emissions is summarised below:

Scope of GHG emissions[2]	Unit	2022	2021
Combustion of petrol for mobile source	tCO_2e	**102.52**	18.58
Combustion of diesel for stationary source	tCO_2e	**3.40**	3.92
Release of refrigerants	tCO_2e	**17.60**	88.00
Scope 1 Direct emissions	**tCO_2e**	**123.52**	110.50
Purchased electricity[3]	tCO_2e	**1,338.29**	1,346.21
Scope 2 Energy indirect emissions	**tCO_2e**	**1,338.29**	1,346.21
Electricity used for freshwater processing[3]	tCO_2e	**12.67**	11.49
Paper waste disposed at landfill	tCO_2e	**3.09**	6.01
Business air travel[4]	tCO_2e	**–**	0.41
Scope 3 Other indirect emissions	**tCO_2e**	**15.76**	17.91
Total GHG emissions	**tCO_2e**	**1,477.57**	1,474.62
Intensity[5]	**tCO_2e/m^2**	**0.12**	0.10

Notes:

2. GHG emissions data are presented in terms of carbon dioxide equivalent. As the Group has extended the reporting scope to include data from the Hong Kong office, the emissions data in both years cannot be directly compared. The emission factors were based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 ("AR5").

3. This excluded the GHG emissions from the electricity and water consumption in Hong Kong office where the utility expenses were included in the management fee paid and where relevant usage data were not made available. Combined margin emission factor in Guangdong Province of the PRC (approximately 0.5089 tCO_2/MWh) from the "Baseline Emission Factors of the Regional Power Grids in the PRC for 2019 Emission Reduction Project" issued by the Ministry of Ecology and Environment of the PRC was used for calculating the energy indirect GHG emissions generated from the purchased electricity.

4. Emissions from air travel were calculated using the online tool provided by the International Civil Aviation Organisation. There were no business trips recorded in 2022 due to the impact of the COVID-19 pandemic.

5. During the Reporting Period, the total floor area of the Group within the reporting scope was approximately 12,613.00 m^2 (2021: 15,166.44 m^2). These numbers would also be used for calculating other intensity data in the ESG Report.

Wastewater Discharge and Treatment

The Group ensures that wastewater is treated properly and has met the standard of the PRC government before discharge. Wastewater treatment processes, including sedimentation, aerobic and anaerobic digestion and pH adjustment, are applied onsite. The Group monitors the wastewater parameters, such as chemical oxygen demand, total suspended solid, pH, nitrogen content, heavy metal content, etc., and ensures that the effluent meets all permitted effluent limits.

Hazardous Wastes

The hazardous wastes generated during the Group's production process were waste cloths and waste ink cans. To reduce the generation of hazardous waste, the Group will carry out annual activities (such as seminars) starting from 2023 to raise employees' awareness of waste reduction. The Group has also set a target to reduce its total hazardous waste intensity by 3% by 2025, using 2022 as the baseline year.

The Group adheres to the waste management principle and strives to properly manage and dispose of wastes produced during its business activities. The Group has developed and implemented hazardous waste handling procedures. Hazardous wastes generated from the factory are classified with reference to the National Hazardous Waste List, and properly stored in designated area and collected by licensed collectors.

The Group's total hazardous wastes generated has decreased due to reduced business activities as a result of the impact of the COVID-19 pandemic. The Group's performance of hazardous wastes generation is summarised below:

Type of hazardous wastes[6]	**Unit**	**2022**	2021
Waste cloths	tonnes	**0.30**	0.50
Waste ink cans	tonnes	**0.80**	1.00
Total hazardous wastes	**tonnes**	**1.10**	1.50
Intensity	**tonnes/m^2**	**0.0001**	0.0001

Note:

6. No significant amount of hazardous wastes was generated from the operation of Hong Kong office. Relevant data were only derived from the operations in the PRC.

Non-hazardous Wastes

The non-hazardous wastes generated during the Group's operations were general wastes and paper waste. Starting from 2023, the Group will carry out annual activities (such as seminars) to raise employees' awareness of waste reduction. The Group has also set a target to reduce its total non-hazardous waste intensity by 3% by 2025, using 2022 as the baseline year.

When collecting, storing, transporting and handling solid wastes, the Group avoids diffusion and leakage, and does not allow any unpermitted disposal of wastes. All wastes generated by the Group is stored in specified areas with strict monitoring. All kinds of waste are collected and proceeded by licensed collectors.

To reduce waste generation, the Group has implemented green office measures to encourage wise use of resources while promoting waste reduction at source. The waste reduction measures are as follows:

- Promote 3Rs – Reduce, reuse and recycle;
- Promote a paperless office by replacing paper documents with digital document;
- Print on both sides of paper; and
- Reuse single-side used paper.

The Group's total non-hazardous wastes generated has decreased due to reduced business activities as a result of the impact of the COVID-19 pandemic. The Group's performance of non-hazardous wastes generation is summarised below:

Type of non-hazardous wastes	Unit	2022	2021
General wastes	tonnes	**32.39**	41.60
Paper waste	tonnes	**0.64**	1.25
Total non-hazardous wastes	**tonnes**	**33.03**	42.85
Intensity	**tonnes/m^2**	**0.003**	0.003

A2. Use of Resources

The Group upholds and promotes the principle of efficient use of resources. To optimise resources consumption, the Group has formulated the aforementioned "Environmental Policy" to monitor and manage the consumption of fuel, electricity, water and packaging materials.

Energy Management

The major sources of the Group's energy consumption include petrol and diesel consumed by vehicles and machinery, as well as the electricity consumption for its operations. From 2023 onwards, the Group will participate in awareness-building activities related to energy conservation annually. The Group has also set a target to reduce its total energy consumption intensity by 6% by 2025, using 2022 as the baseline year. To improve the energy efficiency, the Group continues to implement the following initiatives, including but not limited to:

- Develop electricity consumption systems to calculate and analyse the total electricity consumption to ensure rational and effective energy use;
- Choose energy-saving air-conditioning and other electronic appliances;
- Adopt LED lightings whenever possible;
- Select energy efficient equipment for production;
- Educate and enhance employees' awareness to reduce unnecessary electricity use;
- Promote electricity conservation behaviours among employees; and
- Post energy saving reminders.

The Group's performance of energy consumption is summarised below:

Type of energy[7]	**Unit**	**2022**	2021
Petrol[8]	MWh	**373.53**	68.00
Diesel[8]	MWh	**13.91**	16.00
Direct energy consumption	**MWh**	**387.44**	84.00
Purchased electricity[9]	MWh	**2,630.02**	2,646.00
Indirect energy consumption	**MWh**	**2,630.02**	2,646.00
Total energy consumption	**MWh**	**3,017.46**	2,730.00
Intensity	**MWh/m^2**	**0.24**	0.18

Notes:

7. The Group has extended the reporting scope to include the petrol consumption from the Hong Kong office. Hence, the relevant data in both years cannot be directly compared.

8. The unit conversion method of direct energy consumption data is based on the "Energy Statistic Manual" issued by the International Energy Agency.

9. This excluded the electricity consumption in Hong Kong offices where the utility expenses were included in the management fee paid and where relevant usage data were not made available.

Water Management

The Group's water consumption is supplied by the municipal water suppliers, therefore there was no significant issue in sourcing water during the Reporting Period. From 2023 onwards, the Group will participate in awareness-building activities related to water conservation annually. The Group has also set a target to reduce its total water consumption intensity by 6% by 2025, using 2022 as the baseline year. To reduce water consumption, the Group keeps track of its monthly water consumption and controls consumption by the following initiatives:

- Deploy water efficient treatment facilities and technologies;
- Reuse greywater whenever possible;
- Post water-saving labels as reminders; and
- Install automatic water taps.

The total water consumption intensity of the Group has increased due to the increase in the need for sanitation and cleaning as a result of the impact of the COVID-19 pandemic. The Group's performance of water consumption is summarised below:

Indicators	**Unit**	**2022**	2021
Total water consumption[10]	m^3	**30,376.00**	27,550.00
Intensity	**m^3/m^2**	**2.41**	1.82

Note:

10. This excluded the water consumption in Hong Kong offices where the utility expenses were included in the management fee paid and where relevant usage data were not made available.

Use of Packaging Materials

Due to its business nature, the Group uses packaging material to seal and protect its products, which are mainly paper box, bubble wrap and plastic tape. The Group is committed to reduce the use of packaging materials to minimise its impact on the environment through regular monitoring, assessment and evaluation. We strive to optimise the packaging method, select the most suitable and efficient packaging materials, and prioritise packaging materials that are free of harmful substance and recyclable.

The Group's performance of packaging materials is summarised below:

Types of packaging materials[11]	**Unit**	**2022**
Paper box	tonnes	**5.06**
Bubble wrap	tonnes	**0.04**
Plastic tape	tonnes	**0.03**
Total packaging materials used	**tonnes**	**5.13**
Intensity	**tonnes/m^2**	**0.0004**

Note:

11. The Group has improved its data collection system to accurately record the use of packaging materials in the unit of tonnes. Hence, the relevant data in both years cannot be directly compared. In 2021, the Group has consumed approximately 6,500 pieces of paper box, 4,550 pieces of bubble wraps and 180.00 grams of plastic tape.

A3. The Environment and Natural Resources

The Group recognises its responsibility in minimising the negative environmental impacts of its operations on the environment and natural resources. To achieve sustainable development and generate long term values to its stakeholders and community, the Group has established aforementioned "Environmental Policy" to carry out continuous monitoring during its daily operations, adopt preventive measures to reduce risks, and ensure compliance with relevant laws and regulations.

Raising Environmental Awareness

In addition to strictly requiring employees to implement the environmental protection measures formulated by the Group, the Group proactively promotes environmental awareness among its employees by participating in more environmental protection activities. In addition, we select environmentally friendly suppliers and we are committed to promoting environmentally responsible practices among customers, suppliers, contractors and business partners.

Green Working Environment

The Group considers that providing a pleasant and safe working environment to its employees is of paramount importance. The Group has conducted regular measurement and inspection on air quality and noise levels. To maintain indoor air quality, air purifying equipment is placed and the ventilation system is cleaned periodically. The Group has also installed sound insulation wall at its production facilities to reduce noise level and vibration during the production process.

A4. Climate Change

Climate change poses escalating risks and challenges to the global economy, and such risks may negatively impact the Group's business. In response to the community's gradually rising concern on climate change and related issues, the Group has implemented the "Climate Change Policy", which outlines the Group's management approach on climate-related issues and commitment to climate risk mitigation, adaptation and resilience across its operations and along the value chain.

Making reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), a climate risk assessment exercise is conducted during the Reporting Period to identify and assess the potential risks in our operations, thereby facilitating the formulation of our climate risk mitigation measures. Based on the assessment results, the Group has integrated climate risks into its enterprise risk management process. The Group identified the material impacts on the Group's business arising from the following risks:

Physical Risks

The location where the Group operates may be subject to extreme weather events such as heavy rain and typhoons. The increasing frequency and severity of such events may increase the risk of power failures, supply chain disruptions, damage to the Group's premises, and resulting in reduced revenue, as well as increasing the cost of repairing or restoring damaged sites. These events could also disrupt the work of employees and even cause casualties. As a countermeasure, the Group has formulated contingency plans to reduce or avoid losses when extreme weather affects its business premises. The Group will identify these risks and prioritise those with material impacts on the Group so that preventive measures can be taken as soon as possible.

Transition Risks

The development of policies and regulations on climate change for carbon reduction may pose potential risks to the Group. Recently, the Stock Exchange requires listed companies to strengthen climate-related disclosures in their ESG reports, which may increase related compliance costs. Failure to meet climate change compliance requirements may expose the Group to the risk of claims and litigation, which may result in a possible loss of corporate reputation. The Group will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid reputation risk due to slow response. The Group will continue to evaluate the effectiveness of the Group's actions on climate change and enhance its ability to address climate-related issues.

B. SOCIAL

B1. Employment

Human resources are the foundation to support the development of the Group. To fulfil its vision on people-oriented management and to realise the full potential of employees, the Group has formulated a series of human resources management procedures in its "Employee Handbook", which covers aspects of compensation and dismissal, recruitment and promotion and welfare, etc.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that had a significant impact on the Group. Relevant laws and regulations include are but not limited to the "Labour Law of the PRC", the "Labour Contract Law of the PRC" and the "Employment Ordinance" of Hong Kong.

Employee Composition

As of 31 March 2022, the Group had 349 employees within the reporting scope (as of 31 March 2021: 262 employees). The figures below illustrate the distribution of workforce:

Employee composition[12]	**2022**	2021
By gender		
Male	**117**	92
Female	**232**	170
By age group		
30 or below	**51**	35
31-40	**114**	89
41-50	**126**	108
51 or above	**58**	30
By geographical region		
The PRC	**337**	261
Hong Kong	**10**	–
Others	**2**	1
By employee category		
Senior management	**14**	7
Middle management	**56**	52
Frontline and other employees	**279**	203
By employment type		
Full-time	**348**	262
Part-time	**1**	–

Note:

12. The Group has extended the reporting scope to include data from the Hong Kong office. Hence, the relevant data in both years cannot be directly compared.

Employee Benefits and Welfare

The Group believes that employees are important assets and the core of its competitive advantage. Therefore, we are dedicated to improving our employment system in order to attract, cultivate and retain talents and believe that this will contribute significantly to the Group's success. It provides competitive remuneration packages and fringe benefits, including basic salary, different types of leave (annual, sick, maternity, funeral, injury and breast-feeding), insurance, housing provident fund, allowance, subsidy and bonus to its employees.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme") for all employees in Hong Kong.

Recruitment, Promotion, Compensation and Dismissal

Employees' qualification, professional skills and experiences exert a significant influence on the quality of services. In line with the need of business development and the principles of fairness and justice, the Group actively recruits skilled and qualified personnel in local markets through various channels, such as internal referrals and advertisement on the Internet. The selection is based on the candidate's suitability for the position and potential to fulfil the Group's current and future needs.

The Group's employees are subject to regular review on their work performance. The appraisal results will provide reference standards for salary adjustment, bonus distribution and promotion.

The Group has adopted a 40-hour work week, with 8 hours a day for 5 days a week, excluding rest periods. Employees working overtime are entitled to compensation leave. Departments planning to work outside working hours shall inform and seek approval from the human resources department.

When either party, the Group or the employee, wants to terminate the employment contract, a prior notice in writing of no less than 30 days should be provided to the other party. The Group helps employees eligible for retirement complete retirement procedures in accordance with the national laws for the entitlement to pension benefits.

The summary of employee turnover rate by gender, age group and geographical region is as follows:

Employee turnover rate[13]	**2022**
Total	35%
By gender	
Male	41%
Female	32%
By age group	
30 or below	66%
31-40	23%
41-50	26%
51 or above	11%
By geographical region	
The PRC	36%
Hong Kong	17%
Others	–

Note:

13. Due to the optimisation of the data collection system during the Reporting Period, employee turnover rate is disclosed from 2022 onwards. Data comparisons will be provided in the next reporting year. The employee turnover rate is calculated by dividing the number of employees leaving employment during the Reporting Period by the sum of the number of employees at the beginning of the Reporting Period and the number of people employed during the Reporting Period, then multiplied by 100%.

Equal Opportunity, Diversity and Anti-discrimination

The Group respects diversity in the workplace. The Group provides equal opportunities for all employees in respect of recruitment, job advancement, compensation and benefits, and training and development. Employees are not discriminated against or deprived of such opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group does not tolerate any form of discrimination.

Communication with Employees

The Group strives to create a motivating work environment by enhancing communication. It encourages open communication and provides channels for employees to express their concerns. Birthday party is held every month to celebrate and reward employees. This also enhances employees' engagement, enhancing work motivation and dedication.

B2. Health and Safety

Providing a healthy and safe work environment is of paramount importance to the Group. The Group has strictly implemented the "Control Procedures on Environmental, Health and Safety", which covers aspects of safe production, occupational health and safety, personal protective equipment usage, fire safety and emergency response. To ensure employees strictly observe all safety operation rules, we have also outlined terms of labour protection, working conditions and protection from occupational hazards in the "Employee Handbook".

