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**China Environmental Energy Investment Limited**

**中國環保能源投資有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 986)**

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023 AND RESUMPTION OF TRADING**

References are made to the announcements of China Environmental Energy Investment Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 June 2023, 3 July 2023 and 11 July 2023 (the “**Announcements**”) in relation to, among other things, the delay in publication of Annual Results 2023 and suspension of trading in the securities of the Company. Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

The auditor of the Group (the “**Auditor**”), McMillan Woods (Hong Kong) CPA Limited, has completed the audit process on the Group’s consolidated financial statements for the year ended 31 March 2023.

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Company is pleased to announce the Annual Results 2023. This announcement, containing the full text of the annual report 2023 of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of annual results.

## RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company (the “**Shares**”) on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 July 2023, pending the release of the Annual Results 2023. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 27 July 2023.

By order of the Board  
**China Environmental Energy Investment Limited**  
**Zhou Yaying**  
*Chairman*

Hong Kong, 26 July 2023

*As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Zhou Yaying, Mr. Wei Liang and Mr. Liu Jun; and four independent non-executive Directors, namely Mr. Tse Kwong Chan, Mr. Yiu To Wa, Mr. Lau Leong Yuen and Mr. Hong Hui Lung.*

\* *For identification purposes only*

# Contents

	Pages
<b>CORPORATE INFORMATION</b>	2
<b>CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION &amp; ANALYSIS</b>	3
<b>CORPORATE GOVERNANCE REPORT</b>	10
<b>ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT</b>	24
<b>REPORT OF THE DIRECTORS</b>	54
<b>INDEPENDENT AUDITOR'S REPORT</b>	63
<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated:	
Statement of profit or loss and other comprehensive income	69
Statement of financial position	70
Statement of changes in equity	72
Statement of cash flows	73
Notes to consolidated financial statements	75

*This Annual Report, in both English and Chinese versions, is available on the Company's website at [www.986.com.hk](http://www.986.com.hk). Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").*

*Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Branch Share Registrar and Transfer Office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.*

*Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Annual Report since both languages are bound together into one booklet.*

# Corporate Information

## Executive Directors

Ms. Zhou Yaying (*Chairman*)  
Mr. Wei Liang (*Chief Executive Officer*)  
Mr. Tang Wing Cheung Louis  
(Resigned on 24 March 2023 due to passed away)  
Mr. Liu Jun (Appointed on 1 June 2023)

## Independent Non-executive Directors

Mr. Tse Kwong Chan  
Mr. Yiu To Wa  
Mr. Lau Leong Yuen  
Mr. Hong Hui Lung

## Company Secretary

Ms. Wong Chi Yan (Appointed on 13 July 2023)  
Mr. Chan Kin Ming (Resigned on 13 July 2023)

## Audit Committee

Mr. Yiu To Wa (*Chairman*)  
Mr. Tse Kwong Chan  
Mr. Lau Leong Yuen  
Mr. Hong Hui Lung

## Remuneration Committee

Mr. Tse Kwong Chan (*Chairman*)  
Ms. Zhou Yaying  
Mr. Lau Leong Yuen

## Nomination Committee

Mr. Yiu To Wa (*Chairman*)  
Ms. Zhou Yaying  
Mr. Tse Kwong Chan

## Auditor

McMillan Woods (Hong Kong) CPA Limited  
24/F., Siu On Centre  
188 Lockhart Road  
Wan Chai  
Hong Kong

## Legal Advisor

H.Y. Leung & Co. LLP Solicitors  
22/F., Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Head Office and Principal Place of Business

Room 910, 9/F., Harbour Centre  
25 Harbour Road, Wanchai  
Hong Kong

## Principal Bankers

China Construction Bank (Asia) Corporation Limited  
Industrial and Commercial Bank of China Limited  
CMB Wing Lung Bank Limited

## Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited  
4th Floor, North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited  
Suites 3301-04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## Website

<http://www.986.com.hk>

## Stock Code

986



## Chairman's Statement and Management Discussion & Analysis

I would like to report to the shareholders the annual results of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2023.

### FINANCIAL REVIEW

For the year ended 31 March 2023, the Group's revenue was approximately HK\$68.47 million (2022: HK\$108.91 million), representing a decrease of approximately HK\$40.44 million or 37.13% as compared with the year ended 31 March 2022. The revenue included approximately HK\$41.80 million (2022: HK\$85.15 million) from design and marketing of jewelry (the "Design and Marketing of Jewelry") business and approximately HK\$26.67 million (2022: HK\$23.76 million) from provision of loans as money lending (the "Money Lending") business.

Gross profit was approximately HK\$28.03 million (2022: HK\$28.18 million), representing a slightly decrease of approximately HK\$0.15 million or 0.53% as compared with the year ended 31 March 2022. Gross profit margin of the Group was increased from approximately 25.88% to 40.94%. The increase in gross profit was due to the high demand of the Money Lending business.

The profit for the year of the Group was loss of approximately HK\$14.46 million (2022: profit of HK\$0.60 million), representing an increase of approximately HK\$6.60 million.

The turn to loss was mainly due to, including but not limited to (a) the expected credit losses on loan and interest receivables and trade receivables were approximately HK\$21.83 million compare to HK\$7.51 million of the year ended 31 March 2022; and offset with (b) decrease of staff cost in the selling and distribution expenses due to the sales of Design, OEM and Marketing of Jewelry was decreased.

Selling, distribution and administrative expenses were approximately HK\$17.39 million (2022: HK\$18.22 million), representing a decrease of HK\$0.83 million or approximately 4.56% as compared with the year ended 31 March 2022 due to (i) the Group's active cost control measures to improve operating efficiency.

The finance costs amounted to approximately HK\$1.05 million, representing a slight decrease of approximately HK\$0.20 million as compared to approximately HK\$1.25 million of the year ended 31 March 2022.

For the year ended 31 March 2023, the Group was principally engaged in the businesses of Design, OEM and Marketing of Jewelry and Money Lending.

#### Design, OEM and Marketing of Jewelry business

During the year, the revenue generated from the Design and Marketing of Jewelry business was approximately HK\$41.80 million (2022: HK\$85.15 million). Operating loss before tax was approximately HK\$6.33 million (2022: HK\$5.45 million).

### FINANCIAL REVIEW (continued)

#### Design, OEM and Marketing of Jewelry business (continued)

The pandemic in Mainland China (the “Mainland”) had affected all businesses, ours inclusive. Since the severe outbreak of COVID-19 from January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. The implementation of social distancing and quarantine measures in many countries worldwide have dampened consumer sentiment and brought the international tourism to a standstill, plunging the global economy into recession. Nevertheless, it appears that we are finally able to leave behind the nightmare of the pandemic.

But the fading of the threat of COVID-19 only puts into even starker contrast the spectre of geopolitical conflicts. At the same time, the major economies of the world are showing worrying signs of weakness. It is not inconceivable that trade issues could become catalysts for military actions. The world is fraught with uncertainty.

In February 2022 saw an escalation in geopolitical tensions further disrupt global supply chains, the sudden slump in pound-sterling in late September 2022 added to further market uncertainty with global inflation already high and global interest rates rising in response.

The COVID-19 pandemic has had an impact on the operations in Mainland China since the early of 2022, causing our underperformance in that market in terms of both sales and profit. The pandemic outbreaks in various parts of Mainland China have prompted lockdowns in affected cities and towns, lowering foot traffic in our customers' sales channel.

#### Money Lending business

During the year, Great Luck Finance Limited (“Great Luck”), an indirect wholly-owned subsidiary, was principally engaged in the money lending business in Hong Kong. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As at 31 December 2022, Great Luck had 87 (31 March 2022: 60) individual borrowers principal amounting to approximately HK\$276.57 million (31 March 2022: HK\$252.67 million) in total at the average interest rate of 9.70% (31 March 2022: 7.96%) per annum. The tenure of loans were 1 to 3 years. During the year, interest income from money lending was approximately HK\$26.67 million (2022: approximately HK\$23.76 million). The Group placed advertisement in magazine and engaged loan agents to solicit new customers.

**FINANCIAL REVIEW** (continued)

**Money Lending business** (continued)

The tenure of loans were 1 to 3 years. The following table sets forth the distribution of the remaining maturity of loan receivables as at 31 March 2023:

	HK\$' million
Within one year	186.88
Between one and three years	<u>89.69</u>
	<u>276.57</u>

All of the borrowers are individuals and approximately HK\$50 million were secured by corporate guarantee from certain companies and the remaining balances were unsecured.

The loan amount of the largest borrower of the Group was HK\$9,000,000, approximately 3.25% of the total loan receivables and the aggregate loan amount of the five largest borrowers were HK\$43,000,000, approximately 15.55% of the total loan receivables.

The Group strived to adhere to a set of policy and procedural manual (such as, internal loan and credit policy of the Group, Guideline on Compliance of Anti-Money Laundering and Counter Terrorist Financing Requirements for Licensed Money Lenders which is issued by Hong Kong Companies Registry and the Money Lenders Ordinance) in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering.

Before granting loans to potential customers, the Group performs credit assessment and due diligence process to assess the potential customers' credit quality individually and defines the credit limits granted to the borrowers.

The credit assessment and due diligence process encompasses (i) obtain personal information as to identity card copy and address proof; (ii) enquiry the potential customer any relationship with our directors or staff; (iii) ensure the potential customer is an independent third party and not connected with the Group and its connected person; (iv) if the potential customer is a connected person, we may consider the approval or not and make disclosure under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") if required; (v) to perform notifiable transaction test to ensure the loan is in compliance with the Listing Rules; (vi) detailed assessment on the credit history and financial background of the potential customers are performed by the finance team, the officer will gather the information and pass it to finance manager to review and finally pass these information to directors of Great Luck for assessment and approval. The relevant documents of financial background including but not limited to securities statement, bank statement and property certificate for asset proof; (vii) to perform litigation search through the government/other platform for the potential customers; and (viii) to perform assessment on the recoverability by the finance team, the procedures including to review the asset proof to ensure the potential customer was not under bankruptcy or debt restructuring.



### FINANCIAL REVIEW (continued)

#### Money Lending business (continued)

Under the Group's credit policy, (i) the loan shall not exceed the maximum loan amount preset by the Group (i.e. HK\$10,000,000), (ii) the tenor of loan shall not exceed the preset by the Group (i.e. 3 years), (iii) the interest rate of loan shall not less than preset by the Group (i.e. 5%) and (iv) the credit limit should be based on the asset proof and the collateral value (if any), etc., to determine the credit limit by one of directors of Great Luck. The terms of loan will be depends on assets proof, background search, collateral to determine by case by case and it will fall within the policy.

Loan monitoring mechanism had been established. The finance team is responsible for ongoing monitoring of the loan portfolio, credit limit of loans, loan recoverability, debt collection, identifying potential problems and recommending mitigating measures. The Group will conduct regular repayment assessment on the repayment schedule and the date of payment, company searches, litigation searches, internet searches and regulatory compliance searches in order to monitor and determine the risk level. The Group will request borrowers for provision of any updated financial information if considered necessary to update their financial ability, credit risk and assess the loan recoverability. These exercises are to monitor if any material adverse change may arise on the financial or legal conditions on the borrowers.

The Group performs impairment assessment on loan receivables under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of probability of default and loss given default is based on historical data and forward-looking information performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group's loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition.

For the year ended 31 March 2023, the net impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collaterals pledged to the Group, and forward-looking information including the future macro-economic conditions affecting the borrowers (the negative impact of the COVID-19 pandemic on the state of the Hong Kong economy had also been considered).

The expected credit losses on loan and interest receivables were made approximately HK\$21.83 million which is mainly due to the global economics risk factor increased in 2023. Actually, the Group did not incur any bad debt during the year except for these accounting impairment provision.

Regarding monitoring the recoverability of the loans, the Company will quarterly review and monitor the loan repayment status subsequent to the drawdown of loans to ensure that loan repayments were punctual and past due accounts were handled efficiently. When there were past due accounts, the Group would take actions including reminding call, interview, issue demand note, discuss the repayment terms or settlement proposals with the borrower and if unsuccessful, legal action would be taken against the borrower.

As at 31 March 2023, the allowance for ECLs of loan receivables are HKD30.28 million (2022: HKD9.20 million). The provision of default rate is 10.95% (2022: 3.64%). The increase of provision of default rate due to including but not limited to the global economic changes and political changes. In the fact, the Group did not record any bad debt and written off of loan receivable during the year ended 31 March 2023.



## Chairman's Statement and Management Discussion & Analysis

### FINANCIAL REVIEW (continued)

#### Money Lending business (continued)

The Company has complied with requirements set out in chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrower(s), whose loan(s) was still outstanding as at 31 March 2023.

According to the statistics from Companies Registry, number of licensed money lenders has gradually increased from 1,994 to 2,414 for year 2017 to year 2022. Licensed money lenders, which are outside the banking system, provide an alternative source of financing for individuals and companies.

In view of the increasing demand in money lending in Hong Kong, the Group has placed advertisement in magazine to make public awareness and promote our business and the Group will proactively expand such business as the Directors believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group.

### SIGNIFICANT INVESTMENTS

As at 31 March 2023, the market value of the equity securities (the "Listed Equities") listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") held by the Group was approximately HK\$28.42 million (2022: HK\$27.14 million) which were classified as financial assets at fair value through other comprehensive income.

Name (Stock code)	Principal business	Market value as at 31 March 2022 HK\$ million	Net gain/(loss) on fair value change during the period HK\$ million	Market value as at 31 March 2023 HK\$ million	% of shareholding held as at 31 March 2023	% of net assets of the Company as at 31 March 2023
WLS Holdings Limited (8021)	Provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work, money lending business and securities investment business	17.59	6.10	23.69	2.50	5.72
Other listed equity securities (Note)		9.55	(4.82)	4.73	N/A	1.14
Total		<u>27.14</u>	<u>1.28</u>	<u>28.42</u>	<u>N/A</u>	<u>6.86</u>

Note: As at 31 March 2023 and 31 March 2022, other listed equity securities comprised 11 listed equity securities and none of them was more than 1% of the total asset of the Group.