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to health and safety that had a significant impact on the Group. Relevant laws and regulations include but are not limited to the "Labour Law of the PRC", the "Law of the PRC on the Prevention and Treatment of Occupational Diseases" and the "Occupational Safety and Health Ordinance" of Hong Kong. In the past three years (including the Reporting Period), the Group did not record any work-related fatalities. During the Reporting Period, the Group recorded 155 working days lost (2021: 177 lost days) due to work-related injuries.

Managing Safety Risk

The Group has established a safety management system to manage safety elements and mitigate the safety risks in the workplace. It conducts manufacturing process in strict compliance with the corresponding safety requirements, identifies safety hazards, conducts regular safety inspections and monitors working procedures. Besides, the Group provides employees with personal protective equipment, such as gloves and safety goggle, and trainings relating to safety measures of risky works, such as hot working and lifting operations. The Group ensures good ventilation in the work environment for maintaining suitable and comfortable temperature and humidity. For departments that are at higher risk of exposure to occupational hazards, regular medical examinations are provided.

Promoting Safety Measures

The Group has taken further measures to promote behavioural change in order to improve employee's awareness of the importance of health and safety. In the factory, smoking and setting off firecrackers are strictly prohibited. Every department shall require employees to switch off electricity supply, close doors and windows and check fire equipment before leaving the factory. Employees shall pay attention to safety when handling heavy objects and seek for assistance if possible. If any machine, instrument or switch malfunctions, or if any attendant feels uncomfortable, gets injured or infected, employees shall report to supervisors immediately.

Safety Precaution and Response

Fire safety and chemical safety are the major risks in the Group's operations. Fire drills and chemical spill drills are carefully planned, conducted and recorded every year, ensuring employees to be familiar with the emergency plan and able to evacuate and respond quickly and safely. There are clear exit channels, emergency lights, firefighting equipment and other safety equipment in the workplace. The emergency exits are cleaned and inspected regularly and shall always be kept clear from obstruction. Spill kits and first aid kits are available at all production sites. They are replaced after use and inspected regularly.

Preventive Measures of the Outbreak of the COVID-19 Pandemic

In response to the outbreak of the COVID-19 pandemic, the Group has established the "Emergency Plan for the Prevention of COVID-19" and has taken measures to enhance health and safety precautions in the workplace to ensure the health of employees and the Group's business continuity. In addition to strengthening the sanitation of its operations, the Group strictly conducts stringent body temperature checks at its factories and canteens, requires staff to wear surgical masks at work, and reminds employees of the importance of maintaining personal hygiene. We encourage employees to maintain a safe social distance, avoid group meals, and reduce contact with outside parties.

B3. Development and Training

The Group believes that development and training are crucial for employees to discharge their duties more effectively and efficiently. To nurture talents and support continuous development of employees, the Group has established the "Training Management Policy" in its "Employee Handbook" to regulate the processes of training planning, preparation, execution, evaluation and feedback.

Training Programmes

The Group formulates a training plan annually to cater to the needs of employees from different positions through diversified training models, including but not limited to the orientation and internal on-the-job trainings. Training topics includes operation skills, safety measures, and professional knowledge, such as ISO standard and electrical engineering knowledge. Through these training programmes, employees can familiarise themselves with the Group's vision and operation and professional knowledge.

As the Group operated strictly in accordance with the crowd control and social distancing rules issued by local governments, the number of training activities during the Reporting Period has decreased compared to 2021. The summary of training data by gender and employee category is as follows:

	2022			2021		
	Percentage of employees trained[14]	**Breakdown of employees trained[15]**	**Average training hours[16]**	Percentage of employees trained[14]	Breakdown of employees trained[15]	Average training hours[16]
Total	**5%**	**N/A**	**0.28**	N/A	N/A	2.93
By gender						
Male	**4%**	**28%**	**0.21**	N/A	N/A	2.26
Female	**6%**	**72%**	**0.31**	N/A	N/A	3.11
By employee category						
Senior management	**21%**	**17%**	**0.86**	N/A	N/A	13.71
Middle management	**5%**	**17%**	**0.21**	N/A	N/A	1.85
Frontline and other employees	**4%**	**66%**	**0.26**	N/A	N/A	2.84

Notes:

14. Due to the optimisation of the data collection system during the Reporting Period, the percentage of employees trained is disclosed from 2022 onwards. Data comparisons will be provided in the next reporting year. The percentage of employees trained is calculated by dividing the number of employees who took part in training during the Reporting Period by the number of employees at the end of the Reporting Period, then multiplied by 100%.

15. Due to the optimisation of the data collection system during the Reporting Period, the breakdown of employee trained is disclosed from 2022 onwards. Data comparisons will be provided in the next reporting year. The breakdown of employees trained by category is calculated by dividing the number of employees in the specified category who took part in training during the Reporting Period by the total number of employees who took part in training during the Reporting Period, then multiplied by 100%.

16. The average training hours completed per employee is calculated by dividing the number of training hours during the reporting year by the number of employees at the end of the reporting year.

B4. Labour Standards

The Group strictly prohibits human rights abuses. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of forced labour and child labour that would have a significant impact on the Group. Relevant laws and regulations include but not limited to the "Regulation on Labour Security Supervision" and the "Provisions on the Prohibition of the Use of Child Labour" of the PRC, and the "Employment Ordinance" of Hong Kong.

Prevention of Child and Forced Labour

The Group has detailed all recruitment procedures and requirements in the "Employee Handbook". No teenagers under the statutory minimum working age will be employed. The Group requires all new employees to provide true and accurate personal identification information. The human resources department is responsible for checking new employees' identification documents, such as identity card and academic certificates, to ensure that they are legally entitled to work for the Group. When any irregularities are identified, the Group will immediately carry out investigations and impose punishment.

In addition, the Group prohibits any form of forced, bonded or compulsory labour, human trafficking and other kinds of slavery and servitude. Any form of discrimination, harassment or bullying is not tolerated. The Group does not force its employees to work overtime in daily operations. The Group's "Employee Handbook" has stipulated relevant regulation on overtime working hours. Employees working overtime are entitled to compensation leave. All employees have signed the employment contract and agreed on the stipulated employment terms and conditions. If violation is involved, it will be dealt with in the light of circumstances.

B5. Supply Chain Management

The Group believes that proper management of its supply chain could help mitigating the indirect environmental and social risks and bring positive impact to the Group, the natural environment, and the society. The Group has established the "Procurement Control Procedures" and "Control Procedures for External Supply of Products, Services and Process" to assess the qualifications of new suppliers and the performance of existing suppliers. During the Reporting Period, we cooperated with 152 suppliers in total, all of whom were in the PRC. During the Reporting Period, the Group has implemented the following practices on supplier engagement for all suppliers.

Procurement Practices

During the supplier selection process, the Group arranges on-site audits and reviews the manufacturing process reports, materials details and test reports of the potential suppliers to ensure they meet customers' and the Group's requirements regarding quality. Suppliers shall not violate regulations such as the Restriction of Hazardous Substances ("RoHS") Directive, Waste Electrical and Electronic Equipment ("WEEE") Directive, and Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"). Only companies who pass all audits are qualified to be the Group's suppliers.

The Group has also established "Green Procurement Management System" to prioritise suppliers who use eco-friendly products and services to minimise potential environmental risks along the supply chain. Priorities are also given to suppliers awarded with environmental management system certificates.

Managing Environmental and Social Risks along the Supply Chain

The Group assesses the environmental and social performance of suppliers to ensure they work in an ethically and responsibly manner. For existing suppliers, regular performance evaluations are conducted to manage the potential environmental and social risks along its supply chain. Suppliers are assessed and scored concerning their quality management, product price, service and punctuality. The Group only continues to cooperate with qualified suppliers that have passed the supplier assessments.

Besides, suppliers are required to sign agreements such as the "Letter of Commitment to Restricted Substances" and the "Green Procurement Standards" to show their commitments to product quality and environmental performance. The Group regularly evaluates and monitors our suppliers' compliance with the commitment agreements. If any irregularities are found, we will require our suppliers to take immediate remedial and corrective measures. The Group will monitor whether the supply chain management practices are properly implemented to ensure its effectiveness.

B6. Product Responsibility

The Group is committed to providing products and services with high standard of quality, safety and security, and protecting intellectual property rights and personal data. The Group has established the "Product Safety and Risk Control Procedures" to standardise procedures for the quality management of products and services and provide clear processes for various levels of inspections and states the responsibility of different departments.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group. Relevant laws and regulations include but are not limited to the "Law of the PRC on the Protection of Consumer Rights and Interests", the "Advertising Law of the PRC", the "Interim Measures for the Administration of Internet Advertising" of the PRC, the "Product Quality Law of the PRC", and the "Trade Descriptions Ordinance" of Hong Kong.

Product Quality Assurance

The Group guarantees high product quality. With our commitment to delivering products which are safe and of consistent quality, we ensure that products are sold in compliance with local rules and regulations related to health and safety. Different departments of the Group are taking the lead in providing its customers the best possible experience. Responsibilities of each department are presented below:

Departments	Responsibilities
Engineering and Technology Department	• Conduct risk analysis and risk management • Provide technical support
Production Unit	• Ensure safety production • Perform risk management
Quality Management Department	• Conduct product safety inspection • Review suppliers' management capabilities regarding product safety
Administrative and Human Resource Department	• Provide training on product safety responsibilities for employees

Customer Satisfaction

The Group actively communicates with customers and immediately takes measures to resolve any complaints. We have established the "Customer Complaint Handling Procedures" to ensure queries and feedbacks from customers are answered, rectified, and recorded in a systematic manner. When a complaint is received, the quality management department will conduct an internal investigation and analysis. The Group communicates with the customer and responds to the complaint within a specified period. If necessary, the Marketing Department will arrange the product recall process. The Group will document the case and formulate measures for improvement. The figure below outlines the procedures for handling customer complaints:

During the Reporting Period, there were no products recalled for safety and health reasons. The Group received one complaint from a customer as the appearance of products did not meet the customer' requirements. We have arranged for exchange and the complaint was resolved through communication.

Privacy Protection

To safeguard corporate or customers' personal data, the Group continues to strengthen the information security system and assigned designated department to govern the authorities and accessibilities of data.

All employees shall observe the employee confidentiality agreement, which states clearly their obligation to safeguard confidential information. Unauthorised access or abuse of confidential information could result in disciplinary action, including dismissal. Disclosure of business information, business secrets, technical information and other company secrets is also strictly prohibited. Employees can be subject to a civil suit for the breach of confidentiality.

The Group has also installed and updated firewalls to prevent data leakage. Pirated and counterfeit software are also prohibited in the Group. No substantiated complaints regarding the breach of client privacy, identified leak, theft, or loss of customer information was received during the Reporting Period.

Advertising and Labelling of Products

The Group respects the customers' rights and is committed in providing accurate marketing information for customers in connection with their purchase decision. The Group strictly regulates and reviews the advertising materials to protect the interests of our customers. Labelling of our products should also be accurate, legitimate, clear, and not misleading in order to avoid any non-compliance with relevant laws and regulations.

Intellectual Property Rights

The Group endeavours to protect intellectual property rights. Intellectual properties and technical specifications of the Group and customers are protected and managed by a designated department. Employees shall not copy or disclose any information, including but not limited to designs, techniques and trade information, to third parties without the Group's consent.

B7. Anti-corruption

The Group believes that honesty, integrity and fairness are fundamental elements in the Group. The Group has formulated the "Commercial Bribery Prevention Management and Whistle-blowing Policy" to prevent, identify and address any instances of alleged or actual bribery or corruption involving the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, nor did we have any concluded cases of corruption litigation. Relevant laws and regulations include but are not limited to the "Company Law of the PRC", the "Anti-money Laundering Law of the PRC" and the "Prevention of Bribery Ordinance" in Hong Kong.

Integrity Building

All employees are expected to discharge their duties in an honest and ethical manner as stipulated in the said policy and the "Employee Handbook". Any bribery, theft, fraud and misappropriation are prohibited. All directors and employees shall avoid conflicts of personal interest and their professional duties, and shall not obtain benefits from or provide benefits to customers, suppliers, business partners or other related parties. Employees shall declare all conflicts of interest and all gifts received. Improper benefits including banquets, entertainment, cash, stocks, equities, securities, valuables and properties, etc. shall not be accepted. Due to the impact of the COVID-19 pandemic, the Group has not provided anti-corruption training during the Reporting Period, but will arrange anti-corruption related training for directors and staff in the future to reinforce the concept of integrity.

Whistle-blowing Mechanism

All employees are encouraged to assist in tackling fraud, corruption and other malpractice, and report any suspected cases to the management. When there is any suspected case in the violation of laws, regulations or the Group's policy, the Group will investigate and impose disciplinary actions, which could result in dismissal. We will also promise to protect the identity of the whistle-blower to prevent any conflict of interest or behaviour that may harm the interests of the Group and relevant stakeholders. The Board also regularly reviews the effectiveness of this whistle-blowing mechanism.

B8. Community Investment

The Group is committed to operating as a responsible corporation and contributing to the economic and social development of local communities. We have established the "Community Investment Policy" to sufficiently manage its donation and sponsorship activities.

Community Investment Activities

The Group continuously works with its partners to support community programmes that bring positive social impacts. We are also dedicated to fostering employees' sense of social responsibility by encouraging them to participate in volunteering service and charitable activities during their working hours and leisure time.

During the Reporting Period, the Group focused on making contributions to the underprivileged and animal welfare. We have donated a total of approximately HK$8,000 to various charitable organisations. In the future, we will continue to contribute to the community by seeking cooperation with charities, paying constant attention to the difficulties and needs of the community, and proactively giving back to society with the goal of building a harmonious society.

CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	ESG Governance Structure
Reporting Principles	About the Environmental, Social and Governance Report – Reporting Framework
Reporting Boundary	About the Environmental, Social and Governance Report – Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous Wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Non-hazardous Wastes
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – Air Emissions, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Hazardous Wastes, Non-hazardous Wastes

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Raising Environmental Awareness, Green Working Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment – Employee Composition
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, Promotion, Compensation and Dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training Programmes
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training Programmes
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Procurement Practices
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management –Managing Environmental and Social Risks along the Supply Chain

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Procurement Practices
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Customer Satisfaction
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality Assurance, Customer Satisfaction
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Integrity Building
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Community Investment Activities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Community Investment Activities

Corporate Governance Practices

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company (the "Shareholders"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as the basis of the Company's corporate governance practices.

Throughout the year ended 31 March 2022, the Company has complied with the code provisions as set out in the CG Code.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

Securities Transactions by Directors and Relevant Employees

The Company has adopted its code of conduct regarding securities transactions by the directors and relevant employees (the "Code of Conduct") and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

The Company has made specific enquiry with all directors of the Company (the "Directors") (the "Board") and each of them has confirmed his compliance with the Code of Conduct throughout the year ended 31 March 2022.

No incident of non-compliance of the Code of Conduct by the relevant employees was noted by the Company.

Board of Directors

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises six members, consisting of two executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors:

Mr. Lee Man Kwong *(Chairman)*
Mr. Wong Siu Hung, Patrick
Mr. Meng Chuixiang *(Appointed on 24 September 2021 and resigned on 17 December 2021)*

Non-Executive Director:

Mr. Yau Pak Yue

Independent Non-Executive Directors:

Mr. Leung King Fai
Mr. Chou Yuk Yan *(Resigned on 30 April 2021)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming *(Appointed on 30 April 2021)*

The biographical information of the Directors are set out on pages 5 to 8 of this report.

BOARD OF DIRECTORS (continued)

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

The Company has not appointed the chief executive officer during the year ended 31 March 2022.

Independent Non-Executive Directors

During the year ended 31 March 2022, the Company has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors are independent.

Appointment and Re-election of Directors

Code provision B.2.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The independent non-executive directors of the Company are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

Under the Bye-Laws of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that save for a director holding office as chairman or managing director, every director shall be subject to retirement by rotation at least once every three years. In the spirit of good corporate governance practice, the existing chairman of the Company, Mr. Lee Man Kwong has agreed to retire at least once every three years.

The Company's Bye-Laws also provides that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the next general meeting after appointment. The retiring directors shall be eligible for re-election.