During the year under review, the Group's Listed Equities recorded a fair value gain of approximately HK\$1.28 million (2022: HK\$4.07 million).

The future value of Listed Equities may be affected by the degree of volatility in Hong Kong stock market and susceptible to other external factors that may affect their values. The Group will continue to adopt a diversified investment strategy and monitor the performance of the Group's investments with reference to the advice from investment professionals to achieve better shareholders' return.

### MATERIAL ACQUISITION AND DISPOSAL

The Company did not have any significant acquisition and disposal during the year ended 31 March 2023.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets as at 31 March 2023.

## OUTLOOK

The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group's net current assets were approximately HK\$259.64 million (2022: HK\$180.29 million), including cash and cash equivalents of approximately HK\$1.35 million (2022: HK\$10.19 million). Total interest-bearing borrowings amounted to approximately HK\$23.25 million as at 31 March 2023 (2022: HK\$29.05 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2023 was 4.87% (2022: 3.99%).

## SHARE CAPITAL AND CAPITAL STRUCTURE

A total of 45,430,000 new shares of the Company were issued and allotted upon exercise of share options granted under the Company's share option scheme.

As a result, the number of shares of the Company in issue increased from 1,249,275,500 as at 1 April 2022 to 1,294,705,500 as at 31 March 2023.

Save as disclosed above, there was no other change in the share capital and capital structure of the Company during the year ended 31 March 2023.

## USE OF PROCEEDS FROM RIGHTS ISSUE

The intended use of the net proceeds, actual use of the net proceeds and the remaining balance of unutilised proceeds as at 31 March 2023 are summarised as follows:

<b>Use of proceeds</b>	<b>Original intended use of net proceeds stated in circular dated 16 July 2021 HK\$'million</b>	<b>Actual use of net proceeds as at 31 March 2023 HK\$'million</b>	<b>Remaining balance of unutilised proceeds as at 31 March 2023 HK\$'million</b>
Repayment of the loan and interest payable	5.76	5.76	–
Repayment of the overdue debts	9.46	9.46	–
Development of Design and Marketing of jewelry business	30.00	30.00	–
General working capital	14.89	14.89	–
Total	60.11	60.11	–

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly operates in Hong Kong and Mainland China. Most transactions, assets and liabilities are denominated in Hong Kong Dollars, United States dollars ("USD") and Renminbi. As Hong Kong dollars are pegged to USD, the management does not expect that the Group has significant foreign exchange exposure to USD. During the year ended 31 March 2023, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks, 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 times.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 March 2023 and 2022.

## **CAPITAL COMMITMENTS**

The Group had no material capital commitments authorised but not provided for as at 31 March 2023 and 2022.

## **PLEDGE OF ASSETS**

The Group did not have any pledge on its assets as at 31 March 2023 and 2022.

## **DIVIDEND**

No dividend for the year ended 31 March 2023 (2022: Nil) is recommended by the Board.

## **EVENTS AFTER THE REPORTING PERIOD**

At the date of this annual report, the directors of the Company did not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

## **EMPLOYMENT AND REMUNERATION POLICY**

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had 47 employees as at 31 March 2023 (2022: 50). Remunerations are commensurate with the nature of job, staff experience and market conditions.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

**Ms. Zhou Yaying**

*Chairman*

Hong Kong, 26 July 2023



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

In the opinion of the Board, during the year ended 31 March 2023, the Company has complied with the code provisions set out in the CG Code, except for the code provisions F.2.2.

Pursuant to code provision F.2.2 of the CG Code, the Chairman of the Company should attend the annual general meetings of the Company. The Chairman of the Company, was unable to attend the annual general meeting of the Company held on 29 September 2022, due to COVID-19 pandemic control measures in the PRC. However, the Chairman had arranged other directors to attend the meeting and communicate with shareholders.

Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

### A. THE BOARD

#### A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and act in the interests of the Group.

All directors have timely access to all relevant information as well as the advices and services of the Company Secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

## A. THE BOARD (continued)

### A1. Responsibilities and Delegation (continued)

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the management to discharge its responsibilities.

### A2. Board Composition

The Board currently comprises the following directors:

Executive directors:

Ms. Zhou Yaying (*Chairman of the Board, member of the Executive Committee, Remuneration Committee and Nomination Committee*)

Mr. Wei Liang (*Chief Executive Officer and member of the Executive Committee*)

Mr. Tang Wing Cheung Louis (*Member of the Executive Committee*) (*Resigned on 24 March 2023 due to passed away*)

Mr. Liu Jun (*Member of the Executive Committee*) (*Appointed on 1 June 2023*)

Independent non-executive directors:

Mr. Yiu To Wa (*Chairman of both the Audit Committee and Nomination Committee*)

Mr. Tse Kwong Chan (*Chairman of the Remuneration Committee, member of the Audit Committee and Nomination Committee*)

Mr. Lau Leong Yuen (*Member of the Audit Committee and Remuneration Committee*)

Mr. Hong Hui Lung (*Member of the Audit Committee*)

Throughout the year ended 31 March 2023, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

### A. THE BOARD (continued)

#### A2. Board Composition (continued)

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company are set out under the section headed “Brief Biographical Details in respect of Directors and Senior Management” in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

#### A3. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company’s Bye-laws (the “Bye-laws”). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

#### A4. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant legal and regulatory requirements.

All the directors understood the importance of continuous professional development and were committed to participating in any suitable training or reading relevant materials in order to maintain and enhance their knowledge and skills. They are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.



## Corporate Governance Report

### A. THE BOARD (continued)

#### A4. Induction and Continuing Development for Directors (continued)

During the year ended 31 March 2023, pursuant to code provision C.1.4 of the CG Code, all directors received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance and compliance matters; and read publications, journals, books and other reading materials in relation to regulatory updates, financial reporting and corporate management. All Directors confirmed that they have complied with the CG code provision C.1.4. A summary of the trainings relating to corporate governance and regulatory updates received by the directors for the year ended 31 March 2023 is as follows:

Name of directors	Attending training/ seminars	Reading relevant materials
<i>Executive directors</i>		
Ms. Zhou Yaying	✓	✓
Mr. Wei Liang	✓	✓
Mr. Tang Wing Cheung Louis	✓	✓
Mr. Liu Jun (appointed on 1 June 2023)	N/A	N/A
<i>Independent non-executive directors</i>		
Mr. Tse Kwong Chan	✓	✓
Mr. Yiu To Wa	✓	✓
Mr. Lau Leong Yuen	✓	✓
Mr. Hong Hui Lung	✓	✓

#### A5. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2023 are set out below:

Name of Director	Attendance/Number of Meetings				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<i>Executive directors:</i>					
Ms. Zhou Yaying	14/14	N/A	1/1	1/1	0/1
Mr. Wei Liang	14/14	N/A	N/A	N/A	1/1
Mr. Tang Wing Cheung Louis	14/14	N/A	N/A	N/A	1/1
Mr. Liu Jun (appointed on 1 June 2023)	N/A	N/A	N/A	N/A	N/A
<i>Independent non-executive directors:</i>					
Mr. Tse Kwong Chan	14/14	2/2	1/1	1/1	1/1
Mr. Yiu To Wa	14/14	2/2	N/A	1/1	1/1
Mr. Lau Leong Yuen	14/14	2/2	1/1	N/A	1/1
Mr. Hong Hui Lung	14/14	2/2	N/A	N/A	1/1

In addition, the Chairman of the Board held a meeting with the independent non-executive directors without the presence of executive directors during the year under review.

## Corporate Governance Report

### A. THE BOARD (continued)

#### A6. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ dealings in the Company’s securities (the “Own Code”). Having made specific enquiry of all the Company’s directors, they confirmed that they have complied with the required standard set out in the Own Code throughout the year ended 31 March 2023.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Where the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its directors and relevant employees in advance.

#### A7. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision A.2.1 of the CG Code.

During the year under review, the Board has (i) reviewed and developed the Company’s corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of the directors and management, (iii) reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Own Code and the Employees Written Guidelines, and (v) reviewed the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

#### A8. Directors’ Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

#### A9. Board Diversity Policy

The Board adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender appropriate for the requirements of the business development of the Group.

## **B. BOARD COMMITTEES**

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

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

### **B1. Executive Committee**

The Executive Committee currently comprises all the executive directors of the Company with the Chairman of the Board, Ms. Zhou Yaying, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

### **B2. Remuneration Committee**

The Remuneration Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen, the Company's independent non-executive directors. The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for 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, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year under review, the Remuneration Committee has performed the following major works: (i) reviewed the remuneration policy and structure of the Group and made recommendation to the Board; and (ii) reviewed the remuneration packages of the directors and senior management.



**B. BOARD COMMITTEES** (continued)

**B2. Remuneration Committee** (continued)

The attendance records of each Committee member at the one Remuneration Committee meeting held during the year ended 31 March 2023 are set out in section A5 above.

Details of the remuneration of each director of the Company for the year ended 31 March 2023 are set out in note 15 to the consolidated financial statements contained in this annual report.

**B3. Audit Committee**

The Audit Committee currently comprises a total of four members, being the four existing independent non-executive directors, namely Mr. Yiu To Wa, Mr. Tse Kwong Chan, Mr. Lau Leong Yuen and Mr. Hong Hui Lung. The chairman of the Audit Committee is Mr. Yiu To Wa. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has performed the following major works:

- Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2022, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the major audit issues reported by the auditor before submission to the Board.
- Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2022, and the related accounting principles and practices adopted by the Group.
- Reviewed the relationship with the external auditor by reference to the work performed by the auditor, audit fees and terms of engagement, and make recommendation to the Board on the re-appointment of external auditor.
- Reviewed the internal control and risk management matters and internal audit function of the Group, and made recommendation to the Board.

The attendance records of each Committee member at the two Audit Committee meetings held during the year ended 31 March 2023 are set out in section A5 above.

**B. BOARD COMMITTEES** (continued)

**B3. Audit Committee** (continued)

The Audit Committee met regularly with the Company's external auditor to discuss issues arising from the audit and financial reporting matters.

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

**B4. Nomination Committee**

The Nomination Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Yiu To Wa and Mr. Tse Kwong Chan, the Company's independent non-executive directors. The majority of the Nomination Committee members are independent non-executive directors. The chairman of the Nomination Committee is Mr. Yiu To Wa.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has performed the following major works: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) made recommendation to the Board on the re-election of the retiring directors at the 2022 annual general meeting; and (iii) assessed the independence of all the Company's independent non-executive directors.

The attendance records of each Committee member at the one Nomination Committee meeting held during the year ended 31 March 2023 are set out in section A5 above.

## C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2023.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## D. RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management forms part of management's core responsibility and is an integral part of the internal control of the Group.

The Board acknowledges its responsibility for risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as to provide reliable financial information for internal and external use together with compliance of applicable laws, rules and regulations. The Board also acknowledges its responsibility for reviewing the effectiveness of such systems on an ongoing basis. 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.

### Risk management framework

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks. Risk assessment and internal control management is a critical focus for all levels, including but not limited to financial, operational and compliance controls.

The Group's risk management framework and principles are applied through a hybrid of top-down and bottom-up processes. The top-down risk assessment process captures management's perspective of risks across strategic horizons, while the bottom-up process involves the identification of risks at all operating and supporting functions areas. Results from the two risk assessments are consolidated to give a broader understanding of the Group's consolidated risk profile.

### Risk management process

The risk management and internal control process involves identification, assessment, internal control, mitigation and monitoring as follows:

#### 1. Identification

It identifies the potential risks or opportunities that may arise.



## D. RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

### Risk management process (continued)

#### 2. Assessment

It follows events identification and precedes risk response. Its purpose is to assess how the risks are, both individually and collectively, in order to draw management's attention to the most important threats and opportunities, and to lay the groundwork for risk response.

#### 3. Internal control

It is decided on a course of action to address the risks identified, to ensure that an issue may not be developed, where the potential threat is realised. The Group's internal control system includes policies and procedures covering compliance controls, project development, business control, financial reporting, budgeting and human resources system to enhance the risk awareness culture as well as the effectiveness in handling risks that have been identified and assessed.

#### 4. Mitigation and monitoring

Mitigation and monitoring processes ensure appropriate risk responses and controls are in place, and are reviewed yearly by the Board and Audit Committee.

All levels of management work together to maintain and improve risk management and internal control framework that lowers risks to an acceptance level and assist the Group in achieving its goals and objectives.

### Review of risk management & internal control systems

The Group also engaged external consultants to carry out an annual independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational and compliance controls together with recommendations submitted to the Audit Committee for their consideration in order to improve the effectiveness of the systems.

The Board, through its review and the review made by risk management and internal control function and Audit Committee of the Company, concluded that the risk management and internal control systems for the year ended 31 March 2023 were effective and adequate, covering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

## E. COMPANY SECRETARY

The company secretary has complied with Rule 3.29 of the Listing Rules by taking relevant professional training during the year under review.

## F. DIVIDEND POLICY

The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board and the Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the profits of the Company, in accordance with the provision of the memorandum of association and Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended from time to time) (the “Companies Act 1981”).

In accordance with the applicable requirements of the Bye-laws and the Companies Act 1981, the Company shall not declare or pay a dividend, or make a distribution out of profits available for distribution if:

- (a) it would render the Company unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company’s assets would thereby become less than its liabilities.

In addition to cash, dividends may be distributed in the form of shares. The Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient.

In respect of any dividend that the Board or the Company in general meeting has resolved that such to be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment; or
- (ii) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

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

- (a) the Group’s actual and expected operations, financial performance and conditions and liquidity position;
- (b) the shareholders’ interests;

## F. DIVIDEND POLICY (continued)

- (c) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (e) the Group's expected working capital requirements and future expansion plans;
- (f) statutory and regulatory restrictions;
- (g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board deems appropriate.