BOARD OF DIRECTORS (continued)

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Directors have timely access to the information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to its management team.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

BOARD OF DIRECTORS (continued)

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The induction materials, including directors' manual and legal and regulatory update have been provided to the Directors upon appointment.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors will be arranged and reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors have participated in the following trainings during the year ended 31 March 2022:

Name of Directors	Type of Training
Executive directors	
Mr. Lee Man Kwong *(Chairman)*	A & B
Mr. Wong Siu Hung, Patrick	A & B
Mr. Meng Chuixiang *(Appointed on 24 September 2021 and resigned on 17 December 2021)*	A & B
Non-executive director	
Mr. Yau Pak Yue	A & B
Independent non-executive directors	
Mr. Leung King Fai	A & B
Mr. Chou Yuk Yan *(Resigned on 30 April 2021)*	A & B
Dr. Chan Yau Ching, Bob	A & B
Dr. Leung Hoi Ming *(Appointed on 30 April 2021)*	A & B

Notes:

Types of training

A: Attending training sessions, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The majority of the members of each board committee are independent non-executive directors and the list of the chairman and members of each board committee is set out in the below sections.

Audit Committee

The Audit Committee was established in 1999. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The Audit Committee currently consists of three independent non-executive directors and one non-executive Director, at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise. The composition of the Audit Committee is as follows:

Mr. Leung King Fai (*Chairman*)
Mr. Chou Yuk Yan *(ceased to be a member on 30 April 2021)*
Dr. Chan Yau Ching, Bob
Mr. Yau Pak Yue
Dr. Leung Hoi Ming *(appointed as a member on 30 April 2021)*

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Board has also delegated the responsibility for reviewing the corporate governance matters of the Group to the Audit Committee.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Audit Committee (continued)

During the year, the Audit Committee held two meetings to discharge its responsibilities and review and discuss the following matters:

– interim and annual financial results and reports and significant issues on the financial reporting;

– remuneration, terms of engagement and independence of the Company's external auditors;

– effectiveness of the risk management and internal control systems and internal audit function;

– continuing connected transactions;

– arrangements for employees to raise concerns about possible improprieties;

– the Company's corporate governance policies and practices; training and continuous professional development of Directors and senior management; the Company's policies and practices on compliance with legal and regulatory requirements; the compliance of the Code of Conduct and Model Code; and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Audit Committee also met the external auditors twice during the year.

Remuneration Committee

The Remuneration Committee was established in 2005. The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The Remuneration Committee currently comprises three independent non-executive directors and one executive director. The composition of the Remuneration Committee is as follows:

Mr. Leung King Fai *(Chairman)*
Mr. Lee Man Kwong
Mr. Chou Yuk Yan *(ceased to be a member on 30 April 2021)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming *(appointed as a member on 30 April 2021)*

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Remuneration Committee (continued)

The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive directors and senior management as well as the Group's remuneration policy and structure for all directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

During the year, the Remuneration Committee held one meeting to review the remuneration packages of all directors and senior management and make recommendation to the Board on the Group's remuneration policy and structure. The Remuneration Committee also made recommendations to the Board on the remuneration of Directors appointed/re-designated and a senior management member appointed during the year.

Remuneration Bands of Senior Management

The remuneration bands of the members of senior management who are not Directors for the year ended 31 March 2022 are set out below:

Remuneration Bands	Number of Individuals
HK$Nil to HK$1,000,000	2

Details of emoluments of Directors and the five highest paid individuals are set out in Note 10 to the consolidated financial statements for the year ended 31 March 2022.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Nomination Committee

The Nomination Committee was established in 2012. The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The Nomination Committee currently comprises one executive director and three independent non-executive directors. The composition of the Nomination Committee is as follows:

Mr. Lee Man Kwong *(Chairman)*
Mr. Leung King Fai
Mr. Chou Yuk Yan *(ceased to be a member on 30 April 2021)*
Dr. Chan Yau Ching, Bob
Dr. Leung Hoi Ming *(appointed as a member on 30 April 2021)*

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, considering the selection criteria of Directors and developing procedures for nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects and factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee has discussed and considered the measurable objectives for achieving diversity on the Board.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy of the Company that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year, the Nomination Committee held one meeting to review the structure, size and composition of the Board, the Nomination Policy, the Board Diversity Policy, contribution by each director to perform his responsibilities and the independence of the independent non-executive directors, and to consider the qualifications of the retiring directors standing for election at the annual general meeting ("AGM"). The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained. The Nomination Committee also made recommendations to the Board on the appointment and re-designation of Directors and a senior management member during the year.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board has not set any measurable objectives but will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS (continued)

Nomination Policy

The Board has delegated its responsibilities and authority to the Nomination Committee of the Company for identification and selection of candidates to stand for election as Directors. The Company has adopted a nomination policy that sets out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment or (ii) the Shareholders for election as a director of the Company.

The nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the nomination policy, as appropriate, to ensure its effectiveness.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2022 is set out in the table below:

	Attendance/Number of Meetings					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Special General Meeting
Executive Directors						
Mr. Lee Man Kwong	5/5	N/A	1/1	1/1	1/1	2/2
Mr. Wong Siu Hung, Patrick	5/5	N/A	N/A	N/A	1/1	2/2
Mr. Meng Chuixiang Note 1	1/2	N/A	N/A	N/A	N/A	1/1
Non-executive Director						
Mr. Yau Pak Yue	5/5	2/2	N/A	N/A	1/1	2/2
Independent Non-executive Directors						
Mr. Leung King Fai	5/5	2/2	1/1	1/1	1/1	2/2
Mr. Chou Yuk Yan Note 2	N/A	N/A	N/A	N/A	N/A	1/1
Dr. Chan Yau Ching, Bob	5/5	2/2	1/1	1/1	1/1	2/2
Dr. Leung Hoi Ming Note 3	5/5	2/2	1/1	1/1	1/1	1/1

Notes:

1. Mr. Meng Chuixiang was appointed as an executive Director on 24 September 2021 and resigned on 17 December 2021.

2. Mr. Chou Yuk Yan was resigned as an independent non-executive director, member of Audit Committee, Remuneration Committee and Nomination Committee on 30 April 2021.

3. Dr. Leung Hoi Ming was appointed as an independent non-executive director, member of Audit Committee, Remuneration Committee and Nomination Committee on 30 April 2021.

The chairman of the Board also held a meeting with the independent non-executive directors without the presence of the other Directors during the year.

The current independent non-executive directors have attended the annual general meeting of the Company held in 2021 to gain and develop a balanced understanding of the view of Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks, including environmental, social and governance ("ESG") risks, it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

SPECIAL INTERNAL CONTROL REVIEW

On 11 November 2021, the Stock Exchange published a disciplinary action against the Company and its former executive director for certain breaches of the Listing Rules. The Listing Committee of the Stock Exchange has directed the Company to retain an independent professional adviser to conduct a thorough review of and make recommendations to improve the Company's internal controls for procuring compliance with Rule 2.13 of the Listing Rules and for management and avoidance of potential and actual conflict of interests. According to the direction of the Listing Committee, the Company has appointed Roma Risk Advisory Limited and Cheng & Cheng Risk Advisory Services Limited (collectively, the "Internal Control Advisers") as its independent professional advisers to conduct a thorough review of and make recommendations to improve the Company's internal controls for procuring compliance with Rule 2.13, 3.08, 3.16, 13.04 and Appendix 16 of the Listing Rules and for management and avoidance of potential and actual conflict of interests.

The Company submitted a written report of the Internal Control Advisers containing their recommendation to the Listing Division of the Stock Exchange (the "Listing Division") related to the findings of the internal control weaknesses. The Internal Control Advisers confirm that the Company has fully implemented the recommendations and the Company has furnished the Listing Division with the Internal Control Advisers' written report on the Company's full implementation of the recommendations in accordance with the directions of the Listing Committee of the Stock Exchange. The Company further confirms that as of the date of 2 March 2022, all directions from the Listing Committee have been complied with.

For details, please refer to the Statement of Disciplinary Action published by the Stock Exchange on 11 November 2021 and the announcements of the Company dated 26 November 2021, 13 January 2022, and 2 March 2022.

REGULAR INTERNAL CONTROL REVIEW

During the year, the Board had engaged an external independent internal control consultant (the "Internal Control Consultant") to perform a review of the Group's internal controls (the "Internal Controls Review") and assist the Company to perform a Group's risk assessment. The scope of work of the Internal Control Consultant was to conduct a gap analysis of the Company's risk management and internal control systems to identify potential areas of improvement, and to perform a high-level Internal Controls Review (through interviews with designated responsible personnel and examined relevant documents) of certain business processes to identify potential internal controls design gaps, and to recommend practical actions to be taken. The Internal Control Consultant adopts a risk-based approach in developing the annual internal audit work plan and reports Internal Control Review observations to the Audit Committee on an annual basis.

REGULAR INTERNAL CONTROL REVIEW (continued)

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2022.

The Board, as supported by the Audit Committee as well as the management report and the Internal Control Review findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 March 2022, and considered that such systems are effective and adequate. The annual review also covered the Company's accounting and financial reporting function, internal audit as well as the function relating to its ESG performance and reporting's staff qualifications, experiences and relevant resources.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company conducts its business affairs according to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission. The Company strictly prohibits the unauthorised use of confidential or inside information by Directors, employees and other relevant persons (for example external service providers and project working team members).

The Board is responsible for the handling and dissemination of inside information. In order to ensure the market, shareholders and stakeholders are fully and promptly informed about the material developments in the Company's business, the Board has adopted continuous disclosure policy and procedures to handle proper information disclosure. Release of inside information is subject to the approval of the Board. All staff of the Company shall not communicate inside information to any external parties unless with approval from the Board. As such, staff shall not respond to market speculation and rumours unless authorised. In addition, all external presentation materials or publication must be pre-vetted before released.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The report of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 69 to 74.

AUDITOR'S REMUNERATION

The remuneration paid to the Company's external auditors of the Company, Mazars CPA Limited, in respect of audit services and non-audit services for the year ended 31 March 2022 was as follows:

	2022 **HK$'000**	2021 HK$'000
Audit services	**1,300**	1,300
Non-audit services (Note)	**360**	870
	1,660	2,170

AUDITOR'S REMUNERATION (continued)

Note:

Non-audit services during the year mainly included agreed-upon procedures report on the Company's interim report for the period ended 30 September 2021 and professional services in relation to the Rights Issue.

The Audit Committee is of the view that the auditor's independence was not affected by the provision of non-audit related services.

COMPANY SECRETARY

Mr. Ng Yu Ho, company secretary of the Company, is responsible for providing advice to the Company on corporate governance matters and relevant updates on applicable laws, rules and regulations so as to uphold good corporate governance practices of the Company. All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Ng has attended not less than 15 hours training as per the requirement under Rule 3.29 of the Listing Rules.

Mr. Ng's primary contact person at the Company is Mr. Lee Man Kwong, the Chairman and executive Director.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening a Special General Meeting

Shareholders holding not less than one-tenth (1/10) of the paid-up capital of the Company can deposit with either the registered office or the head office of the Company a written request to convene a special general meeting ("SGM") of the Company for the attention of the chairman of the Board.

The written request must state the purposes of the SGM, signed by the shareholders concerned with correspondence details of those shareholders and may consist of several documents in like form, each signed by one or more of those shareholders.

If the Board does not within 21 days from the date of the deposit of the written request proceed duly to convene a SGM for a day not more than 28 days after the date on which the notice convening the SGM is given, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the written request.

SHAREHOLDERS' RIGHTS (continued)

Putting Forward Proposals at General Meetings

Any number of shareholders representing not less than one-twentieth (1/20) of the total voting rights of all shareholders of the Company having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than 100 shareholders of the Company could make a written request to the Company at the expense of those shareholders making the written request to give to shareholders notice of any resolution which may properly be moved and is intended to be moved at an annual general meeting, or to circulate to shareholders any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

The written request must be signed by all the shareholders concerned in one or more documents in like form and deposited at the registered office or the head office of the Company for the attention of the Chairman of the Board not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition.

With regard to the procedures for shareholders to propose a person for election as a director of the Company at any general meeting, please refer to the document named "Procedures Shareholders can Use to Propose a Person for Election as a Director" as posted on the Company's website at www.irasia.com/listco/hk/daisho.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Unit A, 10/F, Fook Hing Industrial Building, 33 Lee Chung Street, Chai Wan, Hong Kong (For the attention of the Chairman of the Board)
Email:	dminfo@dmgroup567.com
Fax:	(852) 2953 0322

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Constitutional Documents

The Company has not made any changes to its Bye-Laws during the year under review. A copy of the Company's Memorandum of Association and New Bye-Laws is available on the websites of the Stock Exchange and the Company.

The Board proposed on 22 April 2022 to make certain amendments to (i) bring the Bye-laws in line with the relevant requirements of the applicable laws of Bermuda and the Listing Rules, in particular the Core Shareholder Protection Standards set out in Appendix 3 of the Listing Rules and (ii) enable the Company to convene and hold electronic or hybrid general meetings of members and provide flexibility to the Company in relation to the conduct of general meetings. Other minor amendments to the existing Bye-laws are also proposed to be made to introduce corresponding and house-keeping changes.

Policies relating to Shareholders

The Company has in place a Shareholder Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed.

The Company has adopted a dividend policy, which sets out the approach for the declaration and payment of dividend by the Board. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

mazars
中 审 众 环

MAZARS CPA LIMITED
中審眾環(香港)會計師事務所有限公司
42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道 18 號中環廣場 42 樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

To the members of **Daisho Microline Holdings Limited**
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Daisho Microline Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 156, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, 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 financial position of the Group as at 31 March 2022, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and intangible assets (the "Non-financial Assets")	
As at 31 March 2022, the net carrying amount of Group's Non-financial Assets relating to the printed circuit board business segment (the "PCB CGU") and printing and packaging products business segment (the "Printing CGU") amounted to approximately HK$10,503,000 and HK$32,077,000, respectively. The management of the Group performed assessment at the end of each reporting period to consider whether there is any indication that the Non-financial Assets relating to the PCB CGU and the Printing CGU may be impaired. For the purpose of assessing impairment, the Group engaged independent professional valuers to provide assistance in assessing the respective recoverable amounts of the PCB CGU and the Printing CGU. The recoverable amounts of the PCB CGU and the Printing CGU were determined by the management with reference to the fair value less cost of disposal calculation and value-in-use calculation using cash flow projections, respectively. We have identified the impairment assessment of the Non-financial Assets as a key audit matter because of their significance to the consolidated financial statements and the significant judgement involved in determining assumptions and involved high level of uncertainty. Related disclosures are included in Notes 4(i), 12 and 13 to the consolidated financial statements.	Our procedures, among others, included: a) Assessing the appropriateness of using the fair value less cost of disposals calculation for the PCB CGU and value-in-use calculation for the Printing CGU in estimating the recoverable amounts of the Non-financial Assets; b) Evaluating the competence, capabilities and objectivity of the independent professional valuers; c) Assessing the appropriateness of the methodologies used by the independent professional valuers; d) Evaluating the reasonableness of key assumptions based on our knowledge of the industry and market of each business segment and checking arithmetic accuracy of the cash flow forecasts calculation for the Printing CGU; and e) Checking, on a sample basis, the accuracy and relevance of the input data provided by management to the independent professional valuers.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ("ECL") assessment of trade receivables As at 31 March 2022, the gross carrying amount of trade receivables and the related allowance for ECL amounted to approximately HK$36,021,000 and HK$6,211,000, respectively. At each reporting date, the management of the Group estimates the amount of ECL on trade receivables based on provision matrix that is based on historical data and is adjusted for forward-looking information of respective trade receivables. The management of the Group believes that they have considered reasonable and supportable information that is relevant and available without undue cost and effort for this purpose. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis. We have identified ECL assessment of trade receivables as a key audit matter because the carrying amount of trade receivables was significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty. Related disclosures are included in Notes 4(iii), 17 and 31 to the consolidated financial statements.	Our procedures, among others, included: a) Understanding of the Group's credit risk management and practices and assessing the Group's impairment provisioning policy in accordance with the requirements of applicable accounting standards; b) Assessing the application of impairment methodology of ECL, and checking the assumptions and key parameters to external data sources where available; c) Assessing and challenging the reasonableness and relevancy of the external information used by the Group as the forward-looking information; d) Testing the integrity of information used by management to develop the provision matrix including testing individual customers' credit assessment, on a sample basis, through analysing their nature, size and past due status with the underlying supporting documents and comparing the internal credit assessment made by management on these customers; and e) Checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group's disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2021-2022 annual report of the Company 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 Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors of the Company 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 24 June 2022