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

## G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2023 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2023 are analysed below:

Type of services provided by the external auditor	Fees paid/payable HK\$
Audit services	730,000
Non-audit services	75,000
	<hr/>
	805,000
	<hr/>



## H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at [www.986.com.hk](http://www.986.com.hk), as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong  
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

### I. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

- (1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to Bye-law 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.
- (2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's registered office/principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

**I. SHAREHOLDER RIGHTS** (continued)

- (3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar at least 7 days prior to the date of the general meeting. Where the notices are submitted after the dispatch of the notice of the general meeting, the period for lodgement of such notices should commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the original signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.986.com.hk](http://www.986.com.hk)) after a shareholders' meeting.

# Environmental, Social and Governance Report

## INTRODUCTION

China Environmental Energy Investment Limited (the “Company”, together with its subsidiaries, the “Group”) is principally engaged in the design and marketing of jewellery and money lending businesses.

This Environmental, Social and Governance (“ESG”) report (the “ESG Report”) summarises the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The Group adheres to the management policies of sustainable ESG development. The Group is also committed to handling the Group’s ESG affairs effectively and responsibly, which is integrated as one of the core components of its business strategy as the Group believes that this is the key to its continued success in the future.

### The ESG Governance Structure

The Group adopts a top-down management approach to address its ESG-related matters, with the board (the “Board”) of directors (“Directors”) assuming overall responsibility for the Group’s ESG strategies and reporting. The Board members possess the necessary skills, experience, knowledge, and perspectives to effectively oversee the Group’s ESG issues. They are responsible for ensuring the effectiveness of the Group’s risk management and internal controls, reviewing the materiality of ESG issues, evaluating the Group’s performance against ESG-related targets, and approving disclosures in the ESG reports. The Board meets at least once each year to discuss ESG-related matters.

To manage the Group’s ESG issues systematically under the Board’s delegation, the Group has established the ESG Working Group (the “ESG Working Group”), comprising staff from relevant departments with the necessary ESG-related knowledge and experience. The ESG Working Group collaborates with an independent third party and is primarily responsible for collecting and analysing relevant ESG data, monitoring its progress toward the targets set, identifying and evaluating the Group’s ESG risks, as well as devising and implementing ESG-related policies, guidelines, and measures. Additionally, it assists the Board in identifying, evaluating, and prioritising ESG issues through materiality assessments and prepares the ESG reports. The ESG Working Group holds at least one meeting annually to discuss the Group’s ESG performance and report its findings and recommendations to the Board at least once per year. The Board then evaluates and subsequently implements or revises the Group’s ESG strategies and management approaches, ensuring appropriate risk management concerning ESG-related matters.



### REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group for the year ended 31 March 2023 (“2023”).

### REPORTING SCOPE

The reporting scope of this ESG Report is determined by considering materiality principles, the Group’s core business and primary revenue sources. This ESG Report covers the Group’s two operating segments, namely the design and marketing of jewellery as well as money lending businesses. This scope is consistent with the Annual Report and covers the Group’s operations in Hong Kong, Mainland China and Canada. Since there are no physical offices or retail shops in Canada, the environmental impacts of this location are negligible. As a result, the environmental key performance indicators (“KPIs”) reported in this ESG Report only cover the Group’s operation in Hong Kong and Mainland China.

### REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 to the Rules Governing the Listing Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (“Stock Exchange”). For the Group’s corporate governance practices, please refer to the section “Corporate Governance Report” in the Annual Report.

#### Reporting Principles

During the preparation for this ESG Report, the Group has applied the following reporting principles:

- Materiality:* The materiality of issues was reviewed and confirmed by the Board and ESG 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 were supplemented in the explanatory notes.
- Consistency:* Unless otherwise stated, the preparation approach of this ESG Report is consistent with the ESG report for the year ended 31 March 2022 (“2022”) for comparison purposes. If there are any changes in the scope of disclosure or calculation methodologies that may affect the comparison with previous reports, explanations will be provided to the corresponding data.

## STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views related to its business and ESG issues. In order to understand stakeholders' expectations and concerns, the Group has maintained close communication with its stakeholders through a variety of engagement channels. In formulating operational strategies and ESG measures, the Group takes into account stakeholders' expectations and concerns and strives to improve its performance through cooperation to create greater values for society. The expectations of different stakeholders to the Group and the engagement channels are as follows:

Stakeholders	Expectations and Concerns	Engagement Channels
<b>Internal Stakeholders</b>		
The Board	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Operational sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Internal announcements and publications</li> <li>Board meetings</li> </ul>
Management	<ul style="list-style-type: none"> <li>Health and safety of working environment</li> <li>Operational sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Internal announcements and publications</li> <li>Direct email</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Staff salary and benefits</li> <li>Health and safety of working environment</li> <li>Training and career development</li> </ul>	<ul style="list-style-type: none"> <li>Suggestion boxes</li> <li>Regular performance reviews and interviews</li> <li>Internal announcements and publications</li> <li>Training</li> </ul>
<b>External Stakeholders</b>		
Investors/ Shareholders	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Return on investment</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Financial reports</li> <li>Announcements and circulars</li> </ul>
Government/ Regulatory Bodies	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Stability in business operations</li> <li>Support for local economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Regular communication with authorities</li> <li>Press releases and announcements</li> <li>Written or electronic correspondences</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Engagement and cooperation</li> <li>Fair and open procurement</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management meetings and events</li> <li>Supplier on-site inspections</li> <li>Procurement manager</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Quality of products and services</li> <li>Meeting customer's requirements</li> <li>Rapid response and customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer service team</li> <li>Customer support hotline and email</li> </ul>
Banks	<ul style="list-style-type: none"> <li>Loan repayment on time</li> <li>Honest and credible operations</li> <li>Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Post-loan tracking</li> <li>On-site visits</li> <li>Work conferences</li> </ul>
Media and Communities	<ul style="list-style-type: none"> <li>Corporate responsibility</li> <li>Compliance with laws and regulations</li> <li>Community investments</li> </ul>	<ul style="list-style-type: none"> <li>The Group's website</li> <li>Regular reports and announcements</li> <li>ESG reports</li> </ul>

## MATERIALITY ASSESSMENT

In accordance with the ESG Reporting Guide and industry standards, the Group has identified material ESG issues. The Group conducted an internal assessment to determine the importance of each issue based on the level of risk to the Group’s business and the level of influence on its stakeholders. The result of the materiality assessment is used to determine the focus of disclosure in the ESG Report and formulate the Group’s ESG strategy. To analyse its business risks and respond to stakeholder expectations, the Group will continue to conduct materiality assessments.

As stakeholder expectations may vary due to the diverse impacts of the Group’s business operations, engaging with them through various channels is essential to collect a wide range of views and perspectives. To improve the materiality assessment process, the Group is committed to expanding stakeholder engagement. The table below summarises the Group’s material topics:

Low Risk	Medium Risk	High Risk
Waste Management Energy Management Water Management Employment Development and Training Labour Standards Supply Chain Management Customer Services Advertising and Labelling	Air and Greenhouse Gas (“GHG”) Emissions Health and Safety Customer Privacy Protection Intellectual Property (“IP”) Rights	Climate Change Management Product Quality Anti-corruption Corporate Social Responsibility

## CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group’s performances in sustainable development by fax to (852) 2536 0289.



## A. ENVIRONMENTAL

### Environmental Targets

The Group is committed to sustainable development and reducing its impact on the environment. In 2022, the Group established a set of environmental targets in response to the national vision for environmental protection and carbon neutrality. These targets aim to provide stakeholders with a comprehensive understanding of the Group's ESG performance and enhance its corporate reputation. As part of its approach to continuous improvement, all the targets set in 2022 will be carried forward to the year ending 31 March 2024 ("2024"). The Group will continue to monitor the data trend and review its progress towards these targets, assessing whether any adjustments should be made and striving to optimise its environmental management practices to achieve them. The progress towards each target, relevant data and year-on-year comparisons are listed in the table below and subsequent sections.

Aspects	Targets	Progress
GHG Emissions	<p>Taking 2022 as the base year, the Group will reduce the intensity of total GHG emissions by 3% in the next three years.</p> <p>The Group will participate in at least 2 campaigns annually to increase employees' awareness of emissions reduction.</p>	<p>In progress.</p> <p>During 2023, the Group participated in "Earth Hour" and "World Car Free Day" to encourage employees to take actions to reduce emissions.</p>
Hazardous Wastes Management	The Group does not generate material hazardous waste given its business nature, and therefore no relevant targets were set.	N/A
Non-hazardous Wastes Management	Taking 2022 as the base year, the Group will gradually reduce the intensity of total non-hazardous waste generated in the future.	In progress.
Energy Management	<p>Taking 2022 as the base year, the Group will gradually reduce the intensity of total energy consumption in the next three years.</p> <p>The Group will participate in campaigns annually to increase employees' awareness on energy-saving.</p>	<p>In progress.</p> <p>During 2023, the Group participated in "Earth Hour" and "World Car Free Day" to encourage employees to take actions to reduce energy consumption.</p>
Water Management	The Group does not have a record of water consumption as its water consumption expenses are included in the property management fee, and therefore no relevant targets were set.	N/A

### A. ENVIRONMENTAL (continued)

#### A1. Emissions

The Group is committed to sustainable development in its operations and aims to reduce emissions by exploring business operating models that have less impact on the environment. The Group recognises the importance of environmental management and strives to protect the environment as part of its commitment to social responsibility. It has implemented an “Environmental Policy” to strengthen environmental protection measures and comply with relevant local laws and regulations.

The ESG Working Group is responsible for the Group’s environmental affairs and supervises the implementation of relevant policies and measures. Under their guidance, various departments work to implement the Group’s environmental protection policies and ensure compliance with legal requirements. The ESG Working Group continuously reviews the Group’s policies and implementation procedures, periodically reporting to management and making recommendations if necessary.

During 2023, the Group was not aware of any material non-compliance with laws and regulations in relation to air and GHG emissions, discharges into water and land, and the generation of hazardous and non-hazardous wastes, including but not limited to the “Air Pollution Control Ordinance”, the “Water Pollution Control Ordinance” and the “Waste Disposal Ordinance” of Hong Kong, the “Environmental Protection Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” of Mainland China and the “Environmental Protection Act” of Canada.

#### **Air and GHG Emissions**

##### *Air Emissions*

The Group’s primary source of air emissions is attributed to the use of vehicles. In order to reduce its environmental impact, the Group regularly maintains and repairs its vehicles to prevent the emission of excessive air pollutants caused by damaged parts or other reasons. The Group also adheres to local emission policies by eliminating substandard vehicles.

Due to the gradual resumption of normal business commuting in the post-pandemic period, the Group’s overall air emissions in 2023 has significantly increased compared to 2022. The following table is the summary of the Group’s performance regarding air emissions:

Indicators <sup>1</sup>	Unit	2023	2022
Nitrogen Oxides (“NO <sub>x</sub> ”)	kg	4.15	0.92
Sulphur Oxides (“SO <sub>x</sub> ”)	kg	0.11	0.02
Particulate Matter (“PM”)	kg	0.31	0.07

Note(s):

1. The calculation method of air emissions is based on “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.

**A. ENVIRONMENTAL** (continued)

**A1. Emissions** (continued)

*Air and GHG Emissions* (continued)

*GHG Emissions*

The major sources of the Group’s GHG emissions are direct GHG emissions (Scope 1) from the combustion of unleaded petrol for vehicles, indirect GHG emissions (Scope 2) from purchased electricity and other indirect GHG emissions (Scope 3) from the paper waste disposed of in landfills and employee business travel. To reduce GHG emissions, the Group has adopted air emissions mitigation, paper use reduction, energy conservation, and water conservation measures as described in the sections on “Air Emissions”, “Waste Management”, “Energy Management”, and “Water Management”. In 2023, the Group also participated in campaigns such as “Earth Hour” and “World Car Free Day” to encourage employees to take actions to reduce emissions.

Due to the reduction in revenue and the gradual resumption of normal business commuting and travel in the post-pandemic period, the Group’s intensity of total GHG emissions in 2023 has significantly increased compared to 2022. The following table is the summary of the Group’s performance regarding GHG emissions:

Indicators <sup>2</sup>	Unit	2023	2022
Direct GHG Emissions (Scope 1)	tonnes of carbon dioxide equivalent (“tCO <sub>2</sub> e”)	19.92	4.31
• Unleaded Petrol			
Indirect GHG Emissions (Scope 2)	tCO <sub>2</sub> e	3.08	4.45
• Electricity			
Other Indirect GHG Emissions (Scope 3)	tCO <sub>2</sub> e	0.59	0.16
• Paper Waste Disposed of in Landfills and Employee Business Travel			
<b>Total GHG Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>23.59</b>	<b>8.92</b>
<b>Intensity of Total GHG Emissions</b>	<b>tCO<sub>2</sub>e/million HKD revenue<sup>3</sup></b>	<b>0.34</b>	<b>0.08</b>

Note(s):

- The calculation method of GHG emissions is based on, 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, the global warming potential values from the IPCC Fifth Assessment Report, 2014 (AR5), the “Sustainability Report 2022” issued by The Hong Kong Electric Company Limited, the “Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting of the Power Generation Industry from 2023 to 2025” published by the Ministry of Ecology and Environment of the People’s Republic of China and the carbon emissions calculator developed by International Civil Aviation Organisation.
- For 2023, the Group’s revenue was approximately HK\$68.47 million (2022: approximately HK\$108.91 million). The data is also used for calculating other intensity data.



**A. ENVIRONMENTAL** (continued)

**A1. Emissions** (continued)

***Sewage Discharge into Water and Land***

The Group's daily operations do not involve significant water consumption, and as a result, it does not generate a material amount of discharge into water or land. The majority of the water supply and discharge facilities are provided and managed by the property management company.

***Waste Management***

***Hazardous Wastes Management***

Due to the Group's business nature, it does not generate significant amount of hazardous wastes. Therefore, there are no relevant targets set in this regard. However, we remain committed to reducing waste. If any hazardous wastes are generated, the Group will engage the services of a certified waste collector to handle the waste in accordance with applicable environmental laws and regulations.