The engagement director on the audit resulting in this independent auditor's report is:
Tsoi Wa Shan
Practising Certificate number: P07514

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Continuing operations			
Revenue	5	**106,471**	67,886
Cost of sales		**(98,670)**	(55,605)
Gross profit		**7,801**	12,281
Other income	7	**7,341**	4,616
Selling and distribution expenses		**(5,083)**	(3,401)
Administrative expenses		**(31,157)**	(35,422)
Other operating expenses		**(480)**	(527)
Fair value gain on derivative financial instruments		**–**	101
Reversal of (Provision for) impairment loss on trade receivables, net	31	**1,808**	(2,859)
Impairment loss on other receivables	18	**–**	(1,780)
Impairment loss on property, plant and equipment	12	**(5,010)**	(2,314)
Change in fair value of contingent consideration receivable		**–**	3,311
Gain on bargain purchase arising from the acquisition of subsidiaries		**–**	1,197
Loss on early redemption of a promissory note		**–**	(4,512)
Finance costs	8	**(2,244)**	(7,655)
Loss before taxation from continuing operations	8	**(27,024)**	(36,964)
Income tax expense	9	**(444)**	(532)
Loss for the year from continuing operations		**(27,468)**	(37,496)
Discontinued operation			
Loss for the year from discontinued operation	20	**(1,660)**	(29,480)
Loss for the year		**(29,128)**	(66,976)
From continuing and discontinued operations			
Loss per share			
Basic (Hong Kong cents)	11	**(2.80)**	(10.38)
Diluted (Hong Kong cents)	11	**(2.80)**	(10.38)
From continuing operations			
Loss per share			
Basic (Hong Kong cents)	11	**(2.64)**	(5.81)
Diluted (Hong Kong cents)	11	**(2.64)**	(5.81)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Loss for the year		**(29,128)**	(66,976)
Other comprehensive (loss) income:			
Item that will not be reclassified to profit or loss:			
Change in fair value of other long-term investments	14	**(14,437)**	(9,782)
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**2,054**	8,478
Total other comprehensive loss for the year		**(12,383)**	(1,304)
Total comprehensive loss for the year		**(41,511)**	(68,280)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	12	**43,660**	57,233
Intangible assets	13	**719**	1,027
Other long-term investments	14	**5,721**	20,158
Deferred tax assets	25	**443**	433
		50,543	78,851
Current assets			
Inventories	16	**10,209**	11,838
Trade and bills receivables	17	**29,810**	30,912
Other receivables, deposits and prepayments	18	**29,999**	27,373
Tax recoverable		**35**	115
Cash and cash equivalents	19	**55,012**	30,333
		125,065	100,571
Assets classified as held for sale	20	**–**	50,740
		125,065	151,311
Current liabilities			
Trade payables	21	**14,821**	17,754
Other payables and accruals	22	**18,137**	24,201
Interest-bearing borrowings	23	**8,880**	77,026
Lease liabilities	24	**302**	4,303
Tax payable		**661**	745
		42,801	124,029
Liabilities associated with assets classified as held for sale	20	**–**	1,959
		42,801	125,988
Net current assets		**82,264**	25,323
Total assets less current liabilities		**132,807**	104,174
Non-current liabilities			
Interest-bearing borrowings	23	**–**	8,534
Lease liabilities	24	**–**	302
Deferred tax liabilities	25	**146**	216
		146	9,052
NET ASSETS		**132,661**	95,122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital	26	**161,328**	80,664
Reserves	27	**(28,667)**	14,458
TOTAL EQUITY		**132,661**	95,122

The consolidated financial statements on pages 75 to 156 were approved and authorised for issue by the Board of Directors on 24 June 2022 and signed on its behalf by

Lee Man Kwong
Director

Wong Siu Hung, Patrick
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Share capital HK$'000 (Note 26)	Reserves: Share premium HK$'000 (Note 27(a))	Contributed surplus HK$'000 (Note 27(b))	Exchange translation reserve HK$'000 (Note 27(c))	FVOCI reserve HK$'000 (Note 27(d))	Share option reserve HK$'000 (Note 27(e))	Accumulated losses HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2020	57,624	128,492	9,379	78,225	–	1,577	(142,211)	75,462	133,086
Loss for the year	–	–	–	–	–	–	(66,976)	(66,976)	(66,976)
Other comprehensive (loss) income									
Item that will not be reclassified to profit or loss:									
Change in fair value of other long-term investments	–	–	–	–	(9,782)	–	–	(9,782)	(9,782)
Item that may be reclassified subsequently to profit or loss:									
Exchange difference on translation of foreign operations	–	–	–	8,478	–	–	–	8,478	8,478
Total other comprehensive loss for the year	–	–	–	8,478	(9,782)	–	–	(1,304)	(1,304)
Total comprehensive loss for the year	–	–	–	8,478	(9,782)	–	(66,976)	(68,280)	(68,280)
Transactions with owners									
Contributions and distributions									
Shares issued upon placings (Note 26)	23,040	8,294	–	–	–	–	–	8,294	31,334
Transaction costs attributable to shares issued upon placings (Note 26)	–	(1,018)	–	–	–	–	–	(1,018)	(1,018)
Forfeit/lapse of share options (Note 28)	–	–	–	–	–	(1,577)	1,577	–	–
Total transactions with owners	23,040	7,276	–	–	–	(1,577)	1,577	7,276	30,316
At 31 March 2021	80,664	135,768	9,379	86,703	(9,782)	–	(207,610)	14,458	95,122
At 1 April 2021	**80,664**	**135,768**	**9,379**	**86,703**	**(9,782)**	**–**	**(207,610)**	**14,458**	**95,122**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(29,128)**	**(29,128)**	**(29,128)**
Other comprehensive (loss) income									
Item that will not be reclassified to profit or loss:									
Change in fair value of other long-term investments	**–**	**–**	**–**	**–**	**(14,437)**	**–**	**–**	**(14,437)**	**(14,437)**
Item that may be reclassified subsequently to profit or loss:									
Exchange difference on translation of foreign operations	**–**	**–**	**–**	**2,054**	**–**	**–**	**–**	**2,054**	**2,054**
Total other comprehensive loss for the year	**–**	**–**	**–**	**2,054**	**(14,437)**	**–**	**–**	**(12,383)**	**(12,383)**
Total comprehensive loss for the year	**–**	**–**	**–**	**2,054**	**(14,437)**	**–**	**(29,128)**	**(41,511)**	**(41,511)**
Transactions with owners									
Contributions and distributions									
Shares issued upon rights issue (Note 26)	**80,664**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**80,664**
Transaction costs attributable to shares issued upon rights issue (Note 26)	**–**	**(1,614)**	**–**	**–**	**–**	**–**	**–**	**(1,614)**	**(1,614)**
Total transactions with owners	**80,664**	**(1,614)**	**–**	**–**	**–**	**–**	**–**	**(1,614)**	**79,050**
At 31 March 2022	**161,328**	**134,154**	**9,379**	**88,757**	**(24,219)**	**–**	**(236,738)**	**(28,667)**	**132,661**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Loss before taxation		
– Continuing operations	**(27,024)**	(36,964)
– Discontinued operation	**(2,125)**	(29,937)
Adjustments for:		
Amortisation of intangible assets	**308**	205
Depreciation	**10,388**	17,290
Fair value gain on derivative financial instruments	**–**	(101)
Finance costs	**2,244**	7,655
Change in fair value of contingent consideration receivable	**–**	(3,311)
Gain on bargain purchase arising from acquisition of subsidiaries	**–**	(1,197)
Impairment loss on other receivables	**–**	1,780
Impairment loss on property, plant and equipment	**5,010**	34,609
Interest income	**(52)**	(49)
Loss on disposal of property, plant and equipment, net	**480**	437
Loss on early redemption of a promissory note	**–**	4,512
Loss on termination of leases	**–**	84
(Reversal of) Provision for impairment loss on trade receivables, net	**(1,808)**	2,859
Write-back of lease liabilities	**(2,486)**	–
Write-back of other payables	**(804)**	(1,262)
Operating cash flows before changes in working capital	**(15,869)**	(3,390)
Changes in working capital:		
Inventories	**2,270**	(5,434)
Trade and bill receivables	**3,836**	64,288
Other receivables, deposits and prepayments	**(6,174)**	(1,302)
Trade payables	**(3,689)**	8,201
Other payables and accruals	**(6,342)**	(20,294)
Cash (used in) generated from operations	**(25,968)**	42,069
Income tax paid	**(52)**	(757)
Interest received	**52**	49
Net cash (used in) from operating activities	**(25,968)**	41,361

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		**(1,271)**	(1,707)
Purchase of other long-term investments		**–**	(29,940)
Proceeds from disposal of assets classified as held for sale	20	**48,781**	–
Proceeds from disposal of property, plant and equipment		**213**	–
Net cash inflow from acquisition of subsidiaries		**–**	14,773
Repayment of guaranteed profit compensation receivables		**4,278**	–
Net cash from (used in) investing activities		**52,001**	(16,874)
FINANCING ACTIVITIES	29(b)		
New other loans raised		**–**	48,534
Repayment of bank loan		**(37,026)**	–
Repayment of shareholder's loan		**(40,000)**	–
Redemption of convertible bonds		**–**	(80,000)
Redemption of a promissory note		**–**	(18,000)
Proceeds from shares issued upon placings, net of issue costs	26	**–**	30,316
Proceeds from shares issued upon rights issue, net of issue costs	26	**79,050**	–
Repayment for lease liabilities		**(1,407)**	(1,193)
Interest paid		**(2,238)**	(5,874)
Net cash used in financing activities		**(1,621)**	(26,217)
Net increase (decrease) in cash and cash equivalents		**24,412**	(1,730)
Cash and cash equivalents at beginning of year		**30,333**	30,649
Effect of foreign exchange rate changes, net		**267**	1,414
Cash and cash equivalents at end of year	19	**55,012**	30,333

1. GENERAL INFORMATION

Daisho Microline Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business is located at Unit A, 10/F, Fook Hing Industrial Building, 33 Lee Chung Street, Chai Wan, Hong Kong since July 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding, manufacturing and trading of printed circuit boards, trading of petroleum and energy products and related business, vessel chartering and manufacturing and trading of printing and packaging products. The principal activities of its subsidiaries are set out in Note 15 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in Note 3 to the consolidated financial statements. A summary of the significant accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for other long-term investments which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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

Changes in ownership interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset or liability, an associate, a joint venture or others, as appropriate, from the date when control is lost.

Business combinations

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

- deferred tax assets or liabilities, and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 and HKAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 are measured in accordance with that standard.

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

Non-controlling interests that are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by-transaction basis. Other types of non-controlling interests are measured at their fair value.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, interests in subsidiaries are stated at cost less impairment loss. The carrying amounts of the interests are reduced to their respective recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Over the lease term (i.e. 2 years to 19.5 years)
Machinery and equipment	10 years
Furniture and fixtures	5 years
Motor vehicles	3-5 years
Computers	5 years
Vessels	15-17 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in a business combination – customer relationships

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

Subsequent to initial recognition, the customer relationships acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is calculated using the straight-line method over the expected lives of the customer relationships, which are determined to be 4 years.

The customer relationships are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of the customer relationships, 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.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and bills receivables, other receivables and deposits and cash and cash equivalents.

2) *Designated FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's financial assets at Designated FVOCI include other long-term investments in equity securities listed in Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables and other payables and accruals, interest-bearing borrowings and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost issued to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information
(ii) nature of instrument
(iii) industry of debtors
(iv) geographical location of debtors
(v) external credit risk ratings where available

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the receivables for which the Group has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Low credit risk

A financial 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.

Bill receivables guaranteed by banks, pledged bank deposits and cash and cash equivalent are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts, if any.

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

(a) Manufacturing and trading of printed circuit boards;

(b) Trading of petroleum and energy products and related business; and

(c) Manufacturing and trading of printing and packaging products.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of goods is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered and title has been passed.

Revenue from other sources

Vessel chartering income

Vessel chartering income is recognised on an accrual basis over the period for which vessel is chartered.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars ("HK$") and majority of its subsidiaries used HK$ as their functional currency, except for the subsidiaries operated in the People's Republic of China (the "PRC") and Singapore, which have Renminbi ("RMB") and Singapore dollars ("SG$") and/or United States dollars ("US$") as their functional currency. The consolidated financial statements are presented in HK$.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of profit or loss and other comprehensive income are translated at the average exchange rates.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment (including right-of-use assets), intangible assets and the Company's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset (presented in property, plant and equipment) and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	2 to 19.5 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;

(b) the Group determines the lease term of the modified contract;

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As lessor (continued)

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as expenses in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Share-based payment transactions

Equity-settled transactions – share options

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve within equity.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options 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 options reserve will be transferred to retained profits.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arises from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on interest in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the holding company of the Group.

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

(i) The entity and the Group are members of the same group (which means that each holding company, 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 employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

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 Group and include:

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

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

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management, which is the Group's chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 16	*Proceeds before Intended Use* [1]
Amendments to HKAS 37	*Cost of Fulfilling a Contract* [1]
Amendments to HKFRS 3	*Reference to the Conceptual Framework* [1]
Annual Improvements to HKFRSs	*2018–2021 Cycle* [1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* [2]
Amendments to HKAS 1	*Disclosure of Accounting Policies* [2]
Amendments to HKAS 8	*Definition of Accounting Estimates* [2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction* [2]
HKFRS 17	*Insurance Contracts* [2]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* [2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[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] The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the consolidated financial statements of the Group.

3. ADOPTION OF NEW/REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	*Interest Rate Benchmark Reform – Phase 2*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions Beyond 30 June 2021*

The adoption of those new/revised HKFRSs does not have any significant impact on the Group's consolidated financial statements for current and prior periods.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

(i) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets, at the end of each reporting period in accordance with the accounting policies as disclosed in Note 2 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

(ii) *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(iii) Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets at amortised cost including trade and bills receivables, other receivables and deposits and cash and cash equivalents by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial assets at amortised cost.

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

The management determines the estimated useful lives of the Group's property, plant and equipment, and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

5. REVENUE

	2022	2021
	HK$'000	HK$'000
Continuing operations		
Revenue from contracts with customers within HKFRS 15		
Manufacturing and trading of printed circuit boards	**35,654**	31,817
Manufacturing and trading of printing and packaging products	**70,817**	36,069
	106,471	67,886

5. REVENUE (continued)

In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

Year ended 31 March 2022	**Manufacturing and trading of printed circuit boards HK$'000**	**Manufacturing and trading of printing and packaging products HK$'000**	**Total HK$'000**
Geographical region:			
– Hong Kong	**3,296**	**57,202**	**60,498**
– The PRC	**15,504**	**5,610**	**21,114**
– North America	**12,537**	**–**	**12,537**
– Europe	**1,723**	**8,005**	**9,728**
– South Korea	**2,194**	**–**	**2,194**
– Japan	**257**	**–**	**257**
– Other countries	**143**	**–**	**143**
	35,654	**70,817**	**106,471**
Timing of revenue recognition:			
– at a point in time	**35,654**	**70,817**	**106,471**
Type of transaction price:			
– fixed price	**35,654**	**70,817**	**106,471**

Year ended 31 March 2021	Manufacturing and trading of printed circuit boards HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Total HK$'000
Geographical region:			
– Hong Kong	3,952	30,563	34,515
– The PRC	18,150	3,313	21,463
– North America	8,248	–	8,248
– Europe	1,124	2,193	3,317
– Japan	315	–	315
– Other countries	28	–	28
	31,817	36,069	67,886
Timing of revenue recognition:			
– at a point in time	31,817	36,069	67,886
Type of transaction price:			
– fixed price	31,817	36,069	67,886

6. SEGMENT INFORMATION

The directors of the Company have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the directors of the Company consider that the operating segments of the Group comprise:

(i) Manufacturing and trading of printed circuit boards;

(ii) Trading of petroleum and energy products and related business;

(iii) Manufacturing and trading of printing and packaging products; and

(iv) Vessel chartering which was reclassified as a discontinued operation (Note 20).