***Non-hazardous Wastes Management***

The major sources of the Group's non-hazardous wastes are office paper and general waste. To reduce paper and waste production, the Group has made significant efforts to educate its employees on the importance of environmental sustainability. In addition, the Group has adopted various environmentally-friendly initiatives, including but not limited to the following green measures:

- Use electronic communication channels for information sharing;
- Reuse paper that has been used on one side for drafting, photocopying and fax delivering;
- Utilise paper by adjusting document's margins, font size and printer settings;
- Avoid using paper cups; and
- Utilise handkerchiefs or hand dryers for the reduction on tissues or paper towels.

**A. ENVIRONMENTAL** (continued)

**A1. Emissions** (continued)

**Waste Management** (continued)

*Non-hazardous Wastes Management (continued)*

Due to the reduction in revenue and the gradual resumption of normal business operation in the post-pandemic period, the Group’s intensity of total non-hazardous wastes generated in 2023 has significantly increased compared to 2022. The following table is the summary of the Group’s performance regarding the generation of non-hazardous wastes:

Indicators	Unit	2023	2022
Office Paper	kg	30.29	33.01
General Waste	kg	360.00	305.00
<b>Total Non-hazardous Wastes Generated</b>	<b>kg</b>	<b>390.29</b>	<b>338.01</b>
<b>Intensity of Total Non-hazardous Wastes Generated</b>	<b>kg/million HKD revenue</b>	<b>5.70</b>	<b>3.10</b>

**A2. Use of Resources**

To minimise the environmental impact of its business operations, the Group has implemented the “Environmental Policy” and is dedicated to introducing green measures to better manage the use of resources, including energy and water. The Group has also implemented measures to reduce the use of office paper as mentioned in the preceding section on “Waste Management”.

**Energy Management**

The Group upholds and promotes the principle of efficient use of resources. In order to reduce energy consumption, the Group has adopted the following energy-saving measures:

- Actively adopt air emissions mitigation measures described in the sections headed “Air Emissions”;
- Adjust the air conditioner temperature to 25.5°C;
- Switch off all idle appliances and unnecessary lighting upon leaving the office;
- Use stairs instead of lifts when possible;
- Set computers on energy-saving modes; and
- Purchase equipment with high energy efficiency in the replacement of old equipment.

**A. ENVIRONMENTAL** (continued)

**A2. Use of Resources** (continued)

**Energy Management** (continued)

During 2023, the Group also participated in “Earth Hour” and “World Car Free Day” to encourage employees to take actions to reduce energy consumption.

Due to the reduction in revenue and the gradual resumption of normal business commuting in the post-pandemic period, the Group’s intensity of total energy consumption in 2023 has significantly increased compared to 2022. The following table is the summary of the Group’s performance regarding energy consumption:

Indicators <sup>4</sup>	Unit	2023	2022
Direct Energy Consumption	MWh	72.59	15.72
• Unleaded Petrol			
Indirect Energy Consumption	MWh	4.84	6.89
• Purchased Electricity			
<b>Total Energy Consumption</b>	<b>MWh</b>	<b>77.43</b>	<b>22.61</b>
<b>Intensity of Total Energy Consumption</b>	<b>MWh/million HKD revenue</b>	<b>1.13</b>	<b>0.21</b>

Note(s):

- The unit conversion method of direct energy consumption refers to the “Energy Statistics Manual” issued by the International Energy Agency.

**Water Management**

The Group mainly consumes water for office operation. As the Group’s operating locations have access to an adequate and reliable water supply, it does not encounter any significant issues in sourcing water fit for purpose.

The Group’s water consumption expenses are included in the property management fee. Therefore, there are no water consumption records available, and the Group has not set any targets in this regard. However, the Group remains dedicated to promoting behavioural changes in water usage within the office and encourages water conservation. To achieve this, the Group has placed signage with water-saving messages in prominent locations of its office to encourage employees to conserve water.



### A. ENVIRONMENTAL (continued)

#### A2. Use of Resources (continued)

##### *Use of Packaging Material*

The Group consumed a minimal amount of paper bags and packaging boxes during its operations. As the Group has been actively working to reduce its usage of packaging materials and protect the environment, the Group's intensity of total packaging material usage in 2023 has slightly decreased compared to 2022. The following table is the summary of the Group's performance regarding the use of packaging material:

Indicators	Unit	2023	2022
Total Packaging Material Usage	kg	3.00	5.00
<b>Intensity of Total Packaging Material Usage</b>	<b>kg/million HKD revenue</b>	<b>0.04</b>	<b>0.05</b>

#### A3. The Environment and Natural Resources

While the core business of the Group has a limited impact on the environment and natural resources, the Group recognises its responsibility to minimise any negative environmental impacts in its business operations as part of its ongoing commitment to good corporate social responsibility. To achieve this, the Group has implemented the "Environmental Policy" and regularly assesses the environmental risks of its business. The Group adopts preventive measures to reduce the risks and ensure compliance with relevant laws and regulations.

##### *Indoor Air Quality*

Indoor air quality is regularly monitored and measured. During 2023, the indoor air quality of the Group's offices has been satisfactory. To improve indoor air quality, air purifying equipment has been installed in the office and the air conditioning system is cleaned periodically. These measures help maintain indoor air quality at a satisfactory level by filtering out pollutants, contaminants and dust particles.

### A. ENVIRONMENTAL (continued)

#### A4. Climate Change

The Group recognises climate change as one of the greatest issues confronting humanity today. It is vital for the Group to understand its corporate role in addressing climate change threats, which could impact the Group in terms of its business profitability and long-term resilience. As such, the Group has established the “Climate Change Policy” to identify, monitor and manage climate-related issues, and integrate such considerations into its strategic business planning.

##### *Climate Change Management*

To cope with the intensified threat of climate change, the Group has assessed the potential climate-related risks that may affect its business operations, and has classified them into the following dimensions:

In terms of physical risks, the increasing frequency and severity of extreme weather events such as rainstorms and typhoons, could lead to an increased risk of power shortages, interrupting the supply chain, damaging the Group’s physical assets and disrupting the Group’s office operations. These events may reduce the Group’s revenue, as well as increase 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 will regularly review the risks of business interruption related to extreme weather and, where appropriate, develop countermeasures to mitigate negative impacts. At the same time, the Group has specified special work arrangements for potential environmental disasters, typhoons and rainstorms to avoid any chaotic situations that may lead to safety incidents in accordance with relevant laws and regulations. To mitigate potential damage to its employees and assets in the event of extreme weather conditions, the Group has also acquired insurance coverage for its premises.

In terms of transition risks, the Group expects that there will be more stringent climate-related laws and regulations. For example, the Stock Exchange has required listed companies to enhance climate-related disclosures in their ESG reports, which may result in increased compliance costs. Failure to meet the climate change compliance requirements may expose the Group to the risks of claims and lawsuits. Corporate reputation may also decline. The Group will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid reputational risks due to delayed response. Additionally, the Group is committed to enhancing its compliance and quality standards regarding emissions and climate-related disclosures by seeking guidance from professional entities and communicating with different stakeholders on their views on climate-related issues.

In addition, the Group has identified and capitalised on opportunities of adopting sustainable practices that arise due to climate change. The Group understands the importance of green initiatives to achieve greater energy efficiency, reduce GHG emissions, and lower its carbon footprint as well as energy costs. The Group has set targets to reduce energy consumption and GHG emissions to reduce the Group’s environmental impacts. The Group will continue to improve energy management system and assess its effectiveness to address climate change and enhance its resilience against climate-related issues.

### B. SOCIAL

#### B1. Employment

The Group values staff equality and is dedicated to providing its staff with equal and fair treatment. In addition, compliance with relevant laws and regulations has always been one of the Group's guiding principles. The Group will monitor and improve in areas as needed, and continue to grow sustainably and in a socially responsible manner.

The Group has established "Human Resources Manual" covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, as well as other benefits and welfare. During 2023, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including but not limited to the "Sex Discrimination Ordinance", the "Employment Ordinance" and the "Employees' Compensation Ordinance" of Hong Kong, the "Contract Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China" of Mainland China, and the "Canadian Charter of Rights and Freedoms" of Canada.

#### ***Recruitment, Promotion and Remuneration***

Employees are recruited via a robust, transparent and fair recruitment process based on their merits and potential to fulfil the Group's current and future needs. The Group enters into written employment contracts with employees that set out the employees' responsibilities, remuneration and grounds for termination of employment. The Group's "Staff Handbook" is issued and provided as guidance for its employees, conveying the goals, policies and procedures of the Group as well as expectations for employees' conduct.

The Group periodically assesses the performance of the employees and evaluates their current salaries, bonus and promotion opportunities. The Group also gives preference to internal promotion to encourage consistent contribution and effort.

To ensure the Group's remuneration scheme remains competitive with respect to the market, the Group established a Remuneration Committee, and with its role and function set out in specific written terms of reference in accordance with the provisions set out in the Corporate Governance Code ("CG Code"). The principal duties of the Remuneration Committee include providing recommendations to the Board towards the Group's "Remuneration Policy" and structure. The Remuneration Committee is also responsible for reviewing remuneration packages of executive Directors and members of senior management (i.e. the model described in the code provision E.1.2 of the CG Code is adopted), as well as the remuneration of non-executive Directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such "Remuneration Policy" and structure to ensure that no Directors or any of his/her associates will participate in deciding his/her own remuneration. Instead, remuneration will be determined with reference to the performance of the individual and the Group as well as market practice and conditions.



**B. SOCIAL** (continued)

**B1. Employment** (continued)

**Recruitment, Promotion and Remuneration** (continued)

As at 31 March 2023, the Group employed a total of 47 full-time employees (As at 31 March 2022: 50 employees). The total workforce by gender, age group, geographical region and employee category are as follows:

Indicators	As at 31 March 2023		As at 31 March 2022	
	Number of employees	Breakdown (%)	Number of employees	Breakdown (%)
<b>By Gender</b>				
Male	28	60	30	60
Female	19	40	20	40
<b>By Age Group</b>				
Under 30 years old	1	2	2	4
30-50 years old	39	83	39	78
Over 50 years old	7	15	9	18
<b>By Geographical Region</b>				
Hong Kong	15	32	18	36
Mainland China	31	66	31	62
Canada	1	2	1	2
<b>By Employee Category</b>				
Management	7	15	8	16
Managerial officers	4	8	5	10
General staff	36	77	37	74

**B. SOCIAL** (continued)

**B1. Employment** (continued)

**Retirement and Dismissal**

The Group participates in the “Mandatory Provident Fund Scheme” under the “Mandatory Provident Fund Schemes Ordinance” of Hong Kong for all qualifying employees employed in Hong Kong. The Group’s employees in Mainland China are members of state-managed retirement benefits schemes operated by Mainland China.

Relevant compensation will be provided to employees who sustain personal injury by accident or disease arising out of the course of employment in accordance with relevant laws and regulations. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

The employee turnover rate by gender, age group and geographical region are as follows:

Indicators <sup>5</sup>	Unit	2023	2022
<b>Overall Employee Turnover Rate</b>	%	<b>6</b>	<b>5</b>
<b>Employee Turnover Rate By Gender</b>			
Male	%	7	–
Female	%	5	12
<b>Employee Turnover Rate By Age Group</b>			
Under 30 years old	%	–	–
30-50 years old	%	3	7
Over 50 years old	%	25	–
<b>Employee Turnover Rate By Geographical Region</b>			
Hong Kong	%	18	11
Mainland China	%	–	–
Canada	%	–	–

Note(s):

5. Employee turnover rate =

$$\frac{\text{Number of employees leaving employment during the year}}{\text{Average number of employees at the beginning and the end of the year}} \times 100\%$$

### B. SOCIAL (continued)

#### B1. Employment (continued)

##### *Working Hours and Rest Periods*

The provision of remuneration and benefits plays a critical role in the ability to attract, retain and motivate the Group's workforce. The Group offers a wide variety of leave entitlements for different circumstances such as maternity leave, paternity leave, marriage leave, study leave, compassionate leave and compensation leave.

##### *Equal Opportunities, Diversity and Anti-discrimination*

As an equal opportunity employer, the Group treats all employees on equal footing in regards to matters related to recruitment, remuneration and promotion. The Group ensures that employees are not discriminated due to any reasons, including but not limited to, gender, race, physical disability, marital status, religion, political opinion or sexual orientation.

To maintain an equal opportunity workplace, the Group has established a grievance mechanism for employees, as well as for suppliers and customers, to report any suspected discrimination or harassment incidents to department heads and/or to the human resources department. All reported cases are investigated confidentially and in a timely manner. During 2023, there were no reports of any discrimination or harassment incidents within the Group (2022: no reports).

#### B2. Health and Safety

The Group highly recognises the importance of the health and safety of its employees. The Group is committed to providing employees with a healthy, safe and comfortable working environment, and has included an "Occupational Safety and Health Policy" in its "Human Resources Manual" to eliminate potential health and safety hazards at the workplace.

##### *Occupational Health and Safety*

The Group considers occupational health and safety as its top priority and is committed to maintaining high occupational health and safety standards to ensure that its employees work in a safe and comfortable working environment. The Group's employees are advised to take extra attention during daily operations to avoid occupational-related accidents, and the Group's senior management consistently offers safety tips and recommends maintaining appropriate conduct during operations. Relevant policies and measures will be reviewed regularly to ensure their effectiveness.

The Group has neither recorded any work-related fatalities for three consecutive years, including 2023, nor recorded any serious work-related injuries resulting in lost days in 2023 (2022: no lost days). Therefore, no claims or compensation were paid to its employees due to such events in 2023. The Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the "Occupational Safety and Health Ordinance" of Hong Kong, the "Law of the People's Republic of China on Work Safety" and the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases" of Mainland China and the "Provincial Occupational Health and Safety Act" of Canada.



**B. SOCIAL** (continued)

**B2. Health and Safety** (continued)

***Response to the COVID-19 Pandemic***

Due to the outbreak of COVID-19, the Group has remained highly vigilant about the potential impact on the health and safety of both its employees and customers. To ensure a safe working environment, the Group required its employees to have a negative Rapid Antigen Test (“RAT”) result, check their body temperature, and sanitise their hands before entering the operating site. Additionally, employees were required to wear facial masks during work. During the COVID-19 pandemic surge, the Group adopted work-from-home arrangements. With the gradual relaxation of national and local pandemic prevention policies and restrictions in late 2022, and with the pandemic now in remission, the Group has eased related measures accordingly and resumed normal operations in an orderly manner. However, the Group continues to closely monitor local pandemic situations and policy changes, and reminds its employees to pay attention to personal hygiene to prevent the spread of the virus.

**B3. Development and Training**

The Group recognises the importance of providing its employees with professional training to continuously enhance their technical knowledge. The “Training & Development Guidelines” in the “Human Resources Manual” have been put in place to improve employee knowledge and skills for discharging their duties at work. The Group also places importance on keeping its employees up-to-date on the latest developments of the Listing Rules and the money lending market for its money lending business.

The Group also observes the “Guidelines on Continuous Professional Training” set out under the “Money Lenders Ordinance” of Hong Kong. The Group arranges and ensures that its Directors are provided with adequate training, such as corporate finance, pursuant to the Listing Rules. Furthermore, the Group supports and encourages its Directors and employees in fulfilling their respective professional training requirements, encouraging them to attend training and industry updates organised by various professional bodies such as the Money Lenders Section and the Police of Hong Kong.

For other business units of the Group, a comprehensive training management system has been designed to accommodate the needs of different types of employees. On top of organising induction training for new recruits, the Group arranges training for senior staff in order to aid bonding and communications within the team.

Apart from internal training programmes, Directors and employees are encouraged to enrol in external training relevant to their works. During 2023, the Group’s staff have participated in over 30 training courses organised by the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries, and other professional organisations covering various aspects such as equity markets, market trends and regulatory updates. To support its Directors and employees to further develop their competencies, the cost of attending external training was sponsored by the Group.

**B. SOCIAL** (continued)

**B3. Development and Training** (continued)

The percentage of employees trained, the breakdown of employees trained and the average training hours completed per employee by gender and employee category are as follows:

Indicators	Unit	2023	2022
<b>Percentage of Employees Trained<sup>6</sup></b>	%	<b>57</b>	<b>38</b>
<b>Total Training Hours Completed by Employees</b>	<b>Hours</b>	<b>91.00</b>	<b>113.00</b>
<b>Average Hours of Training Completed per Employee<sup>7</sup></b>	<b>Hours</b>	<b>1.94</b>	<b>2.26</b>
<b>Percentage of Employees Trained by Gender<sup>6</sup></b>			
Male	%	61	40
Female	%	53	35
<b>Percentage of Employees Trained by Employee Category<sup>6</sup></b>			
Management	%	86	100
Managerial officers	%	25	80
General staff	%	56	19
<b>Breakdown of Employees Trained by Gender<sup>8</sup></b>			
Male	%	74	63
Female	%	26	37
<b>Breakdown of Employees Trained by Employee Category<sup>8</sup></b>			
Management	%	21	42
Managerial officers	%	4	21
General staff	%	75	37
<b>Average Hours of Training Completed by Gender<sup>7</sup></b>			
Male	Hours	2.39	3.23
Female	Hours	1.26	0.80
<b>Average Hours of Training Completed by Employee Category<sup>7</sup></b>			
Management	Hours	2.71	9.13
Managerial officers	Hours	1.00	4.80
General staff	Hours	1.89	0.43

Note(s):

6. Percentage of employees trained = 
$$\frac{\text{Number of employees trained during the year}}{\text{Number of employees at the end of the year}} \times 100\%.$$

The overall percentage of employees trained for 2022 has been supplemented.

7. Average hours of training completed = 
$$\frac{\text{Number of training hours completed during the year}}{\text{Number of employees at the end of the year}}$$

The overall average hours of training completed per employee for 2022 has been supplemented.

8. Breakdown of employees trained = 
$$\frac{\text{Number of employees trained in the category during the year}}{\text{Total number of employees trained during the year}} \times 100\%.$$

**B. SOCIAL** (continued)

**B4. Labour Standards**

***Prevention of Child and Forced Labour***

The Group is fully aware that all forms of child and forced labour violate fundamental human rights, and the International Labour Conventions, and also pose a threat to sustainable social and economic development.

The Group not only strictly complies with the relevant laws and regulations, but has also established standards and communication mechanisms with reference to the International Bill of Human Rights for reporting any suspected violations of labour laws. The Group prohibits the use of child labour by carefully reviewing the actual age of job applicants in the recruitment process, which includes the examination of identity documents.

The Group is also committed to prohibiting forced labour. Working hours are strictly regulated. If employees are required to work additional hours when operational or contingency needs, or during typhoons or rainstorms, compensation will be provided in accordance with the “Work Schedule” as stipulated in the “Human Resources Manual”.

If there is any suspected infringement regarding child and forced labour, the Group will conduct investigations into the case and take follow-up actions immediately. Relevant employment contract will also be terminated immediately, if the investigation confirms that the case violates relevant labour laws, regulations or standards.

During 2023, the Group was not aware of any material non-compliance with laws and regulations relating to preventing child and forced labour, including but not limited to the “Employment Ordinance”, the “Mandatory Provident Fund Schemes Ordinance” and the “Employee’s Compensation Ordinance” of Hong Kong, the “Provisions on Special Protection for Minor Workers of the People’s Republic of China” and the “Provisions on Prohibition of Child Labour” of Mainland China, and the “Canadian Charter of Rights and Freedoms” of Canada.

**B5. Supply Chain Management**

The Group highly values the potential environmental and social risk management in its supply chain. The Group has established the relevant policies for its procurement system and developed a systematic, standardised, fair and open supplier selection process to effectively monitor the procurement procedures, control costs, increase management transparency, and ensure that the selection process is free of discrimination or corruption and bribery. To reduce risks along the supply chain, the Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with relevant laws and regulations. During 2023, the Group implemented supplier engagement practices for all approved suppliers, and has a total of 4 approved suppliers, including 2 suppliers from Hong Kong, 1 supplier from Dubai and 1 supplier from Belgium (2022: 4 suppliers from Hong Kong).



### B. SOCIAL (continued)

#### B5. Supply Chain Management (continued)

##### *Managing Social and Environmental Risk in Supply Chain*

The Group has established the “Sales and Purchasing Policy” and the “Sustainable Supply Chain Policy” to enable relevant sales personnel to review the social and environmental performance of its suppliers. Suppliers’ performance on resource efficiency, emissions control, quality, employment practices, corporate governance and business ethics are reviewed through a regular supplier assessment. If the Group discovers any suppliers have non-compliance with relevant environmental and social laws and regulations, or significant negative impacts on relevant environmental and social aspects during the supplier assessment, the Group will carry out corrective actions to remediate the identified risks. The Group also stresses the integrity of its suppliers, and will only select those with good business track records and no material non-compliance or unethical behaviours. In addition, in order to promote green procurement, the Group promotes local procurement and gives priority to the suppliers who provide environmentally-friendly products and services during the supplier selection process. With the above practices, the Group can minimise potential environmental and social risks of the supply chain.

#### B6. Product Responsibility

The Group places great importance on product quality and corporate reputation and is committed to providing quality products and services with the implementation of relevant policies. During 2023, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress, including but not limited to the “Trade Descriptions Ordinance” of Hong Kong, the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China” and the “Copyright Law of the People’s Republic of China” of Mainland China and the “Canada Consumer Product Safety Act” of Canada.

##### *Product Quality*

The Group actively safeguards the quality of its products and services with its internal control process. The Group also maintains ongoing communication with its customers and clients to ensure that their demands and expectations are understood and met, and to improve its service quality by learning their satisfactory rates. As a responsible business operator, the Group provides a series of after-sale services. Follow-up work is well managed and conducted in a timely manner to ensure that the damage or defect of the products is addressed satisfactorily if any. During 2023, no products sold or shipped were subject to recall for safety and health reasons (2022: no product recalls).

### B. SOCIAL (continued)

#### B6. Product Responsibility (continued)

##### ***Customer Services***

The Group handles all complaints from customers, suppliers and partners in accordance with internal procedures and guidelines. Appropriate follow-up measures will be taken. If applicable, the Group will conduct relevant investigations to resolve complaints and make improvements accordingly. The Group considers that complaints as valuable sources of feedback from its stakeholders, so as to assure the necessity of improving the Group's product and services. During 2023, there was no major cases of complaint related to products and services (2022: no cases).

##### ***Customer Privacy Protection***

The Group recognises that the protection of customers' and partners' privacy is the key to its success. Therefore, protecting and maintaining customers' privacy always remains the priority of the Group. The Group has established the "Personal Data (Privacy) Policy" in the "Human Resources Manual" to govern the collection, usage and disclosure of the personal data. The Group ensures that all the personal data collected are protected and encrypted. If any violations are discovered, the Group will take immediate follow-up actions according to the actual situation.

##### ***IP Rights***

The Group respects IP rights and will not use infringing articles in its business. The "Human Resources Manual" contains general guidelines in compliance with the "Copyright Ordinance" that all employees should pay attention to when discharging their duties. These guidelines serve to provide an outline for employees to follow in order to comply with the copyright laws and regulations. Employees are required to pay attention to the computer software usage and are not allowed to make copies of copyright works, including books, magazines, newspaper, periodicals or other publications.

##### ***Advertising and Labelling***

In order to ensure that the promotion of the Group's services conforms to the actual situation of the service, the Group strictly abides by the relevant laws and regulations on advertising marketing. The Group strictly prohibits the use of false and misleading product descriptions in advertisements and is committed to ensuring that all advertising contents are clear, real and authentic. For money lending business specifically, the Group complies with relevant laws and regulations including the "Money lenders Ordinance" and the "Code of Money Lending Practice" of Hong Kong. Any advertisements for the purpose of the money lending business must be clearly stated the number of the money lenders' licence, telephone hotline for handling complaints and a risk warning statement, whether in textual, audio or visual form.

### B. SOCIAL (continued)

#### B7. Anti-corruption

The Group has regarded honesty, integrity and fairness as its core values, and is committed to building a clean and healthy corporate system, while combating corruption and other improper business practices. The Group has outlined relevant procedures in the “Code of Conduct”, the “Human Resources Manual” and “Anti-fraud Policy” to guide employees in preventing possible violations of bribery, corruption and conflicts of interest. For money lending business specifically, the Group has also adopted a “SAFE” approach (“Screen, Ask, Find, and Evaluate”) as part of its anti-money laundering and counter-terrorist financing strategy.

During 2023, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, including but not limited to the “Securities and Futures Ordinance” issued by the Securities and Futures Commission, the “Personal Data (Privacy) Ordinance” and the “Anti-Money Laundering and Counter-Terrorist Financing Ordinance” of Hong Kong, the “Criminal Law of the People’s Republic of China” and the “Anti-Money Laundering Law of the People’s Republic of China” of Mainland China and the “Anti-Corruption Law and Compliance” of Canada. During 2023, there were no legal cases concluded against the Group or its employees regarding corrupt practices (2022: no cases).

The Group offers anti-corruption training at least once a year to foster a high integrity corporate culture in the Group. During 2023, the Group has provided approximately 6 hours of anti-corruption training to 2 Directors (2022: approximately 6 hours and approximately 3 hours of anti-corruption training to 2 Directors and 1 employee respectively). The training seminar includes an introduction to relevant laws and regulations related to anti-money laundering, as well as best practices for preventing corruption in the workplace.

#### ***Whistleblowing Mechanism***

The Group is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, the Group expects and encourages employees who have concerns about any suspected misconduct or malpractices within the Group to come forward and voice those concerns. The Group endeavours to respond to those concerns fairly and properly by adopting the “Whistleblowing Policy” to regulate and prevent any issues relating to bribery, extortion, fraud and money laundering. Persons making appropriate complaints under the “Whistleblowing Policy” are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. The Group also strives to keep the identity of whistle-blowers confidential. For those who victimise or retaliate against the whistleblower will be subject to disciplinary actions.



**B. SOCIAL** (continued)

**B8. Community Investment**

***Corporate Social Responsibility***

The Group believes in shouldering the responsibility of contributing to society. As a responsible corporate citizen, the Group has established the “Community Investment Policy” on community engagement to understand the needs of the communities where the Group operates and ensure that its activities take into consideration the communities’ interests.

The Group hopes to foster employees’ senses of social responsibility, thus encouraging them to participate in charitable activities during their work and spare time to make greater contributions to the community. The Group’s senior management consistently seeks to support social initiatives and opportunities to contribute to the local development as necessary and appropriate. The Group believes that participating in activities to give back to society can enhance its employees’ civic awareness and establish the correct values. Due to social distancing considerations, the Group has not yet arranged any community activities during 2023. However, the Group is committed to supporting its local communities and is currently exploring ways to arrange resources to safely resume community activities as the situation permits in the post-pandemic period. The Group will continue to seek for cooperation with charitable organisations and provide support to needs of society and vulnerable groups.

**CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE**

Mandatory Disclosure Requirements	Sections
Governance Structure	INTRODUCTION – The ESG Governance Structure
Reporting Principles	REPORTING FRAMEWORK – Reporting Principles
Reporting Boundary	REPORTING SCOPE

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
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**Aspect A1: Emissions**

General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air and GHG 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 – Air and 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 – Waste Management (N/A – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets; Emissions – Air and 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.	Environmental Targets; Emissions – Waste Management

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect A2: Use of Resources</b>		
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 (N/A – Explained)
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets; 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.	Environmental Targets; Use of Resources – Water Management (N/A – Explained)
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 Material
<b>Aspect A3: The Environment and Natural Resources</b>		
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 – Indoor Air Quality



Aspects, General Disclosures and KPIs	Description	Sections/Remarks
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**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
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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 – Climate Change Management
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**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	Employment
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relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.

KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment – Recruitment, Promotion and Remuneration
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KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Retirement and Dismissal
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## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect B2: Health and Safety</b>		
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 – Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety – Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety, Response to the COVID-19 Pandemic
<b>Aspect B3: Development and Training</b>		
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
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect B4: Labour Standards</b>		
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
<b>Aspect B5: Supply Chain Management</b>		
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
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 Social and Environmental Risk in Supply Chain
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 – Managing Social and Environmental Risk in Supply Chain



Aspects, General Disclosures and KPIs	Description	Sections/Remarks
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**Aspect B6: Product Responsibility**

General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality, Customer Services
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Customer Privacy Protection

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>Aspect B7: Anti-corruption</b>		
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
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistleblowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
<b>Aspect B8: Community Investment</b>		
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 – Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Corporate Social Responsibility

## Report of the Directors

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

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

### BUSINESS REVIEW

The business review, including an analysis of the Group's performance during the year ended 31 March 2023 using financial key performance indicators and an indication of likely future development in the Group's business, is set out in "Chairman's Statement and Management Discussion & Analysis" of this annual report. Description of the principal risks and uncertainties facing by the Company can be found throughout this annual report, particularly in note 6 to the consolidated financial statements. These discussions form part of this "Report of the Directors".

### RESULTS

The Group's profit for the year ended 31 March 2023 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 69 to 74.

### SUMMARY OF 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 audited financial statements and reclassified and restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)
<b>Continuing operations</b>					
Revenue	<b>68,472</b>	108,907	105,651	90,544	137,585
(Loss)/profit before tax	<b>(13,506)</b>	1,478	4,471	(26,970)	(34,634)
Income tax expense	<b>(955)</b>	(874)	(24)	(855)	(1,311)
(Loss)/profit for the year from continuing operations	<b>(14,461)</b>	604	4,447	(27,825)	(35,945)
<b>Discontinued operation</b>					
Loss for the year from discontinued operation	—	—	—	(1,586)	(15,511)
(Loss)/profit for the year	<b>(14,461)</b>	604	4,447	(29,411)	(51,456)



**SUMMARY OF FINANCIAL INFORMATION** (continued)

	<b>At 31 March</b>				
	<b>2023</b> HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Total non-current assets	<b>115,952</b>	211,481	191,764	74,905	134,241
Current assets	<b>298,392</b>	209,610	168,281	267,669	306,706
Current liabilities	<b>(38,749)</b>	(28,875)	(34,463)	(33,563)	(118,507)
Net current assets/(liabilities)	<b>259,643</b>	180,735	133,818	234,106	188,199
Total assets less current liabilities	<b>375,595</b>	392,216	352,582	309,011	322,440
Non-current liabilities	<b>(9,030)</b>	(18,063)	(16,145)	(10,551)	(10,158)
Net assets	<b>366,565</b>	374,153	309,437	298,460	312,282

**COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

The Group's businesses are mainly carried out by the Company's subsidiaries established in Hong Kong, the People's Republic of China ("PRC") and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Stock Exchange. Our establishment and operations shall comply with relevant laws and regulations in Bermuda, Hong Kong, the PRC and the British Virgin Islands accordingly.

**ENVIRONMENTAL PROTECTION POLICY**

Details of the environmental protection policy and performance of the Group for the year ended 31 March 2023 are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

**PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the Group's property, plant and equipment during the year ended 31 March 2023 are set out in note 20 to the consolidated financial statements.

**SHARE CAPITAL**

Details of movements in the Company's share capital during the year ended 31 March 2023 are set out in note 35 to the consolidated financial statements.

## Report of the Directors

### EQUITY-LINKED AGREEMENTS

There are no equity-linked agreements were entered into by the Company during the year ended 31 March 2023 and subsisted at the end of the year.

### PRE-EMPTIVE RIGHTS

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

### TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the shares of the Company. Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of Shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

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

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

### RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2023 are set out in the consolidated statement of changes in equity.

### DISTRIBUTABLE RESERVES

As at 31 March 2023, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of approximately HK\$2,679 million may be distributed in the form of fully paid bonus shares.

### MANAGEMENT CONTRACTS

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

### MAJOR CUSTOMERS AND SUPPLIERS

During the period under review, the sales attributable to the Group's five largest customers accounted for approximately 51.70% of the total sales for the year and sales to the largest customer included therein amounted to approximately 27.48%.

## Report of the Directors

### MAJOR CUSTOMERS AND SUPPLIERS (continued)

During the period under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 100.00% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 62.65%.

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

### RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's businesses cannot be achieved without the support from stakeholders. The Group has always paid attention to and maintained a good relationship with its customers by providing customer-oriented services. To achieve our best products and services to our customers, the Group is striving to maintain good relationship and close communication with suppliers for continual improvement of both products and services provided. The Group also values the knowledge and skills of employees. Competitive remuneration package is offered to retain high-calibre employees and make sure that their performance goals are aligned with the Group's business objectives.

### DIRECTORS

The directors of the Company during the year ended 31 March 2023 and up to the date of this report were:

#### *Executive Directors*

Ms. Zhou Yaying  
Mr. Wei Liang  
Mr. Tang Wing Cheung Louis (resigned on 24 March 2023 due to passed away)  
Mr. Lui Jun (appointed on 1 June 2023)

#### *Independent Non-executive Directors*

Mr. Tse Kwong Chan  
Mr. Yiu To Wa  
Mr. Lau Leong Yuen  
Mr. Hong Hui Lung

In accordance with the Bye-laws and the agreement among the Board members, Mr. Lui Jun, Mr. Yiu To Wa, Mr. Lau Leong Yuen and Mr. Hong Hui Lung shall retire from office as directors of the Company at the forthcoming annual general meeting of the Company (the "AGM"). All of the above directors are eligible for re-election at the AGM.

### BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

#### *Executive directors:*

**Ms. Zhou Yaying ("Ms. Zhou")**, aged 40, is the Chairman of the Board and a member of the Executive Committee, Remuneration Committee and Nomination Committee. She joined the Group in April 2018. She has over 20 years of experiences of business management, business strategy formulation, sales and marketing and human resources.



### BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

#### *Executive directors: (continued)*

**Mr. Wei Liang (“Mr. Wei”)**, aged 45, is the Chief Executive Officer of the Company and a member of the Executive Committee. He joined the Group in May 2018. He has over 20 years of experiences of business management, trading, and property investment.

**Mr. Liu Jun (“Mr. Liu”)**, aged 33, has over 5 years of experience in investment in private equity. He graduated from Wuhan Sports University in the People’s Republic of China (“PRC”) with an undergraduate degree in journalism in 2012. Mr. Liu is a founder and the general manager of Hubei Qianda Hongxin Investment Co., Ltd., a company established in PRC which principally engages in investment in beauty industry.

#### *Independent non-executive directors:*

**Mr. Tse Kwong Chan (“Mr. Tse”)**, aged 53, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 20 years of working experience in the area of sales and marketing and management.

**Mr. Yiu To Wa (“Mr. Yiu”)**, aged 40, is an independent non-executive director, the Chairman of the Audit Committee and Nomination Committee. He joined the Group in July 2017. He obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong.

Mr. Yiu is currently also an independent non-executive director of Yuk Wing Group Holdings Limited (Stock Code: 1536).

**Mr. Lau Leong Yuen (“Mr. Lau”)**, aged 38, is an independent non-executive director, the member of the Audit Committee and Remuneration Committee. He joined the Group in July 2017. He obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 10 years of experience in software engineering and information technology system development.

Mr. Lau is currently also an independent non-executive director of Yuk Wing Group Holdings Limited, which is listed on the Stock Exchange (Stock Code: 1536).

## Report of the Directors

### BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

*Independent non-executive directors: (continued)*

**Mr. Hong Hui Lung (“Mr. Hong”)**, aged 54, is an independent non-executive director and a member of the Audit Committee of the Company. He joined the Group in February 2021. He obtained a bachelor degree in science from The University of Hong Kong in 1992. After graduation, Mr. Hong had worked in an international audit firm. Mr. Hong has professional expertise and extensive experience in investment banking for about 17 years. Mr. Hong has also participated as speakers of professional trainings and seminars regarding the regulation, landscape and development of Hong Kong and China capital markets. Mr. Hong is a fellow member of the Association of Chartered Certified Accountants.

Mr. Hong has appointed as an Independent non-executive director of Asia Tele-Net and Technology Corporation Limited, which are listed on the Stock Exchange (Stock Code: 679), with effect from 19 June 2023 and Mr. Hong resigned as an independent non-executive director of China Digital Culture (Group) Limited on 16 March 2023 (Stock Code: 8175), which are listed on the Stock Exchange.

Save as disclosed herein, there is no other relationship between each of the directors as required to be disclosed under the Listing Rules.

*Senior management:*

**Ms. Chen Tong (“Ms. Chen”)**, aged 59, was the executive director of the Company from 15 December 2010 to 10 October 2017 and re-designated as General Manager on that day. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor’s degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 20 years experience in the banking industry and is an economist.

### DIRECTORS’ SERVICE CONTRACTS

No director proposed for re-election at the 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.

### DIRECTORS’ REMUNERATION

The remuneration of directors is transacted and voted by the shareholders at annual general meeting as ordinary business during which the Board is authorised to fix the remuneration of directors. The remuneration payable to directors is then determined by the Board with reference to directors’ duties, responsibilities and performance and results of the Group and the recommendations of the Remuneration Committee subject to the Bye-laws.

### DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 39 to the consolidated financial statements, none of directors of the Company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party subsisted at the end of the year or at any time during the year ended 31 March 2023.

## Report of the Directors

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

### INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2023, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in the ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of interest
Ms. Zhou Yaying	Beneficial owner	4,371,386	0.34%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2023, that is 1,294,705,500 ordinary shares of the Company.

### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Interests and/or Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company", at no time during the year ended 31 March 2023 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES**

As at 31 March 2023, so far as known to the Directors, there was no person who had an interest or short position in the shares and underlying shares of the Company which would require disclosure to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

## **CONTRACT OF SIGNIFICANCE**

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year ended 31 March 2023.

## **PERMITTED INDEMNITY PROVISION**

Pursuant to the Bye-laws, every director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

## **CONNECTED TRANSACTIONS**

The significant related party transactions as disclosed in note 39 to the consolidated financial statements do not fall under the definitions of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## Report of the Directors

### AUDITOR

On 26 March 2021, CHENG & CHENG Limited resigned as auditor of the Company and McMillan Woods (Hong Kong) CPA Limited was appointed by the Board of Directors as the auditor of the Company to fill the casual vacancy so arising.

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by McMillan Woods (Hong Kong) CPA Limited who will retire at the conclusion of the AGM and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the AGM to re-appoint McMillan Woods (Hong Kong) CPA Limited as the auditor of the Company.

ON BEHALF OF THE BOARD

**Ms. Zhou Yaying**

*Chairman*

Hong Kong

26 July 2023

## Independent Auditor's Report



### TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED

(incorporated in Bermuda with limited liability)

#### OPINION

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 69 to 142, which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

#### BASIS FOR OPINION

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



### KEY AUDIT MATTERS

Key audit matters are 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. The key audit matters we identified are:

- 1) Valuation of inventories;
- 2) Impairment assessment of trade receivables; and
- 3) Impairment assessment of loan and interest receivables

#### Key Audit Matter

##### *Valuation of inventories*

Refer to significant accounting policy in note 4(i), key source of estimation of uncertainty in note 5(e) and relevant disclosure in note 24 to the consolidated financial statements.

We identified valuation of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements associated with determining the amount of allowances on inventories.

As disclosed in note 5(e) to the consolidated financial statements, in estimating the amount of allowances on inventories, it is the Group's policy to review the net realisable values of inventories periodically with reference to current market condition and the historical experience in selling goods of similar nature. The Group's management reviewed, on a regular basis, the suitability of its inventory allowance policy and has applied the policy consistently. The Group's management also reviewed, on a regular basis, the inventory age listing to identify any slow-moving inventories and estimated the amount of allowances primarily based on the pricing policy and strategies and the historical experience in selling goods of similar nature. The Group has engaged an independent professional valuer to perform a valuation of certain inventories with reference to market prices and the current market situation.

At 31 March 2023, the carrying amount of inventories was approximately HK\$83,227,000 and no allowance for inventories was made.

#### How the matter was addressed in our audit

Our procedures in relation to the valuation of inventories included:

- Understanding the Group's internal controls over valuation of inventories;
- Understanding how management identifies slow-moving inventories and the amount of allowances required;
- Evaluating the competence, capabilities and objectivity of the independent professional valuer and obtaining an understanding of the scope of work and their terms of engagement;
- Evaluating the historical accuracy of allowances on inventories assessed by the management by comparing the actual results to historical allowances recognised;
- Checking the accuracy of the inventory age listing, on a sample basis, by tracing to the invoices and delivery documents;
- Assessing the reasonableness of the allowances on identified slow-moving non-diamond gem-set jewellery products by checking the ageing profile, historical sales pattern and the subsequent sales of these inventories; and
- Engaging a valuation specialist to assist us to evaluate the appropriateness of the valuation prepared by the independent professional valuer with reference to market price and market research reports on jewellery related industry, on a sample basis.

KEY AUDIT MATTERS (continued)

**Key Audit Matter**

*Impairment assessment on trade receivables*

Refer to significant accounting policy in note 4(k), key source of estimation of uncertainty in note 5(d), financial risk management in note 6(b) and relevant disclosure in note 25 to the consolidated financial statements.

We identified the impairment assessment of trade receivables as a key audit matter due to its significance to the Group's consolidated financial position and it requires significant degree of judgement based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, expected timing, the amount of realisation of outstanding balances, and forward-looking information when determining the provision of expected credit losses ("ECLs").

The gross carrying amount of the Group's trade receivables as at 31 March 2023 was approximately HK\$27,550,000 and impairment of ECLs was approximately HK\$1,542,000.

**How the matter was addressed in our audit**

Our procedures in relation to management's impairment assessment included:

- Obtaining an understanding of and evaluating the Group's credit policies and the internal control over impairment assessment of trade receivables;
- Engaging a firm of professional valuer to assist us in assessing the methodologies used and the appropriateness of the key assumptions used in ECLs calculation by valuer;
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2023 to the underlying financial records and post year-end settlements to bank receipts;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers;
- Assessing the appropriateness of the ECL provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the ECL; and
- Assessing the disclosure made in the consolidated financial statements in relation to the Group's credit risk exposure.