Segment results represent the results before taxation earned by each segment without allocation of certain other income generated, certain administrative expenses and other operating expenses incurred by the corporate office, impairment loss on other receivables, impairment loss on property, plant and equipment in relation to central office, fair value gain on derivative financial instruments, change in fair value of contingent consideration receivable, gain on bargain purchase arising from acquisition of subsidiaries, loss on early redemption of a promissory note and finance costs.

All assets are allocated to reportable segments other than unallocated assets which are mainly other long-term investments, cash and cash equivalents and other corporate assets. All liabilities are allocated to reportable segments other than interest-bearing borrowings and other corporate liabilities.

6. SEGMENT INFORMATION (continued)

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of customers; assets and capital expenditure are attributed to the segments based on the locations of the assets.

(A) By Business Segments

Year ended 31 March 2022

	Continuing operations			Discontinued operation	
	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Vessel chartering HK$'000	Consolidated HK$'000
Segment revenue					
Major customer A	–	–	32,803	–	32,803
Major customer B (Note)	12,537	–	–	–	12,537
Other customers	23,117	–	38,014	2,767	63,898
	35,654	–	70,817	2,767	109,238
Segment results	(9,001)	(240)	(5,146)	(2,125)	(16,512)
Unallocated other income					3,339
Unallocated administrative expenses					(13,252)
Unallocated other operating expenses					(480)
Finance costs					(2,244)
Loss before taxation					(29,149)
Income tax credit					21
Loss for the year					(29,128)

6. SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

Year ended 31 March 2021

	Continuing operations			Discontinued operation	
	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Vessel chartering HK$'000	Consolidated HK$'000
Segment revenue					
Major customer A	–	–	20,221	–	20,221
Other customers	31,817	–	15,848	21,219	68,884
	31,817	–	36,069	21,219	89,105
Segment results	(12,450)	(933)	4,907	(29,937)	(38,413)
Unallocated other income					413
Unallocated administrative expenses					(17,151)
Unallocated other operating expenses					(98)
Impairment loss on other receivables					(1,780)
Impairment loss on property, plant and equipment					(2,314)
Change in fair value of contingent consideration receivable					3,311
Gain on bargain purchase arising from the acquisition of subsidiaries					1,197
Loss on early redemption of a promissory note					(4,512)
Fair value gain on derivative financial instruments					101
Finance costs					(7,655)
Loss before taxation					(66,901)
Income tax expense					(75)
Loss for the year					(66,976)

A major customer is a customer (including a group of entities under common control) with whom revenue from transactions amounted to 10% or more of the Group's revenue.

Note: The customer contributed less than 10% of the total revenue of the Group for the year ended 31 March 2021.

6. SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

An analysis of the Group's assets and liabilities by operating segments is set out below:

At 31 March 2022

	Continuing operations			Discontinued operation		
	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Vessel chartering HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	50,004	3,577	82,198	–	39,829	175,608
Segment liabilities	14,945	290	17,516	–	10,196	42,947
Other segment information:						
Amortisation of intangible assets	–	–	(308)	–	–	(308)
Depreciation	(5,028)	(145)	(3,732)	(286)	(1,197)	(10,388)
Impairment loss on property, plant and equipment	(5,010)	–	–	–	–	(5,010)
Reversal of (Provision for) impairment loss on trade receivables, net	2,193	–	(385)	–	–	1,808
Loss on disposal of property, plant and equipment, net	–	–	–	–	(480)	(480)
Write-back of other payables	–	337	–	–	467	804
Write-back of lease liabilities	–	–	–	–	2,486	2,486
Additions to property, plant and equipment (including right-of-use assets)	–	–	1,271	–	–	1,271

6. SEGMENT INFORMATION (continued)

(A) By Business Segments (continued)

At 31 March 2021

	Continuing operations			Discontinued operation		
	Manufacturing and trading of printed circuit boards HK$'000	Trading of petroleum and energy products and related business HK$'000	Manufacturing and trading of printing and packaging products HK$'000	Vessel chartering HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	59,192	3,592	80,252	55,020	32,106	230,162
Segment liabilities	28,033	513	60,414	3,198	42,882	135,040
Other segment information:						
Amortisation of intangible assets	–	–	(205)	–	–	(205)
Depreciation	(6,776)	(12)	(2,658)	(6,595)	(1,249)	(17,290)
Fair value gain on derivative financial instruments	–	–	–	–	101	101
Change in fair value of contingent consideration receivable	–	–	–	–	3,311	3,311
Gain on bargain purchase arising from the acquisition of subsidiaries	–	–	–	–	1,197	1,197
Impairment loss on property, plant and equipment	–	–	–	(32,295)	(2,314)	(34,609)
(Provision for) Reversal of impairment loss on trade receivables, net	(2,891)	–	32	–	–	(2,859)
Impairment loss on other receivables	–	–	–	–	(1,780)	(1,780)
Loss on disposal of property, plant and equipment, net	(395)	–	(42)	–	–	(437)
Loss on early redemption on a promissory note	–	–	–	–	(4,512)	(4,512)
Loss on termination of leases	–	–	–	–	(84)	(84)
Write-back of other payables	1,262	–	–	–	–	1,262
Additions to property, plant and equipment (including right-of-use assets)	1,441	–	244	–	1,831	3,516

6. SEGMENT INFORMATION (continued)

(B) Geographical Information

(i) Revenue form external customers

	2022 HK$'000	2021 HK$'000
Continuing operations		
Hong Kong	**60,498**	34,515
The PRC	**21,114**	21,463
North America	**12,537**	8,248
Europe	**9,728**	3,317
South Korea	**2,194**	–
Japan	**257**	315
Other countries	**143**	28
	106,471	67,886
Discontinued operation		
Singapore	**2,767**	21,219
	109,238	89,105

The revenue information is based on the locations of the customers.

(ii) Non-current assets

	2022 HK$'000	2021 HK$'000
The PRC	**42,513**	53,653
Hong Kong	**1,840**	4,283
Singapore	**26**	324
	44,379	58,260

The non-current assets information above is based on the locations of assets and excluded other long-term investments and deferred tax assets.

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Continuing operations		
Bank interest income	**52**	49
Exchange gain, net	**247**	402
Rental income	**1,763**	1,121
Government subsidies (Note(i))	**265**	1,057
Sales of scrap materials	**729**	403
Write-back of other payables	**804**	1,262
Write-back of lease liabilities (Note (ii))	**2,486**	–
Others	**995**	322
	7,341	4,616
Discontinued operation		
Government subsidies (Note (i))	**63**	255
Exchange gain, net	**9**	86
Others	**164**	381
	236	722
	7,577	5,338

Notes:

(i) In the opinion of the directors of the Company, there was no unfulfilled condition or contingency relating to the government subsidies.

(ii) During the year ended 31 March 2022, the amount represents the difference between the sum of approximately HK$418,000 in respect of the relevant lease based on the outcome of final and interlocutory judgement made by the court as set out in Note 33(d) to the consolidated financial statements and the corresponding lease liabilities of approximately HK$2,904,000 at 31 March 2021.

8. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2022 HK$'000	2021 HK$'000
Finance costs		
Continuing operations		
Interest on bank borrowings	**988**	956
Interest on other borrowings	**1,206**	1,986
Interest on convertible bonds	**–**	4,480
Interest on lease liabilities	**50**	233
	2,244	7,655

8. LOSS BEFORE TAXATION (continued)

	2022 HK$'000	2021 HK$'000
Staff costs (excluding directors' emoluments in Note 10)		
Continuing operations		
Salaries, allowances and benefits-in-kind	30,918	19,002
Contribution to defined contribution plans (Notes (i) and (ii))	2,311	792
	33,229	19,794
Discontinued operation		
Salaries, allowances and benefits-in-kind	2,603	6,811
Contribution to defined contribution plans	312	701
	2,915	7,512
	36,144	27,306
Other items		
Continuing operations		
Auditor's remuneration		
– Audit services	1,300	1,174
– Non-audit services	360	870
Amortisation of intangible assets (included in administrative expenses)	308	205
Cost of inventories (Note (iii))	98,670	55,605
Depreciation	10,102	10,695
Exchange gain, net	(247)	(402)
Loss on disposal of property, plant and equipment, net	480	437
Loss on termination of leases	–	84
Legal and professional fee (included in administrative expenses)	5,932	9,311
Other rental and related expenses	477	412
Discontinued operation		
Auditor's remuneration		
– Audit services	–	126
Depreciation	286	6,595
Exchange gain, net	(9)	(86)
Legal and professional fee	268	313
Other rental and related expenses	59	–
Repair and maintenance	807	2,651

Notes:

(i) For the years ended 31 March 2022 and 2021, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement scheme in Hong Kong and the PRC.

(ii) To support the PRC entities under COVID-19 pandemic, for the period from February 2020 to December 2020, the relevant PRC government authorities have given certain temporary reliefs to entities incorporated in the PRC to exempt from payment of certain amount of levies on the society security insurance contributions.

(iii) Cost of inventories includes approximately HK$28,093,000 *(2021: HK$15,387,000)* relating to aggregate amount of certain staff costs, depreciation and other rental and related expenses, which are included in the respective total amounts disclosed separately above.

9. INCOME TAX

	2022 HK$'000	2021 HK$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax	537	569
Over-provision in prior years – Singapore corporate income tax ("CIT")	(23)	–
	514	569
Deferred tax (Note 25)	(70)	(37)
Income tax expense for continuing operations	444	532
Discontinued operation		
Over-provision in prior years – Singapore CIT	(465)	(3)
Deferred tax (Note 25)	–	(454)
Income tax credit for discontinued operation	(465)	(457)
Total income tax (credit) expense for continuing and discontinued operations	(21)	75

PRC Enterprise Income Tax has not been provided for the years ended 31 March 2022 and 2021 as the Group's entities in the PRC incurred a loss for taxation purposes.

For the years ended 31 March 2022 and 2021, the assessable profits of Hong Kong incorporated subsidiaries of the Group are entitled to the two-tiered profits tax rates regime that the first HK$2,000,000 of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Singapore CIT has not been provided for the years ended 31 March 2022 and 2021 as the Group's entities in Singapore incurred a loss for taxation purposes.

9. INCOME TAX (continued)

Reconciliation of income tax expense for continuing operations

	2022 HK$'000	2021 HK$'000
Loss before taxation	(27,024)	(36,964)
Tax calculated at domestic tax rates applicable to loss in the respective tax jurisdictions	(5,504)	(6,340)
Non-deductible expenses	4,316	3,246
Tax exempted revenue	(1,077)	(1,007)
Unrecognised temporary differences	(128)	(477)
Unrecognised tax losses	3,427	4,166
Utilisation of previously unrecognised tax losses	(538)	–
Over-provision in prior years	(23)	–
Others	(29)	944
Income tax expense for continuing operations	444	532

10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

10(a) Directors' emoluments

The emoluments paid or payable to each of the following directors were as follows:

For the year ended 31 March 2022

	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive directors:				
Lee Man Kwong (Note (a))	–	600	–	600
Meng Chuixiang (Note (b))	–	140	–	140
Wong Siu Hung, Patrick (Note (c))	–	624	2	626
Non-executive director:				
Yau Pak Yue (Note (d))	600	–	12	612
Independent non-executive directors:				
Leung Hoi Ming (Note (e))	221	–	–	221
Leung King Fai	240	–	–	240
Chou Yuk Yan (Note (e))	20	–	–	20
Chan Yau Ching, Bob	240	–	–	240
	1,321	1,364	14	2,699

10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

10(a) Directors' emoluments (continued)

For the year ended 31 March 2021

	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Contribution to defined contribution plans HK$'000	Total HK$'000
Executive directors:				
Cheung Lai Ming (Note (f))	–	400	18	418
Lee Man Kwong (Note (a))	–	600	–	600
Law Ping Wah (Note (g))	–	132	7	139
Wong Siu Hung, Patrick (Note (c))	–	402	10	412
Non-executive director:				
Yau Pak Yue (Note (d))	350	–	–	350
Independent non-executive directors:				
Leung King Fai	240	–	–	240
Chou Yuk Yan (Note (e))	240	–	–	240
Chan Yau Ching, Bob	240	–	–	240
	1,070	1,534	35	2,639

Notes:

(a) On 16 October 2020, Mr. Lee Man Kwong was appointed as the Chairman of the Company.

(b) Mr. Meng Chuixiang was appointed and resigned as an executive director of the Company on 24 September 2021 and 17 December 2021, respectively.

(c) On 3 September 2020, Mr. Wong Siu Hung, Patrick was appointed as an executive director of the Company.

(d) On 3 September 2020, Mr. Yau Pak Yue was appointed as a non-executive director of the Company.

(e) On 30 April 2021, Mr. Chou Yuk Yan resigned as an independent non-executive director of the Company and Dr. Leung Hoi Ming was appointed as an independent non-executive director of the Company.

(f) Ms. Cheung Lai Ming was designated as the Chairman of the Company on 4 September 2020 and resigned as an executive director and the Chairman of the Company on 16 October 2020.

(g) On 19 June 2020, Mr. Law Ping Wah resigned as an executive director of the Company.

For the years ended 31 March 2022 and 2021, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or agreed to waive any emoluments in respect of the years ended 31 March 2022 and 2021.

10. DIRECTORS' EMOLUMENTS AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

10(b) Emoluments of five highest paid individuals

The five highest paid individuals of the Group for the year included three *(2021: two)* directors whose emoluments are reflected in the analysis presented above and two *(2021: three)* non-director individuals whose emoluments are disclosed as follows:

	2022	2021
	HK$'000	HK$'000
Salaries, allowances and benefits-in-kind	**1,318**	2,107
Contribution to defined contribution plans	**123**	94
	1,441	2,201

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
Up to HK$1,000,000	**2**	3

For the years ended 31 March 2022 and 2021, no emoluments were paid by the Group to the highest paid individuals as a payment for loss of office or as an inducement to join or upon joining the Group.

For the years ended 31 March 2022 and 2021, no highest paid individuals as set out above waived or agreed to waive any emoluments.

11. LOSS PER SHARE

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

	2022	2021
	HK$'000	HK$'000
Loss:		
Loss attributable to the owners of the Company, used in basic loss per share calculation	**(29,128)**	(66,976)

	2022	2021
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,040,901,980**	645,363,785

During the year ended 31 March 2022, there were no potential dilutive ordinary shares in issue.

For the year ended 31 March 2021, the computation of diluted loss per share did not assume the conversion of all outstanding convertible bonds issued by the Company and the exercise of the outstanding share options since the assumed conversion would result in decrease in loss per share and the exercise price per share option was higher than the average share price of the Company for the year, respectively.

The diluted loss per share is the same as the basic loss per share for the years ended 31 March 2022 and 2021.