## Independent Auditor's Report

### KEY AUDIT MATTERS (continued)

#### Key Audit Matter

##### *Impairment assessment on loan and interest receivables*

Refer to significant accounting policy in note 4(x), key source of estimation of uncertainty in note 5(d), financial risk management in note 6(b) and relevant disclosure in note 26 to the consolidated financial statements.

We have identified the impairment assessment of loan and interest receivables as a key audit matter due to its significance to the Group's consolidated financial position and it requires significant degree of judgement by management, including the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECLs model (for exposures assessed individually), such as the expected future cash flows, amount of collaterals and forward-looking macroeconomic factors. The Group engaged an independent external valuer to assist in the valuation for ECLs of loan and interest receivables.

The gross carrying amount of the Group's loan and interest receivables as at 31 March 2023 was approximately HK\$284,600,000 and the impairment of ECLs was approximately HK\$31,040,000.

#### How the matter was addressed in our audit

Our procedures in relation to management's impairment assessment included:

- Understanding the key internal controls which govern credit control, loan and interest collection and estimation of ECLs;
- Evaluating the external valuer's independence, competence, capabilities and objectivity;
- Analysing and testing, on a sample basis, the accuracy of the ageing profile of loan and interest receivables by checking against the loan agreement and other source documents, for the purpose of impairment assessment carried out by the management;
- Engaging a firm of professional valuer to assist us in assessing the methodologies used and the appropriateness of the key assumptions used in ECLs calculation by the external valuer, with reference to the ageing profiles, settlement records, subsequent settlements and other facts and circumstances currently available for the significant loan receivables balance; and
- Assessing the disclosure made in the consolidated financial statements in relation to the Group's credit risk exposure.

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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



## Independent Auditor's Report

### RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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.

The Audit Committee assists the directors in discharging their responsibilities 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. We report our opinion solely to you as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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.

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.

## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee 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, related safeguards.

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

#### **McMillan Woods (Hong Kong) CPA Limited**

*Certified Public Accountants*

#### **Yeung Man Sun**

*Audit Engagement Director*

Practising Certificate Number – P07606

24/F., Siu On Centre,

188 Lockhart Road, Wan Chai,

Hong Kong

26 July 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	8	<b>68,472</b>	108,907
Cost of sales		<b>(40,440)</b>	(80,725)
Gross profit		<b>28,032</b>	28,182
Other income	10	<b>304</b>	6
Other gains and losses, net	11	<b>(1,574)</b>	273
Impairment of expected credit losses (“ECLs”) on trade receivables and loan and interest receivables	12	<b>(21,826)</b>	(7,511)
Selling and distribution expenses		<b>(6,887)</b>	(7,938)
Administrative expenses		<b>(10,501)</b>	(10,281)
Finance costs	13	<b>(1,054)</b>	(1,253)
(Loss)/profit before tax	14	<b>(13,506)</b>	1,478
Income tax expense	17	<b>(955)</b>	(874)
(Loss)/profit for the year		<b>(14,461)</b>	604
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<b>103</b>	(43)
Item that will not be reclassified to profit or loss:			
Fair value change in financial assets at fair value through other comprehensive income (“FVTOCI”)		<b>1,275</b>	4,069
Other comprehensive income for the year		<b>1,378</b>	4,026
Total comprehensive income for the year		<b>(13,083)</b>	4,630
		<b>2023 HK\$</b>	2022 HK\$
<b>(Loss)/earning per share</b>	19		
– Basic		<b>(0.0112)</b>	0.0006
– Diluted		<b>N/A</b>	0.0006



## Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	20	–	–
Right-of-use assets	21	1,431	2,462
Goodwill	22	1,000	2,841
Loan receivables	26	85,002	178,927
Deferred tax assets	34	101	107
Financial assets at FVTOCI	23	28,419	27,144
		<u>115,953</u>	<u>211,481</u>
<b>Current assets</b>			
Inventories	24	83,227	73,542
Trade receivables	25	26,008	6,552
Loan and interest receivables	26	168,558	68,375
Other receivables, prepayments and deposits paid	27	18,943	50,847
Tax recoverable		–	108
Cash deposits held by securities brokers	28	1	1
Bank balances and cash	28	1,353	10,185
		<u>298,090</u>	<u>209,610</u>
<b>Current liabilities</b>			
Trade payables	29	3,498	2,224
Loan and interest payables	30	1,701	9,177
Other payables and accruals	31	21,124	16,481
Lease liabilities	32	1,014	993
Unconvertible bonds	33	9,859	–
Tax payable		1,253	–
		<u>38,449</u>	<u>28,875</u>
<b>Net current assets</b>		<u>259,641</u>	<u>180,735</u>
<b>Total assets less current liabilities</b>		<u>375,594</u>	<u>392,216</u>

## Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	32	456	1,494
Unconvertible bonds	33	8,574	16,569
		<u>9,030</u>	<u>18,063</u>
<b>Net assets</b>		<b><u>366,564</u></b>	<b><u>374,153</u></b>
<b>Capital and reserves</b>			
Share capital	35	129,471	124,928
Reserves		<u>237,093</u>	<u>249,225</u>
<b>Total equity</b>		<b><u>366,564</u></b>	<b><u>374,153</u></b>

The consolidated financial statements on pages 69 to 142 were approved and authorised for issue by the Board of Directors on 26 July 2023 and are signed on its behalf by:

**Zhou Yaying**  
Director

**Wei Liang**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital HK\$'000	Share premium HK\$'000 (Note 41(b)(i))	Contributed surplus HK\$'000 (Note 41(b)(ii))	Investments revaluation reserve HK\$'000 (Note 41(b)(v))	Exchange reserve HK\$'000 (Note 41(b)(iii))	Capital redemption reserve HK\$'000 (Note 41(b)(vi))	Share option reserve HK\$'000 (Note 41(b)(iv))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021	62,464	2,679,157	2,031	(7,766)	8,628	464	2,199	(2,437,740)	309,437
Profit for the year	-	-	-	-	-	-	-	604	604
Other comprehensive income									
Exchange difference on translation of foreign operations	-	-	-	-	(43)	-	-	-	(43)
Fair value change in financial assets at FVTOCI	-	-	-	4,069	-	-	-	-	4,069
Total comprehensive income for the year	-	-	-	4,069	(43)	-	-	604	4,630
Rights issue	62,464	(2,378)	-	-	-	-	-	-	60,086
At 31 March 2022 and 1 April 2022	124,928	2,676,779	2,031	(3,697)	8,585	464	2,199	(2,437,136)	374,153
Loss for the year	-	-	-	-	-	-	-	(14,461)	(14,461)
Other comprehensive income									
Exchange difference on translation of foreign operations	-	-	-	-	103	-	-	-	103
Fair value change in financial assets at FVTOCI	-	-	-	1,275	-	-	-	-	1,275
Total comprehensive income for the year	-	-	-	1,275	103	-	-	(14,461)	(13,083)
Issue of shares upon exercise of share options	4,543	2,265	-	-	-	-	(1,314)	-	5,494
Share options lapsed	-	-	-	-	-	-	(885)	885	-
<b>At 31 March 2023</b>	<b>129,471</b>	<b>2,679,044</b>	<b>2,031</b>	<b>(2,422)</b>	<b>8,688</b>	<b>464</b>	<b>-</b>	<b>(2,450,712)</b>	<b>366,564</b>



# Consolidated Statement of Cash Flows

For the year ended 31 March 2023

Notes	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	<b>(13,506)</b>	1,478
Adjustments for:		
Bank interest income	<b>(1)</b>	(1)
Imputed interest income on loan receivable	<b>(1,004)</b>	(5,277)
Finance costs	<b>1,054</b>	1,253
Depreciation of property, plant and equipment	–	91
Depreciation of right-of-use assets	<b>997</b>	1,056
Gain on early termination of loan receivables	–	(1,479)
Impairment loss recognised on goodwill	<b>1,841</b>	1,348
Reversal of impairment loss recognised on inventories	–	(160)
Impairment of ECL on loan and interest receivables	<b>21,678</b>	6,315
Impairment of ECL on trade receivables	<b>148</b>	1,196
Gain on disposal of property, plant and equipment	<b>(100)</b>	–
Loss on written-off of property, plant and equipment	–	37
	<hr/>	<hr/>
Operating profits before working capital changes	<b>11,107</b>	5,857
Increase in inventories	<b>(9,685)</b>	(27,389)
Increase in loan and interest receivables	<b>(26,932)</b>	(29,039)
(Increase)/decrease in trade receivables	<b>(19,604)</b>	11,665
Decrease/(increase) in other receivables, prepayments and deposits paid	<b>31,904</b>	(4,033)
Decrease in cash deposits held by securities brokers	–	1
Increase in trade payables	<b>1,274</b>	1,355
Increase/(decrease) in other payables and accruals	<b>4,746</b>	(10,359)
	<hr/>	<hr/>
Cash used in operations	<b>(7,190)</b>	(51,942)
Income tax refund/(paid)	<b>412</b>	(385)
	<hr/>	<hr/>
Net cash used in operating activities	<b>(6,778)</b>	(52,327)

## Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from investing activities</b>			
Proceed from disposal of property, plant and equipment		100	–
Bank interest received		1	1
Net cash from investing activities		101	1
<b>Cash flows from financing activities</b>			
Proceeds from loan payables	38(a)	1,000	8,500
Repayment of loan payables	38(a)	(8,500)	(4,600)
Proceeds from issue of on unconvertible bond	38(a)	1,700	–
Repayment of lease liabilities	38(a)	(983)	(1,053)
Proceeds from issue of right shares, net of transaction costs		5,494	60,086
Interest expense on lease liabilities	38(a)	(62)	(58)
Interest paid	38(a)	(804)	(1,898)
Net cash (used in)/from financing activities		(2,155)	60,977
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,832)</b>	8,651
<b>Cash and cash equivalents at 1 April</b>		<b>10,185</b>	1,534
<b>Cash and cash equivalents at 31 March</b>		<b>1,353</b>	10,185
<b>Cash and cash equivalents at the end of the year represented by:</b>			
Bank balances and cash	28	1,353	10,185

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and its principal place of business is Room 910, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 42. The Company together with its subsidiaries are referred to as the Group.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These 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") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRSs

### (a) Application of new and revised HKFRSs

The Group has applied the Amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Business Combination
	– Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment
	– proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41

The application of the Amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 3. ADOPTION OF NEW AND REVISED HKFRSs (continued)

#### (b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied any new and amendments to HKFRSs that have been issued but are not yet effective for the year ended 31 March 2023. These new and amendments to HKFRSs include the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies, such as certain financial instruments that are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. 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 has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### (c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are, with limited exceptions, measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Foreign currency translation

##### *i. Functional and presentation currency*

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 consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

##### *ii. Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

##### *iii. Translation on consolidation*

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Foreign currency translation (continued)

##### iii. Translation on consolidation (continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (e) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and office equipment	20%
Motor vehicles	20%
Motor vessel	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### *The Group as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by group entities, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Leases (continued)

##### *The Group as a lessee (continued)*

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

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

#### (g) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group's entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 its retained interest in the asset and an associated liability for amounts it may have to pay. 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.

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

#### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Debt investments*

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

#### *Equity investments*

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

#### (k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

#### (m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

#### (n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (o) Trade and other payables

Trade and other payables 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 immaterial, in which case they are stated at cost.

#### (p) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of jewellery is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income from money lending and bank deposits is recognised as it accrues using the effective interest method at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

#### (r) Employee benefits

##### *i. Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### *ii. Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Employee benefits (continued)

##### iii. Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

#### (s) Borrowing costs

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

#### (t) Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

#### (u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### (v) Taxation

Income tax represents the sum of the current tax and deferred tax.

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



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Taxation (continued)

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Impairment of non-financial assets

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

#### (x) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade receivables and loan receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Impairment of financial assets (continued)

##### *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 at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Impairment of financial assets (continued)

##### *Significant increase in credit risk (continued)*

Despite 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. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

##### *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 receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above 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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Impairment of financial assets (continued)

##### ***Credit-impaired financial assets***

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

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

##### ***Write-off policy***

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

##### ***Measurement and recognition of ECL***

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (x) Impairment of financial assets (continued)

##### *Measurement and recognition of ECL (continued)*

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### (y) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

#### (z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

#### Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

#### **(a) Principal versus agent consideration (principal)**

The Group's revenue generated from design and marketing of jewelry business. Upon the application of HKFRS 15, the Group reassessed whether the Group should continue recognise revenue on gross basis based on the requirement of HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the jewelry products. The Group has inventory risk and exposed to significant price risk.

#### **(b) Significant increase in credit risk**

As explained in note 6(b), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An assets move to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### Key sources of estimation uncertainty

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

#### **(c) Income tax**

The Company is subject to Hong Kong Profits Tax. Significant estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax expense of approximately HK\$955,000 (2022: HK\$874,000) was charged to profit or loss based on the estimated profit from the Group's operations.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES (continued)

#### Key sources of estimation uncertainty (continued)

##### (d) Impairment of trade receivables and loan and interest receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables and loan and interest receivables based on the credit risk of trade receivables and loan and interest receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2023, the carrying amounts of trade receivables and loan and interest receivables were approximately HK\$26,008,000 (2022: HK\$6,552,000) (net of allowance for doubtful debts of approximately HK\$1,542,000 (2022: HK\$1,394,000) and approximately HK\$253,560,000 (2022: HK\$247,302,000) (net of allowance for doubtful debts of approximately HK\$31,040,000 (2022: HK\$9,362,000)).

##### (e) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

As at 31 March 2023, the carrying amount of inventories was approximately HK\$83,227,000 (2022: HK\$73,542,000) (net of allowance of approximately HK\$37,000 (2022: HK\$37,000)).

##### (f) Impairment of goodwill

Determining whether goodwill is impaired requires the Group to assess the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is the higher of fair value less costs of disposal and the value-in-use. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or when there is a revision to the estimated future cash flows due to changes in fact or circumstances, a material impairment loss on goodwill may arise.