The bonus-element effect of the rights issue during the year ended 31 March 2022, if any, has been considered in the calculation of the weighted average number of shares outstanding for the years ended 31 March 2022 and 2021. Details of the rights issue are set out in Note 26 to the consolidated financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000 (Note 24)	Leasehold improvements HK$'000	Machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Computers HK$'000	Vessels HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 March 2021								
At the beginning of the reporting period	3,501	4,962	19,247	40	1,401	150	84,371	113,672
Additions	2,018	233	241	4	1,000	20	–	3,516
Acquisition of subsidiaries	25,946	2,656	4,623	1,638	507	41	–	35,411
Termination of leases	(84)	–	–	–	–	–	–	(84)
Disposals	–	(386)	(48)	(3)	–	–	–	(437)
Depreciation	(2,924)	(1,062)	(4,912)	(197)	(1,524)	(76)	(6,595)	(17,290)
Impairment losses	(2,314)	–	–	–	–	–	(32,295)	(34,609)
Reclassification to assets classified as held for sale (Note 20)	–	–	–	–	–	–	(50,740)	(50,740)
Exchange realignment	42	509	1,830	111	38	5	5,259	7,794
At the end of the reporting period	26,185	6,912	20,981	1,593	1,422	140	–	57,233
Reconciliation of carrying amount – year ended 31 March 2022								
At the beginning of the reporting period	**26,185**	**6,912**	**20,981**	**1,593**	**1,422**	**140**	**–**	**57,233**
Additions	**–**	**–**	**1,228**	**43**	**–**	**–**	**–**	**1,271**
Disposals	**–**	**–**	**(10)**	**–**	**(679)**	**(4)**	**–**	**(693)**
Depreciation	**(3,248)**	**(1,266)**	**(5,125)**	**(328)**	**(370)**	**(51)**	**–**	**(10,388)**
Impairment losses	**–**	**–**	**(5,010)**	**–**	**–**	**–**	**–**	**(5,010)**
Exchange realignment	**4**	**279**	**875**	**65**	**21**	**3**	**–**	**1,247**
At the end of the reporting period	**22,941**	**5,925**	**12,939**	**1,373**	**394**	**88**	**–**	**43,660**
At 31 March 2022								
Cost	**32,513**	**9,415**	**227,954**	**2,290**	**1,542**	**1,154**	**–**	**274,868**
Accumulated depreciation and impairment losses	**(9,572)**	**(3,490)**	**(215,015)**	**(917)**	**(1,148)**	**(1,066)**	**–**	**(231,208)**
Net carrying amount	**22,941**	**5,925**	**12,939**	**1,373**	**394**	**88**	**–**	**43,660**
At 31 March 2021								
Cost	32,506	9,021	221,603	2,166	4,217	1,151	–	270,664
Accumulated depreciation and impairment losses	(6,321)	(2,109)	(200,622)	(573)	(2,795)	(1,011)	–	(213,431)
Net carrying amount	26,185	6,912	20,981	1,593	1,422	140	–	57,233

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) In light of the continuous operating losses of the Group's printed circuit board ("PCB") business over past years, the management of the Group considered that non-financial assets of the Group related to the PCB business might be impaired. In view of this, the management of the Group estimated the recoverable amount of the cash-generating unit in respect of PCB business as the higher of the fair value less costs of disposal and the value in use of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The cash-generating unit consisted of the Group's PCB manufacturing facility, which is composed of property, plant and equipment (the "PCB CGU") with aggregate net carrying values of approximately HK$10,503,000 *(2021: HK$20,392,000).*

The management of the Group estimated the recoverable amount of the PCB CGU based on a fair value less costs of disposal calculation by reference to replacement cost adjusted for the physical conditions and utility together with obsolescence and relative disabilities of the relevant assets. The significant inputs into this valuation approach are the relevant price indices and expected useful life of the relevant assets.

Based on the assessment, the recoverable amount of the PCB CGU is lower *(2021: higher)* than its carrying amount at 31 March 2022 and therefore impairment loss of approximately HK$5,010,000 *(2021: Nil)* against the machinery and equipment was recognised in profit or loss during the year ended 31 March 2022.

The fair value of the PCB CGU was categorised into the level 3 fair value hierarchy as defined in HKFRS 13, "*Fair Value Measurement*".

(b) In light of the operating losses incurred for the Group's printing and packaging ("Printing") business for the year ended 31 March 2022 and recent unfavorable market conditions caused by COVID-19 pandemic, the management of the Group considered that non-financial assets of the Group related to the Printing business at 31 March 2022 might be impaired. In view of this, the management of the Group estimated the recoverable amount of the cash-generating unit in respect of Printing business as the higher of fair value less costs of disposal and the value in use of the cash-generating unit based on the valuation report prepared by an independent professional valuer. The cash-generating unit consisted of the Printing business composed of the production line of the Printing business (included in property, plant and equipment) and customer relationships (classified as intangible assets) (the "Printing CGU") with aggregate carrying values of approximately HK$31,358,000 *(2021: HK$33,509,000)* and approximately HK$719,000 *(2021: HK$1,027,000)*, respectively.

The management of the Group estimated the recoverable amount of the Printing CGU with reference to a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a 5-year period to be derived from the Printing CGU at 31 March 2022. The significant inputs into this valuation approach are (i) the budgeted gross margin, which is determined based on the Printing CGU's past performance and management's expectations for the market development; (ii) pre-tax discount rate to derive the present value of future cash flows; and (iii) long-term growth rate.

Based on the assessment, the recoverable amount of the Printing CGU based on the value-in-use calculation exceeds its carrying amount and therefore no impairment loss was recognised during the year ended 31 March 2022.

The fair value of the Printing CGU was categorised into the level 3 fair value hierarchy as defined in HKFRS 13 "*Fair Value Measurement*".

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) During the year ended 31 March 2021, the impairment loss of the right-of-use assets of approximately HK$2,314,000 was charged to profit or loss in respect of the remaining balance of the lease of premises located at Room Nos. 901-2, 9/F., Tai Tung Building, No. 8 Fleming Road, Wanchai, Hong Kong (the "Said Premises") after the Group has moved out from the Said Premises since July 2020. The Group received a statement of claim from the landlord of the Said Premises (the "Landlord") in June 2021 and final and interlocutory judgement made by District Court in November 2021. Details of which are set out in Note 33(d) to the consolidated financial statements.

13. INTANGIBLE ASSETS

	Customer relationships HK$'000
Cost	
At 1 April 2020	–
Additions arising from acquisition of subsidiaries	1,232
At 31 March 2021, 1 April 2021 and 31 March 2022	**1,232**
Accumulated amortisation	
At 1 April 2020	–
Charge for the period	205
At 31 March 2021 and 1 April 2021	205
Charge for the period	308
At 31 March 2022	**513**
Net carrying amount	
At 31 March 2021	1,027
At 31 March 2022	**719**

For the purpose of the impairment assessment, the customer relationships have been allocated to the Printing CGU and were included in the impairment assessment of the Printing CGU at 31 March 2022 (Note 12(b)).

14. OTHER LONG-TERM INVESTMENTS

	Listed equity securities HK$'000
At 1 April 2020	–
Additions	29,940
Change in fair value recognised in other comprehensive loss	(9,782)
At 31 March 2021 and 1 April 2021	20,158
Change in fair value recognised in other comprehensive loss	(14,437)
At 31 March 2022	**5,721**

On 24 September 2020, the Group accepted the conditional placing letter dated 24 September 2020 issued by the placing agent of the vendor (a major shareholder of Pine Care Group Limited ("Pine Care")), pursuant to which the Group conditionally agreed to acquire 18,160,000 ordinary shares of Pine Care (the "Allocated Shares") at the offer price of HK$1.647 per share (the "Pine Care Acquisition"). Pine Care is a company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. On 6 October 2020, the Pine Care Acquisition was completed. The transaction costs directly attributable to the Pine Care Acquisition are approximately HK$30,000.

The Allocated Shares represent approximately 2.02% of the issued share capital of Pine Care. Upon initial recognition, the Group irrevocably designated the purchase of the Allocated Shares as Designated FVOCI because the Allocated Shares represent investments that the Group intends to hold for long term investment purposes. The Group considers the accounting treatments under this classification provide more relevant information for the investments.

The fair value of the investment is determined on the basis of quoted market price available on the Stock Exchange at the end of the reporting period.

15. SUBSIDIARIES

Details of principal subsidiaries at the end of reporting period are as follows:

Name of subsidiary	Class of shares held	Place of incorporation and business	Attributable equity interest indirectly held by the Company	Issued/registered and fully paid-up capital	Principal activities	Legal form of corporate existence
Daisho Microline Limited ("DML")	Ordinary	Hong Kong	100% *(2021: 100%)*	HK$2	Investment holdings	Private limited liability company
Pacific Dragon Energy Limited	Ordinary	Hong Kong	100% *(2021: 100%)*	HK$100,000	Trading of petroleum and energy products	Private limited liability company
Huafeng Microline (HK) Limited (formerly known as Mega Luck Glory Limited)	Ordinary	Hong Kong	100% *(2021: 100%)*	HK$10	Trading of printed circuit boards	Private limited liability company
華鋒微綫電子(惠州)工業有限公司 (Huafeng Microline (Huizhou) Circuits Limited*) ("Huafeng")	Registered	The PRC	100% *(2021: 100%)*	US$37,200,000	Manufacture of printed circuit boards	Wholly foreign-owned enterprise
新高準柯式印刷(深圳)有限公司 (New Spring Offset Printing (Shenzhen) Limited*)	Registered	The PRC	100% *(2021: 100%)*	HK$1,200,000	Manufacture and trading printing and packaging products	Wholly foreign-owned enterprise
New Spring (SW) Printing Packaging Limited	Ordinary	Hong Kong	100% *(2021: 100%)*	HK$10,000	Trading of printing and packaging products	Private limited liability company
Virtus HealthTech Holdings Limited	Ordinary	The British Virgin Islands/ Hong Kong	100% *(2021: 100%)*	US$1	Investment holdings	Private limited liability company

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding during the reporting period or at the end of the reporting period.

* *English name for identification purpose only.*

16. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	**5,534**	4,946
Work-in-progress	**3,044**	5,026
Finished goods	**1,631**	1,866
	10,209	11,838

17. TRADE AND BILLS RECEIVABLES

	Note	2022 HK$'000	2021 HK$'000
Trade receivables from third parties	17(a)	**36,021**	38,359
Less: Loss allowance	31	**(6,211)**	(7,718)
	17(a)	**29,810**	30,641
Bills receivables		**–**	271
		29,810	30,912

17(a) Trade receivables

Included in the balances are the trade receivables (before loss allowance) from contracts with customers within HKFRS 15:

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**38,359**	120,720
At the end of the reporting period	**36,021**	38,359

17. TRADE AND BILL RECEIVABLES (continued)

17(a) Trade receivables (continued)

The Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days *(2021: 30 to 120 days)*. At the end of the reporting period, the ageing analysis of trade receivables (before loss allowance) by delivery date is as follows:

	2022 **HK$'000**	2021 HK$'000
Less than 1 month	**6,139**	11,494
1 to 2 months	**7,031**	3,462
2 to 3 months	**6,563**	4,830
Over 3 months	**16,288**	18,573
	36,021	38,359

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	2022 **HK$'000**	2021 HK$'000
Not past due	**17,883**	18,793
Less than 1 month past due	**2,437**	2,946
1 to 2 months past due	**3,243**	797
2 to 3 months past due	**19**	299
Over 3 months past due	**6,228**	7,806
	29,810	30,641

Information about the Group's exposure to credit risks and loss allowance on trade receivables is included in Note 31 to the consolidated financial statements.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2022 HK$'000	2021 HK$'000
Deposits and other receivables		**27,379**	21,767
Less: Loss allowance	18(a)	**(14,079)**	(13,543)
		13,300	8,224
Guaranteed profit compensation receivable	18(b)	**–**	4,278
Prepayments		**4,578**	3,593
Security deposit paid in respect of an injunction order	33(b)	**10,229**	6,783
Value-added tax recoverable		**1,026**	3,071
Other prepaid expenses		**866**	1,424
		16,699	19,149
		29,999	27,373

18(a) Loss allowance

The movements on the loss allowance on deposits and other receivables during the year is summarised below.

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**13,543**	10,821
Additions	**–**	1,780
Exchange realignment	**536**	942
At the end of the reporting period	**14,079**	13,543

Information about the Group's exposure to credit risks and loss allowance on deposits and other receivables is included in Note 31 to the consolidated financial statements.

18(b) Guaranteed profit compensation receivable

The guaranteed profit compensation receivable in relation to the acquisition of Sky Will Printing & Packaging Limited and its subsidiaries was fully settled during the year ended 31 March 2022. Details of which are disclosed in the Company's announcement dated 30 September 2021.

19. CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Cash at bank and in hand	25,012	30,333
Non-pledged time deposits with original of 3 months or less when acquired	30,000	–
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	55,012	30,333

Bank balances in total of approximately HK$24,909,000 *(2021: HK$30,113,000)* carry interest at floating rates based on daily bank deposit rates. Short-term time deposits are made between one month and three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing short-term deposit rates.

At 31 March 2022, bank balances that were placed with banks in the PRC amounted to approximately HK$2,750,000 *(2021: HK$2,728,000)*. Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

At 31 March 2021, bank balances of approximately HK$2,684,000 that were placed with banks in Hong Kong were restricted from use as a result of the injunction order received as detailed in Note 33(b) to the consolidated financial statements. No bank balances are restricted from use at 31 March 2022.

20. DISCONTINUED OPERATION

Vessel chartering business

On 25 January 2021, the Group entered into conditional memorandum of agreements (the "MOAs") with two respective buyers, pursuant to which, among others, the Group agreed to sell the vessel named Pacific Energy 28 (the "Vessel I") and Pacific Energy 138 (the "Vessel II") and each buyer agreed to acquire the Vessel I and the Vessel II for cash consideration of SGD4,020,000 (equivalent to approximately HK$23,232,000) and SGD4,760,000 (equivalent to approximately HK$27,508,000), respectively (the "Disposals") and the respective balance of security deposits held by the Group under the existing charterparty in respect of the Vessel I and the Vessel II would be transferred from the Group to the respective buyers.

The vessel chartering business will be ceased to carry on upon the completion of the Disposals. Accordingly, the Group's vessel chartering business was classified as a discontinued operation (the "Discontinued Operation"). The Disposals were completed on 24 May 2021.

The fair value less cost to sell of the Vessel I and the Vessel II are less than their net carrying amounts, therefore, an impairment loss of approximately HK$32,295,000 was charged to profit or loss during the year ended 31 March 2021.

For the year ended 31 March 2021, the fair value of the Vessel I and the Vessel II are categorised into the Level 2 of the fair value hierarchy as defined in HKFRS 13 "*Fair Value Measurement*". The valuation was arrived at by adopting the direct comparison method based on price information of comparable vessels and adjusted to reflect the physical condition of the subject vessels.

The results of the Discontinued Operation have been presented separately in the consolidated statement of profit or loss.

The results of the Discontinued Operation for the years ended 31 March 2022 and 2021 are analysed as follows:

	Note	**2022** **HK$'000**	2021 HK$'000
Revenue		**2,767**	21,219
Other income	7	**236**	722
Administrative expenses		**(5,128)**	(19,583)
Impairment loss on property, plant and equipment		**–**	(32,295)
Loss before taxation	8	**(2,125)**	(29,937)
Income tax credit	9	**465**	457
Loss for the year		**(1,660)**	(29,480)

20. DISCONTINUED OPERATION (continued)

Vessel chartering business (continued)

The aggregate net carrying amount of Vessel I and the Vessel II of approximately HK$50,740,000 and relevant security deposits of approximately HK$1,959,000 have been reclassified as assets classified as held for sale and liabilities associated with assets classified as held for sale, respectively, and are presented separately in the consolidated statement of financial position. The analysis is as follows:

	2022 HK$'000	2021 HK$'000
Assets classified as held for sale		
Property, plant and equipment	–	50,740
Liabilities associated with assets classified as held for sale		
Security deposits	–	1,959

The cash flow information of the Discontinued Operation is as follows:

	2022 HK$'000	2021 HK$'000
Net cash used in operating activities	(5,186)	(6,886)
Net cash from investing activities	48,781	–
Net cash used in financing activities	(46,694)	9,825

The loss per share information of the Discontinued Operation is as follows:

	2022	2021
Loss per share for the Discontinued Operation		
Basic (Hong Kong cents)	(0.16)	(4.57)
Diluted (Hong Kong cents)	(0.16)	(4.57)

The basic and diluted loss per share for the Discontinued Operation are calculated by dividing the loss for the year of the Discontinued Operation by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted loss per share computation respectively. The denominators used are the same as those detailed in Note 11 to the consolidated financial statements.

The bonus-element effect of the rights issue during the year ended 31 March 2022, if any, has been considered in the calculation of the weighted average number of shares outstanding for the years ended 31 March 2022 and 2021. Details of the rights issue are set out in Note 26 to the consolidated financial statements.

21. TRADE PAYABLES

	2022 **HK$'000**	2021 HK$'000
Trade payables to third parties	**14,821**	17,754

The trade payables are non-interest bearing and the Group is normally granted with a credit term ranging from 30 to 90 days *(2021: 30 to 90 days)*.

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

	2022 **HK$'000**	2021 HK$'000
Less than 1 month	**833**	2,968
1 to 2 months	**4,619**	5,138
2 to 3 months	**2,170**	3,494
Over 3 months	**7,199**	6,154
	14,821	17,754

22. OTHER PAYABLES AND ACCRUALS

	Note	**2022** **HK$'000**	2021 HK$'000
Salaries and welfare payables		**9,389**	9,230
Contract liabilities	22(a)	**410**	326
Rental deposits received		**447**	427
Other tax payable		**–**	2,317
Loan interest payables		**227**	1,982
Payables for litigations and claims	33(d)	**418**	–
Others		**7,246**	9,919
		18,137	24,201

22(a) Contract liabilities

At 31 March 2022, contract liabilities comprised of approximately HK$26,000 *(2021: approximately HK$13,000)* and HK$384,000 *(2021: HK$313,000)* of deposits received from customers on sale of printed circuit boards and printing and packaging products, respectively.

Included in the contract liabilities at 1 April 2021, approximately HK$326,000 *(2021: approximately HK$1,016,000)* was recognised as revenue during the year ended 31 March 2022.

The Group expects the transaction price of approximately HK$410,000 allocated to the unsatisfied performance obligations will be recognised as revenue within one year or less.

23. INTEREST-BEARING BORROWINGS

	2022 HK$'000	2021 HK$'000
Secured		
Bank revolving loan (Note a)	–	37,026
Other borrowings (Note b)	**8,880**	8,534
	8,880	45,560
Unsecured		
Shareholder's loan (Note c)	–	40,000
	8,880	85,560
Denominated in:		
HK$	–	77,026
RMB	**8,880**	8,534
	8,880	85,560
Analysed for reporting purpose:		
Non-current	–	8,534
Current	**8,880**	77,026
	8,880	85,560

Notes:

(a) At 31 March 2021, the secured revolving bank loan bear floating interest rate at 1-month Hong Kong Inter-bank Offered Rate plus 3.5% per annum, matured on 30 April 2021 and was further extended and fully settled in December 2021.

(b) The other borrowings of approximately HK$8,880,000 *(2021: HK$ 8,534,000)* bear fixed interest of 10% per annum, are repayable after 2 years from 10 April 2020 and secured by the property, plant and equipment of the Group relating to the PCB CGU located in the PRC with aggregate net carrying amounts of approximately HK$10,489,000 *(2021: HK$19,532,000)* and was subsequently renewed in April 2022 and being repayable on demand.

(c) At 31 March 2021, the shareholder's loan of HK$40,000,000 bear fixed interest rate of 5% per annum, was unsecured and repayable on demand. The amount was fully settled in May 2021.

24. LEASES

As leasee

	2022 HK$'000	2021 HK$'000
Right-of-use assets (Note 12)		
Leased properties	**22,941**	26,185

	2022 HK$'000	2021 HK$'000
Lease liabilities		
Current	**302**	4,303
Non-current	**–**	302
	302	4,605

The present value of lease liabilities is summarised as below:

	Lease payments		Present value of lease payments	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Amount payable:				
Within one year	**305**	4,527	**302**	4,303
More than one year, but not exceeding two years	**–**	305	**–**	302
	305	4,832	**302**	4,605
Less: future finance charges	**(3)**	(227)		
Total lease liabilities	**302**	4,605		

The depreciation of the right-of-use assets charged to profit or loss during the year ended 31 March 2022 amounted to approximately HK$3,248,000 *(2021: HK$2,924,000).*

The operating lease expenses on short-term leases recognised in profit or loss during the year ended 31 March 2022 amounted to approximately HK$536,000 *(2021: HK$412,000).*

The total cash outflow for leases for the year ended 31 March 2022 was approximately HK$1,987,000 *(2021: HK$1,697,000).*

24. LEASES (continued)

As lessor

Operating lease

The Group sub-leases certain of its right-of-use assets to independent third parties under operating leases, which had an initial non-cancellable lease term of 5 years. The sub-leases do not include purchase or termination options.

Rental income is included in other income (Note 7) and do not contain any variable lease payments. The risks associated with rights that the Group retains to underlying assets are not considered significant, however, the Group employs strategies to further minimise these risks by ensuring all sub-lease contracts include clauses requiring the leasees to compensate the Group when a leased property has been subject to excess wear-and-tear during the lease term.

At the end of the reporting period, the Group had total future aggregate minimum rental receivables under non-cancellable operating leases for certain right-of-use assets are as follows:

	2022 **HK$'000**	2021 HK$'000
Within one year	–	1,854

25. DEFERRED TAXATION

The followings are the deferred tax (assets) liabilities recognised and movements thereon during the year:

	Assets	**Liabilities**	
	Tax losses **HK$'000**	**Depreciation allowance** **HK$'000**	**Total** **HK$'000**
At 1 April 2020	–	247	247
Acquisition of subsidiaries	(219)	253	34
Credit to profit or loss (Note 9)	(207)	(284)	(491)
Exchange realignment	(7)	–	(7)
At 31 March 2021 and 1 April 2021	**(433)**	**216**	**(217)**
Credit to profit or loss (Note 9)	**–**	**(70)**	**(70)**
Exchange realignment	**(10)**	**–**	**(10)**
At 31 March 2022	**(443)**	**146**	**(297)**

25. DEFERRED TAXATION (continued)

Unrecognised deferred tax assets arising from

	2022 HK$'000	2021 HK$'000
Tax losses arising in Hong Kong	**207,780**	211,042
Tax losses arising in the PRC	**69,399**	88,466
Tax losses arising in Singapore	**25,236**	25,319
	302,415	324,827

No the tax losses arising in Hong Kong and Singapore expire under current tax legislation, while the tax losses arising in the PRC will expire in one to five years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

26. SHARE CAPITAL

	2022		2021	
	No. of shares	**HK$'000**	No. of shares	HK$'000
Ordinary share of HK$0.1 each				
Authorised:				
At the beginning of the reporting period and **at the end of the reporting period**	**2,000,000,000**	**200,000**	2,000,000,000	200,000
Issued and fully paid:				
At the beginning of the reporting period	**806,643,785**	**80,664**	576,243,785	57,624
Issue of new shares upon the placings (Notes (i) and (ii))	**–**	**–**	230,400,000	23,040
Issue of new shares upon the rights issue (Note (iii))	**806,643,785**	**80,664**	–	–
At the end of the reporting period	**1,613,287,570**	**161,328**	806,643,785	80,664

26. SHARE CAPITAL (continued)

Notes:

(i) On 18 August 2020, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best efforts basis, up to an aggregate of 115,200,000 placing shares at a placing price of HK$0.158 per placing share to not less than six placees who are professional, institutional or other investors that are third parties independent of the Company and its connected persons (the "Placing I"). The Placing I was completed on 10 September 2020, and net proceeds of approximately HK$17,596,000 after deducting direct cost of approximately HK$606,000 were credited to the Company's equity under "Share premium".

(ii) On 19 February 2021, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place, through the placing agent, on a best efforts basis, up to an aggregate of 115,200,000 placing shares at a placing price of HK$0.114 per placing share to not less than six placees who are professional, institutional or other investors that are third parties independent of the Company and its connected persons (the "Placing II"). The Placing II was completed on 16 March 2021, and net proceeds of approximately HK$12,720,000 after deducting direct cost of approximately HK$412,000 were credited to the Company's equity under "Share premium".

(iii) On 2 September 2021, the Company proposed to implement the rights issue on the basis of one rights share for every one existing share held on 23 November 2021 (the "Rights Issue"), being the record date, at the subscription price of HK$0.1 per rights share. The Rights Issue was approved by the shareholders of the Company at the special general meeting held on 11 November 2021 and was completed on 16 December 2021. As such, 806,643,785 shares, with par value of HK$0.1 each, were issued and allotted under the Rights Issue with net proceeds of approximately HK$79,050,000 after deducting direct cost of approximately HK$1,614,000 were charged to the Company's equity under "Share premium".

27. RESERVES

(a) Share premium

The application of share premium is governed by section 40 of the Bermuda Companies Act 1981. Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to the share premium account.

(b) Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of the Company's shares issued pursuant to the Group's reorganisation in 1989 and the nominal value of the shares and the share premium account of the subsidiaries acquired.

(c) Exchange translation reserve

Exchange translation reserve has been set up and is dealt with in accordance with the accounting policies adopted for foreign currency translation as set out in Note 2 to the consolidated financial statements.

(d) FVOCI reserve

FVOCI reserve comprises the accumulated gains and losses arising on the change in fair value of other long-term investments that have been recognised in other comprehensive income.

(e) Share option reserve

The share option reserve comprises the fair value of share-based payment transactions and is dealt with in accordance with the accounting policy as set out in Note 2 to the consolidated financial statements.

28. SHARE-BASED PAYMENTS

Pursuant to the Company's special general meeting on 22 November 2016 (the "Date of Adoption"), an ordinary resolution was passed to approve and adopt the new share option scheme of the Company (the "Scheme") which was further subject to approval by the Listing Committee of the Stock Exchange (the "Listing Committee") granting the approval for the listing of, and permission to deal in, any ordinary share of the Company which may fall to be issued pursuant to the exercise of the options (the "Listing Approval"). On 23 June 2017, the Listing Approval was confirmed by the Listing Committee.

The purpose of the Scheme is to provide incentives or rewards to the eligible persons for their contribution to, and continuing efforts to promote interests of, the Company and to enable the Group to recruit and retain high-calibre employees. Eligible persons of the Scheme include (i) any director (whether executive or non-executive, including independent non-executive director) or employee (whether full time or part time) of the Company or any of its subsidiaries or associated companies; (ii) consultant, adviser, supplier or customer of the Company or any of its subsidiaries or associated companies; and (iii) any other group of classes of participants which the Board of Directors may, from time to time in its absolute discretion, consider appropriate on basis of such participants' contribution or potential contribution to the development, growth or benefit of the Company or any of its subsidiaries or associated companies. The Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered.

28. SHARE-BASED PAYMENTS (continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not exceed 10% of the total number of shares in issue as at the Date of Adoption of the Scheme (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. The maximum number of shares issued and issuable to each eligible person under the Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue at proposed grant date. 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 an independent non-executive director or a substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the total number of shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 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 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 Board of Directors and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Scheme.

The exercise price of share options is determinable by the Board of Directors, and shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation on the date of the offer of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the share options; and (iii) the nominal value of the Company's shares.

During the year ended 31 March 2021, 4,800,000 share options were forfeited and 33,600,000 share options were lapsed, the share option reserve of approximately HK$1,577,000 has been transferred to accumulated losses within equity. There were no outstanding share options at 31 March 2022 and 2021 and no share option has been granted under the Scheme during the years ended 31 March 2022 and 2021.

29. OTHER CASH FLOW INFORMATION

(a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

(i) During the year ended 31 March 2022, the Group received net proceeds of approximately HK$48,781,000 from the disposal of Vessel I and Vessel II after deducting the relevant security deposits of approximately HK$1,959,000 as detailed in Note 20 to the consolidated financial statements.

(ii) During the year ended 31 March 2022, the Group recognised write-back of lease liabilities of approximately HK$2,486,000 in respect of the relevant lease based on the outcome of final and interlocutory judgement made by the court as set out in Note 33(d) to the consolidated financial statements.

(iii) During the year ended 31 March 2021, the Group recognised right-of-use assets by incurring lease liabilities of approximately HK$1,809,000.

(iv) During the year ended 31 March 2021, a promissory note in principal amount of HK$18,000,000 was issued by the Company as part of consideration of acquisition of subsidiaries.

29. OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

For the year ended 31 March 2022

	Interest-bearing borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2021	85,560	4,605	90,165
Write-back of lease liabilities	–	(2,486)	(2,486)
Reclassification to "other payables" (Note 22)	–	(418)	(418)
Finance costs	2,194	50	2,244
Exchange realignment	346	2	348
Cash outflow in financing activities:			
Repayment of lease liabilities	–	(1,407)	(1,407)
Repayment of interest-bearing borrowings	(77,026)	–	(77,026)
Interest paid	(2,194)	(44)	(2,238)
At 31 March 2022	**8,880**	**302**	**9,182**

For the year ended 31 March 2021

	Interest-bearing borrowings HK$'000	Lease liabilities HK$'000	Promissory note HK$'000	Derivative financial instruments HK$'000	Convertible bonds HK$'000	Total HK$'000
At 1 April 2020	–	3,502	–	101	78,360	81,963
Fair value gain on derivative financial instruments	–	–	–	(101)	–	(101)
Loss on early redemption of a promissory note	–	–	4,512	–	–	4,512
Finance costs	2,942	233	–	–	4,480	7,655
Additions	–	1,809	–	–	–	1,809
Acquisition of subsidiaries	37,026	368	13,488	–	–	50,882
Exchange realignment	–	(22)	–	–	–	(22)
Cash inflow (outflow) in financing activities:						
New other loans raised	48,534	–	–	–	–	48,534
Redemption of a promissory note	–	–	(18,000)	–	–	(18,000)
Repayment of lease liabilities	–	(1,193)	–	–	–	(1,193)
Redemption of convertible bonds	–	–	–	–	(80,000)	(80,000)
Interest paid	(2,942)	(92)	–	–	(2,840)	(5,874)
At 31 March 2021	85,560	4,605	–	–	–	90,165

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions information disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, representing amounts paid to the Company's directors and senior executives, is as follows:

	2022	2021
	HK$'000	HK$'000
Salaries, allowances and benefits-in-kind	**4,728**	4,522
Contribution to defined contribution plans	**82**	93
	4,810	4,615

The remuneration was based on the terms mutually agreed between the Group and the related parties.

(b) Related party transactions

During the years ended 31 March 2022 and 2021, there were no significant related party transactions.

In the opinion of the directors of the Company, these related party transactions were conducted in the ordinary course of business of the Group.

31. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise other long-term investments, cash and cash equivalents, interest-bearing borrowings, lease liabilities, other receivables, deposits and prepayments and other payables and accruals. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bill receivables and trade payables, which arise directly from its operations.

The accounting policies for financial instruments have been applied to the line items below:

	Financial assets at amortised cost HK$'000	Designated FVOCI HK$'000	Total HK$'000
At 31 March 2022			
Assets as per consolidated statement of financial position			
Trade and bills receivables	29,810	–	29,810
Other long-term investments	–	5,721	5,721
Financial assets included in other receivables, deposits and prepayments	23,529	–	23,529
Cash and cash equivalents	55,012	–	55,012
Total	108,351	5,721	114,072

	Financial liabilities at amortised costs HK$'000
Liabilities as per consolidated statement of financial position	
Trade payables	14,821
Financial liabilities included in other payables and accruals	9,922
Lease liabilities	302
Interest-bearing borrowings	8,880
Total	33,925

31. FINANCIAL RISK MANAGEMENT (continued)

	Financial assets at amortised cost HK$'000	Designated FVOCI HK$'000	Total HK$'000
At 31 March 2021			
Assets as per consolidated statement of financial position			
Trade and bills receivables	30,912	–	30,912
Other long-term investments	–	20,158	20,158
Financial assets included in other receivables, deposits and prepayments	19,285	–	19,285
Cash and cash equivalents	30,333	–	30,333
Total	80,530	20,158	100,688

	Financial liabilities at amortised costs HK$'000
Liabilities as per consolidated statement of financial position	
Trade payables	17,754
Financial liabilities included in other payables and accruals	14,489
Lease liabilities	4,605
Interest-bearing borrowings	85,560
Total	122,408

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk and equity price risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

31. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the operating units' functional currencies. The Group operates in Hong Kong, the PRC and Singapore with most of the transactions denominated and settled in either US$, HK$ or RMB. As HK$ is pegged to US$, the management considers the risk of movements in exchange rates between HK$ and US$ to be insignificant. The Group is mainly exposed to the foreign currency risk of RMB.

The Group may enter into forward currency contracts with reference to the estimated cash flows in foreign currencies in order to manage the foreign currency exposures as and when appropriate. The Group has not entered into hedging activities to hedge against the exposure to foreign exchange risk of RMB.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity, in respect of the monetary assets and liabilities based on their carrying amounts at the end of the reporting period.

	Change in exchange rates %	**Increase (Decrease) in loss before tax HK$'000**	**Increase (Decrease) in equity* HK$'000**
At 31 March 2022			
If HK$ weakens against RMB	**1.0**	**352**	**–**
If HK$ strengthens against RMB	**(5.0)**	**(1,760)**	**–**

	Change in exchange rates %	Increase (Decrease) in loss before tax HK$'000	Increase (Decrease) in equity* HK$'000
At 31 March 2021			
If HK$ weakens against RMB	1.0	903	–
If HK$ strengthens against RMB	(5.0)	(4,517)	–

* Excluding accumulated losses.

The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

31. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Trade receivables

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtor balances are monitored on an ongoing basis and the Group's exposure to bad debts is being managed.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer as well as the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group had a concentration of credit risk as 26% *(2021: 23%)* and 70% *(2021: 53%)* of the Group's trade receivables was due from the Group's largest customer and the five largest customers, respectively. The Group manages the concentration of credit risk by continuously broadening the customer base of the Group.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2022 and 2021.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix at 31 March 2022 and 2021 is summarised below.

31. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

At 31 March 2022

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	**0.40**	**17,959**	**76**
Less than 1 month past due	**0.40**	**2,448**	**11**
1 to 2 months past due	**0.40**	**3,257**	**14**
2 to 3 months past due	**0.00**	**19**	**–**
More than 3 months past due	**49.50**	**12,338**	**6,110**
		36,021	**6,211**

At 31 March 2021

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	0.00	18,793	–
Less than 1 month past due	0.00	2,946	–
1 to 2 months past due	0.00	797	–
2 to 3 months past due	0.00	299	–
More than 3 months past due	49.72	15,524	7,718
		38,359	7,718

The Group does not hold any collateral over trade receivables at 31 March 2022 and 2021.

At 31 March 2022 and 2021, in the opinion of the Company's directors, there was no credit-impaired trade receivables.

31. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

At the end of the reporting period, the Group recognised loss allowance of approximately HK$6,211,000 *(2021: HK$7,718,000)* on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below:

	2022	2021
	HK$'000	HK$'000
At the beginning of the reporting period	**7,718**	27,712
Acquisition of subsidiaries	**–**	48
Amount recovered	**(2,198)**	–
Increase in allowance	**390**	2,859
Amount written off as uncollectible	**–**	(23,309)
Exchange realignment	**301**	408
At the end of the reporting period	**6,211**	7,718

During the year ended 31 March 2022, the significant changes in loss allowance on trade receivables were due to the changes in past due trade receivables.

During the year ended 31 March 2021, the significant changes in loss allowance on trade receivables were due to the decrease in gross balance of trade receivables.

31. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Other receivables and deposits

Except for certain debtors with specific credit risk identified, the management of the Group considers that the other receivables and deposits have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. Except for certain debtors with specific credit risk identified and adequate provision for loss allowance has been made, the management of the Group considers the ECL of other receivables and deposits to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2022 and 2021.

The Group recognised an impairment loss on other receivables of approximately HK$1,780,000 that were individually determined to be credit impaired under ECL during the year ended 31 March 2021.

Cash and cash equivalents

The credit risk on cash and cash equivalent is limited because the counterparties are banks and other financial institution with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g. trade debtors) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its operation needs at any time.

31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The maturity profile of the Group's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

	Within 1 year or on demand HK$'000	**1 to 2 years HK$'000**	**Total HK$'000**
At 31 March 2022			
Trade payables	**14,821**	**–**	**14,821**
Financial liabilities included in other payables and accruals	**9,922**	**–**	**9,922**
Interest-bearing borrowings	**8,880**	**–**	**8,880**
Lease liabilities	**305**	**–**	**305**
	33,928	**–**	**33,928**

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	Total HK$'000
At 31 March 2021			
Trade payables	17,754	–	17,754
Financial liabilities included in other payables and accruals	14,489	–	14,489
Interest-bearing borrowings	77,026	9,387	86,413
Lease liabilities	4,527	305	4,832
	113,796	9,692	123,488

Equity price risk

The Group is exposed to price risks arising from equity investments held under other long-term investments amounted to approximately HK$5,721,000 *(2021: HK$20,158,000)*. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The sensitivity analysis has been determined based on the exposure to equity price risk.

At the end of the reporting period, if the equity price of the other long-term investments had been 5% *(2021: 5%)* higher/lower while all other variables were held constant, the Group's FVOCI reserve would be increased/decreased by approximately HK$286,000 *(2021: HK$1,008,000)* as a result of changes in fair value of other long-term investments.

31. FINANCIAL RISK MANAGEMENT (continued)

Equity price risk (continued)

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock price had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant stock price, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock price over the period until the next annual end of the reporting period.

In the opinion of the Group's management, the sensitivity analysis is unrepresentative of the inherent equity price risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement.

The Group monitors capital using a gearing ratio, which is the interest-bearing borrowings and lease liabilities divided by total capital. Capital includes equity attributable to owners of the Company. The gearing ratios at the end of the reporting period were as follows:

	2022	2021
	HK$'000	HK$'000
Interest-bearing borrowings	**8,880**	85,560
Lease liabilities	**302**	4,605
	9,182	90,165
Equity attributable to owners of the Company	**132,661**	95,122
Gearing ratio	**7%**	95%

32. FAIR VALUE MEASUREMENTS

The following table presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis at 31 March 2022 and 2021 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels are defined as follows:

– Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3 (lowest level): unobservable inputs for the asset or liability.

Financial assets/liabilities measured at fair value

	2022			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets measured at fair value				
Other long-term investments	**5,721**	**–**	**–**	**5,721**

	2021			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets measured at fair value				
Other long-term investments	20,158	–	–	20,158

During the years ended 31 March 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

In the opinion of the directors of the Company, no financial assets and liabilities of the Group are carried at amount materially different from their fair values at 31 March 2022 and 2021.

The description of sensitivity of changes in unobservable input for recurring Level 1 fair value measurement is as follows:

Asset	**Fair value hierarchy**	**Valuation technique**
Other long-term investments	Level 1	Quoted bid prices in an active market

The description of the valuation techniques and inputs used in fair value measurement for other long-term investments are set out in Note 14 to the consolidated financial statements.

33. LITIGATIONS

(a) Litigation with Mr. Harry Chan

In January 2017, Mr. Harry Chan, a former executive director, Chief Executive Officer and Chairman of the Company who was removed from his duties effective from 23 December 2016, filed a claim for a total sum of approximately HK$4,300,000 in respect of wages in lieu of notice, annual leave pay, rest day pay and long service payment (the "Claims") in the Labour Tribunal against the Company which was then transferred to the Court of First Instance as High Court Action No. HCA 1082/2017 (the "1st Action").

The directors of the Company consider that the claim from Mr. Harry Chan is without merit and have been advised by the Group's lawyers that it is not likely that the Court would find the Company liable for the 1st Action. The directors of the Company are of the opinion that it is not probable that an outflow of economic benefits will be required and therefore no provision for the Claims is considered necessary.

On 24 May 2017, the Company and Huafeng as first and second plaintiffs filed a statement of claim to the High Court in High Court Action No. 818/2018 against Mr. Harry Chan for his breaches (i) under the terms of his service agreement; and/or (ii) of his fiduciary and statutory duties to both the Company and Huafeng as an executive director (the "2nd Action"). The ultimate liability or amount is to be assessed. Pursuant to the order made by the Court on 20 June 2017, the 1st Action was consolidated with the 2nd Action.

The directors of the Company are of the opinion, any damages (or part thereof) may set off against any amounts which may be awarded in Mr. Harry Chan's favour (if any) in the 1st Action.

Up to the date of this report, there is no further update from the Courts for the above cases.

33. LITIGATIONS (continued)

(b) Litigation with Societe Generale

On 17 September 2019, the Group received an amended writ of summons (the "Writ") issued by Societe Generale, Singapore Branch (the "Plaintiff") in which, among others, Pacific Dragon (Hong Kong) Energy Limited ("Pacific Dragon") and DML, two wholly-owned subsidiaries of the Company, have been joined as additional defendants to the proceedings of the High Court (case number: HCA 1617/2019) which were originally issued against, among others, (1) Ms. Cheung, an ex-director of the Company who resigned on 4 September 2019 and an ex-shareholder of the Company holding approximately 20.84% interest in the Company on trust for her family until she ceased to hold any of the interest on trust for her family on 14 August 2019, and (2) Inter-Pacific Petroleum Pte Ltd ("Inter-Pacific Petroleum"), a wholly owned subsidiary of Inter-Pacific Group. Pursuant to the Writ, the Plaintiff claims, among other things, against Inter-Pacific Petroleum for payment for breach of certain trade finance facilities granted to Inter-Pacific Petroleum in the outstanding sum at 28 August 2019 of approximately US$89,849,000.

In connection with the Writ, the Plaintiff obtained an injunction order against, among others, Pacific Dragon and DML, pursuant to which (1) Pacific Dragon is restricted from disposing of or dealing with the sum of approximately US$24,963,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value; and (2) DML is restricted from disposing of or dealing with the sum of approximately US$6,653,000 paid into its bank account during the period from 1 June 2019 to 31 August 2019 and any of its assets whether within or outside Hong Kong up to the same value. The injunction order was continued on the return hearing held on 20 September 2019. The hearing has been adjourned to be heard on 5 February 2020. The above details have been disclosed in the Company's announcements dated 4 September 2019, 18 September 2019 and 29 October 2019 respectively.

On 22 June 2020, the hearing was held and the judgement handed down on 10 July 2020. According to the decision of the Court dated 10 July 2020, the aggregate amount injuncted against Pacific Dragon and DML should be reduced to approximately HK$10,229,000 and the injunction is permitted to be discharged if the same amount injuncted is paid into the Court. Pacific Dragon and DML were also awarded costs to be paid by the Plaintiff.

DML and Pacific Dragon have paid the injuncted amounts of approximately HK$6,783,000 and HK$3,446,000 to the Court in November 2020 and in April 2021, respectively. Accordingly, the injunction order was discharged against DML and Pacific Dragon by order of the Court.

Save as disclosed above, there is no further update for the above litigation up to the date of this report.

With reference to the opinion of the Group's lawyer, the directors of the Company are of view that DML and Pacific Dragon have a reasonable ground of defense.

33. LITIGATIONS (continued)

(c) Litigation with Inter-Pacific Group

In November 2019, the Group instructed its lawyer to issue a legal letter to Inter-Pacific Group, demanding Inter-Pacific Group to return the deposit of HK$14,574,000 to the Group which had paid to Inter-Pacific Group for the acquisition of the two of the four vessels, namely Pacific Energy 8 and Pacific Energy 168, pursuant to the sale and purchase agreement dated 29 September 2017 (the "SPA").

Pursuant to the SPA, the third consideration would be satisfied by the Group in the following manner: (i) on the date the SPA, a cash payment of HK$14,574,000 (the "Third Deposit"); (ii) at third completion, a cash payment of HK$10,151,000 and the balance of the remaining third consideration, equivalent to HK$72,435,000, will be settled by the Group issuing to Inter-Pacific Group (or its designated nominee) the promissory note in the principal amount of HK$72,435,000.

In the event that the conditions specified in the SPA are not fulfilled or waived on or before 30 September 2019, the Third Deposit shall be returned by Inter-Pacific Group to the Group (or such persons as it may direct), without interest, in immediately available funds within five business days from the 30 September 2019. As the conditions precedent of the SPA with respect to the acquisition of Pacific Energy 8 and Pacific Energy 168 have not been fulfilled, in particular, Mortgage 8 and Mortgage 168 (as defined in the Company's circular dated 27 December 2017) have not been discharged in full by 30 September 2019 and the SPA had been terminated accordingly. Inter-Pacific Group had to fulfill its obligation to return the Third Deposit to the Group by the prescribed deadline.

Therefore, the Group issued a legal letter to demand Inter-Pacific Group to make an immediate repayment of the Third Deposit in the sum of HK$14,574,000 to the Group.

Inter-Pacific Group was placed under liquidation by the Singapore Court on 27 March 2020 pursuant to the Order of Court HC/ORC 2247/2020. In June 2020, the Company has filed the proof of debt to the liquidators.

Up to the date of this report, there is no further update for the above litigation.

In view of the fact that Inter-Pacific Group was known to have financial difficulties, an impairment loss on the refundable deposits of approximately HK$14,574,000 was charged to profit or loss during the year ended 31 March 2020.

33. LITIGATIONS (continued)

(d) Litigation with the Landlord

On 9 June 2021, the Landlord lodged a statement of claim to the District Court against DML claiming an amount of approximately HK$1,585,000 together with interest on the outstanding rent, service charges and rates for the period from 1 April 2020 to 15 July 2020 and the loss and damages suffered by the Landlord arising as a result of DML's breaching of the lease agreement entered into between DML and the Landlord on 23 April 2019 on the Said Premises (the "Said Lease").

On 5 November 2021, a final and interlocutory judgment (the "Final Judgement") (case number: DCCJ 2659/2021) has been made by the District Court against DML pursuant to which, among others, DML was ordered to pay to the Landlord (a) the sum of approximately HK$418,000; (b) damages to be assessed; and (c) costs.

DML received a winding-up petition dated 12 January 2022 (the "Winding-up Petition") filed by the Landlord as petitioner against DML in the High Court in the sum of approximately HK$418,000. The hearing of the winding-up petition was first scheduled on 23 March 2022 and was further re-fixed to 29 June 2022.

Up to the date of this report, there is no further update for the above litigation.

Details of the Winding-up Petition are set out in the Company's announcements dated 21 January 2022 and 19 May 2022.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2022 HK$'000	2021 HK$'000
Non-current asset			
Interest in subsidiaries		–	–
Current assets			
Amounts due from subsidiaries		**91,630**	130,690
Prepayments		**571**	852
Cash and cash equivalents		**32,011**	5,180
		124,212	136,722
Current liability			
Other payables and accruals		**832**	41,753
Net current assets		**123,380**	94,969
Total assets less current liabilities		**123,380**	94,969
NET ASSETS		**123,380**	94,969
Capital and reserves			
Share capital	26	**161,328**	80,664
Reserves	34(a)	**(37,948)**	14,305
TOTAL EQUITY		**123,380**	94,969

The statement of financial position was approved and authorised for issue by the Board of Directors on 24 June 2022 and signed on its behalf by

Lee Man Kwong
Director

Wong Siu Hung, Patrick
Director

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

34(a) Movement of the reserves

	Share premium HK$'000 (Note 27(a))	Contributed surplus HK$'000 (Note 27(b))	Share option reserve HK$'000 (Note 28)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	128,492	38,295	1,577	(101,904)	66,460
Loss and total comprehensive loss for the year	–	–	–	(59,431)	(59,431)
Transactions with owners					
Contributions and distributions					
Shares issued upon placings (Note 26)	8,294	–	–	–	8,294
Transaction costs attributable to shares issued upon placings (Note 26)	(1,018)	–	–	–	(1,018)
Forfeit of share options after vesting period/lapse of share options (Note 28)	–	–	(1,577)	1,577	–
Total transactions with owners	7,276	–	(1,577)	1,577	7,276
At 31 March 2021	135,768	38,295	–	(159,758)	14,305
At 1 April 2021	**135,768**	**38,295**	**–**	**(159,758)**	**14,305**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(50,639)**	**(50,639)**
Transaction with owners					
Contribution and distribution					
Transaction costs attributable to shares issued upon rights issue (Note 26)	**(1,614)**	**–**	**–**	**–**	**(1,614)**
Total transactions with owners	**(1,614)**	**–**	**–**	**–**	**(1,614)**
At 31 March 2022	**134,154**	**38,295**	**–**	**(210,397)**	**(37,948)**

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

34(a) Movement of the reserves (continued)

The Company's contributed surplus is derived from the difference between the combined net assets of the subsidiaries acquired and the nominal value of the Company's shares issued pursuant to the same reorganisation described in Note 27(b) to the consolidated financial statements. Under the Bermuda Companies Act 1981, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2022 *(2021: Nil)*.

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 March 2022, save as disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent event:

On 8 June 2022, Digital Mind Investments Limited ("Digital Mind"), a direct wholly-owned subsidiary of the Company entered into a memorandum of understanding with an independent third party (the "Partner"), pursuant to which, among other matters, propose to (i) establish and manage a special purpose fund (the "SP Fund") and (ii) subscribe the SP Fund under a company to be incorporated and controlled by Digital Mind and the Partner (the "MOU"). Up to the date of this report, no formal agreement has been entered into by Digital Mind and the Partner. The management of the Group is of the view that the MOU has no binding and material impact to the Group as a whole.

Details of the MOU are set out in the Company's announcement dated 8 June 2022.