As at 31 March 2023, the carrying amount of goodwill was approximately HK\$1,000,000 (2022: HK\$2,841,000). Impairment loss of goodwill amounting to approximately HK\$1,841,000 (2022: HK\$1,348,000) has been recognised in profit or loss for the year ended 31 March 2023, details of which are disclosed in note 22 to the consolidated financial statements.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, interest rate risk, liquidity risk and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Foreign currency risk

The functional currency of the most of the Group entities is HK\$. The Group has certain exposure to foreign currency risk as some of its transactions, assets and liabilities are denominated in United States dollars ("US\$") and Renminbi ("RMB").

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The directors of the Company are of the opinion that the US\$ is pegged against HK\$ and the risk of movements in exchange rates between US\$ and HK\$ to be insignificant. Accordingly, no sensitivity analysis is performed on the movements in exchange rates between US\$ and HK\$.

No sensitivity analysis has been performed on the Group's financial assets and liabilities denominated in RMB as the directors of the Company are of opinion that they are not material to the Group.

#### (b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and loan and interest receivables) and from its financing activities, including deposits with banks and other financial institution, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from bank and cash balances is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

For financial assets whose impairment losses are measured using expected credit loss model except trade receivables, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their expected credit losses, as follows:

Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

Stage 2: If the credit risk has increased significantly since its initial recognition but not yet deemed to be credit-impaired, the financial instrument is included in stage 2.

Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in stage 3.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

The Group has concentration of credit risk in certain customers. As at 31 March 2023, trade receivables from the 3 (2022: 4) largest trade debtors were approximately HK\$21,855,000 (2022: HK\$5,006,000) or approximately 79% (2022: 63%) of the Group's total gross trade receivables. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. The Group does not provide any guarantees which would expose the Group to credit risk.

#### *Trade receivables*

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days (2022: 90 days) from the date of billing. Normally, the Group does not obtain collateral from customers other than the clients of money lending business.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. 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.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables, as at 31 March 2023 and 2022:

		2023	
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	1.9%	10,673	206
1 – 90 days past due	3.0%	6,373	194
91 – 180 days past due	5.5%	7,936	410
More than 180 days past due	28.5%	2,568	732
		<b>27,550</b>	<b>1,542</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Trade receivables (continued)*

	Expected loss rate %	2022 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	2.9%	1,745	51
1 – 90 days past due	11.2%	5,340	598
More than 180 days past due	86.5%	861	745
		<u>7,946</u>	<u>1,394</u>

Expected loss rates are based on actual loss experience in past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Movement in the loss allowance for trade receivables during the year is as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 April	1,394	198
Impairment of ECL	148	1,196
At 31 March	<u>1,542</u>	<u>1,394</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Loan and interest receivables*

As at 31 March 2023, the Group lent the loans of approximately HK\$276,572,000 (2022: HK\$251,667,000) to independent third parties.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount of the loan receivables. The Group's loan receivables arise from the money lending business in Hong Kong. Loan receivables include both secured and unsecured loans to individuals customers, which are bearing interest and are repayable with fixed terms agreed with the Group's customers. Secured loan receivables are secured by collaterals provided by customers.

The following table provides information about the Group's exposure to credit risk and ECLs for loan and interest receivable as at 31 March 2023 and 2022:

	Expected loss rate %	2023 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	10.9%	284,600	31,040
	Expected loss rate %	2022 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	3.6%	256,664	9,362

Movements in the loss allowance for loan and interest receivables during the year is as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 April	9,362	3,047
Impairment of ECLs	21,678	6,315
At 31 March	31,040	9,362



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### Loan and interest receivables (continued)

	As at 31 March 2023			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Loan and interest receivables, gross	204,349	69,748	10,503	284,600
Less: Loss allowance	(13,668)	(11,371)	(6,001)	(31,040)
Loan and interest receivables, net	<u>190,681</u>	<u>58,377</u>	<u>4,502</u>	<u>253,600</u>

  

	As at 31 March 2022			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Loan and interest receivables, gross	134,477	122,187	–	256,664
Less: Loss allowance	(2,272)	(7,090)	–	(9,362)
Loan and interest receivables, net	<u>132,205</u>	<u>115,097</u>	<u>–</u>	<u>247,302</u>

The increase in loss allowance on loan and interest receivables during the year ended 31 March 2023 was owing to the fact that the gross amount of loan and interest receivables of approximately HK\$69,748,000 were transferred from stage 1 to stages 2 and 3.

Movement in the allowances for trade receivables, loan and interest receivables measured at amortised cost:

	General approach			Simplified approach	Total HK\$'000
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL credit impaired HK\$'000	Lifetime ECL HK\$'000	
At 1 April 2021	3,047	–	–	198	3,245
Transfer from stage 1 to stage 2	(1,757)	1,757	–	–	–
Impairment of ECLs	982	5,333	–	1,196	7,511
At 31 March 2022 and 1 April 2022	2,272	7,090	–	1,394	10,756
Transfer from stage 1 to stage 2	(1,867)	1,867	–	–	–
Transfer from stage 1 to stage 3	(6,001)	–	6,001	–	–
Impairment of ECLs	19,264	2,414	–	148	21,826
<b>At 31 March 2023</b>	<u>13,668</u>	<u>11,371</u>	<u>6,001</u>	<u>1,542</u>	<u>32,582</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Interest rate risk

The Group's loan receivables, loan payables, lease liabilities and unconvertible bonds bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to cash flow interest-rate risk arises from its bank balances. These bank balances bear interests at variable rates that varied with the then prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

Sensitivity analysis on cash flow interest-rate risk has not been presented as the reasonably possible changes in market interest rate will not have significant impact on the Group's consolidated financial statements.

#### (d) Liquidity risk

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

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

	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
<b>At 31 March 2023</b>					
<b>Financial liabilities subject to a repayment on demand clause</b>					
Other payables and accruals	3,518	-	-	-	3,518
Loan and interest payables	700	-	-	-	700
<b>Financial liabilities not subject to a repayment on demand clause</b>					
Trade payables	-	3,498	-	-	3,498
Other payables and accruals	-	17,441	-	-	17,441
Loan and interest payables	-	1,001	-	-	1,001
Unconvertible bonds	-	10,653	153	12,149	22,955
Lease liabilities	-	1,046	389	76	1,511

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity risk (continued)

	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 March 2022					
Financial liabilities subject to a repayment on demand clause					
Other payables and accruals	1,839	-	-	-	1,839
Loan and interest payables	9,177	-	-	-	9,177
Financial liabilities not subject to a repayment on demand clause					
Trade payables	-	2,224	-	-	2,224
Other payables and accruals	-	10,974	-	-	10,974
Unconvertible bonds	-	500	10,500	10,000	21,000
Lease liabilities	-	1,056	1,056	481	2,593

#### (e) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities classified as financial assets at FVTOCI (note 23). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% (2022: 5%) higher/lower, with all other variables held constant, other comprehensive income for the year ended 31 March 2023 would have increased/decreased by approximately HK\$1,421,000 (2022: HK\$1,357,000).

#### (f) Categories of financial instruments at 31 March

	2023 HK\$'000	2022 HK\$'000
<b>Financial assets:</b>		
Financial assets at FVTOCI	28,419	27,144
Financial assets at amortised cost	281,445	264,536
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	44,591	40,783

#### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values at 31 March 2023 and 2022.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 7. FAIR VALUE MEASUREMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

#### Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using:			Total 2023 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	

#### Recurring fair value measurements:

##### Financial assets

Financial assets at FVTOCI  
– Listed equity securities

<b>28,419</b>	–	–	<b>28,419</b>
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#### Description

Description	Fair value measurements using:			Total 2022 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	

#### Recurring fair value measurements:

##### Financial assets

Financial assets at FVTOCI  
– Listed equity securities

<b>27,144</b>	–	–	<b>27,144</b>
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During the years ended 31 March 2023 and 2022, there were no transfers in the fair value hierarchy between Level 1 and Level 2, or transfers into or out of Level 3.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 8. REVENUE

- (i) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023 HK\$'000	2022 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of Jewelry	<u>41,806</u>	<u>85,147</u>
<b>Revenue from other sources</b>		
Interest income from Money Lending	<u>26,666</u>	<u>23,760</u>
	<u><b>68,472</b></u>	<u><b>108,907</b></u>

- (ii) Disaggregation by timing of revenue recognition within the scope of HKFRS 15:

	2023 HK\$'000	2022 HK\$'000
At a point in time	<u>41,806</u>	<u>85,147</u>

As at 31 March 2023, the aggregate amount of the transaction price allocated to the performance obligations that were unsatisfied was approximately HK\$165,000 (2022: HK\$3,668,000). The Group expected to recognise the revenue relevant to these performance obligations within one year.

### 9. SEGMENT INFORMATION

#### (a) Business segments

The Group's operating and reportable segments which are based on the types of products sold and services rendered are as follows:

Design and marketing of jewelry\*: design of jewelry and sales and marketing of jewelry

Money Lending: provision of loans as money lending

\* The management redefined the "Design, OEM and Marketing of Jewelry" segment to "Design and marketing of jewelry" to reflect the strategic decision during the year.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment revenue and result*

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

##### **For the year ended 31 March 2023**

	<b>Design and marketing of jewelry HK\$'000</b>	<b>Money Lending HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue:			
Sales to external customers	<u>41,806</u>	<u>26,666</u>	<u>68,472</u>
Revenue from external customers	<u>41,806</u>	<u>26,666</u>	<u>68,472</u>
Net segment result:			
Segment result	<u>(4,493)</u>	<u>2,740</u>	<u>(1,753)</u>
Impairment loss on goodwill	<u>(1,841)</u>	<u>-</u>	<u>(1,841)</u>
Net segment result	<u>(6,334)</u>	<u>2,740</u>	<u>(3,594)</u>
Other unallocated income			387
Other unallocated expenses			(9,245)
Finance costs			<u>(1,054)</u>
Loss before tax			(13,506)
Income tax expense			<u>(955)</u>
Loss for the year			<u>(14,461)</u>



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment revenue and result (continued)*

For the year ended 31 March 2022

	Design and marketing of jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	85,147	23,760	108,907
Revenue from external customers	<u>85,147</u>	<u>23,760</u>	<u>108,907</u>
Net segment result:			
Segment result	(4,100)	16,507	12,407
Impairment loss on goodwill	<u>(1,348)</u>	<u>–</u>	<u>(1,348)</u>
Net segment result	<u>(5,448)</u>	<u>16,507</u>	<u>11,059</u>
Other unallocated income			24
Other unallocated expenses			(8,352)
Finance costs			<u>(1,253)</u>
Profit before tax			1,478
Income tax expense			<u>(874)</u>
Profit for the year			<u>604</u>

Segment profit or loss represents profit or loss from each segment without allocation of certain other income, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment assets and liabilities*

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

##### **As at 31 March 2023**

	<b>Design and marketing of jewelry HK\$'000</b>	<b>Money Lending HK\$'000</b>	<b>Total HK\$'000</b>
Assets and liabilities:			
Segment assets			
– Hong Kong	<b>44,641</b>	<b>254,876</b>	<b>299,517</b>
– The People's Republic of China ("PRC")	<b>83,030</b>	–	<b>83,030</b>
	<b>127,671</b>	<b>254,876</b>	<b>382,547</b>
Financial assets at FVTOCI			<b>28,419</b>
Deferred tax assets			<b>101</b>
Unallocated corporate assets			<b>2,976</b>
Consolidated total assets			<b>414,043</b>
Segment liabilities:			
– Hong Kong	<b>9,968</b>	<b>249,516</b>	<b>259,484</b>
– Elimination of loan payables (Note)	–	<b>(249,516)</b>	<b>(249,516)</b>
	<b>9,968</b>	–	<b>9,968</b>
Unconvertible bonds			<b>18,433</b>
Loan and interest payables			<b>1,701</b>
Tax payable			<b>1,253</b>
Unallocated corporate liabilities			<b>16,124</b>
Consolidated total liabilities			<b>47,479</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment assets and liabilities (continued)*

As at 31 March 2022

	Design and marketing of jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Assets and liabilities:			
Segment assets			
– Hong Kong	104,029	248,344	352,373
– PRC	29,197	–	29,197
	<u>133,226</u>	<u>248,344</u>	<u>381,570</u>
Financial assets at FVTOCI			27,144
Deferred tax assets			107
Unallocated corporate assets			<u>12,270</u>
Consolidated total assets			<u>421,091</u>
Segment liabilities:			
– Hong Kong	9,535	244,700	254,235
– Elimination of loan payables (Note)	–	(244,700)	(244,700)
	<u>9,535</u>	<u>–</u>	<u>9,535</u>
Unconvertible bonds			16,569
Loan and interest payables			9,177
Unallocated corporate liabilities			<u>11,657</u>
Consolidated total liabilities			<u>46,938</u>

Note: The loan was made from the Money Lending segment of the Company to the subsidiary under negotiated terms. As at 31 March 2023, the carrying amount of loan was approximately HK\$249,516,000 (2022: HK\$244,700,000).



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment assets and liabilities (continued)*

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than right-of-use assets, financial assets at FVTOCI, certain other receivables, prepayments and deposits paid, income tax recoverable and deferred tax assets; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, income tax payable and unconvertible bonds.

##### *Other segment information*

In respect of the year ended 31 March 2023

	Design and marketing of jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
<b>Other information of</b>			
Impairment of ECL on trade receivables	148	–	148
Impairment of ECL on loan and interest receivables	–	21,678	21,678
	<hr/>	<hr/>	<hr/>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Other segment information (continued)*

In respect of the year ended 31 March 2022

	Design and marketing of jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
<b>Other information of</b>			
Depreciation of property, plant and equipment	91	–	91
Depreciation of right-of-use assets	81	–	81
Impairment of ECL on trade receivables	1,196	–	1,196
Impairment of ECL on loan and interest receivables	–	6,315	6,315
Gain on early termination of loan receivables	–	(1,479)	(1,479)

#### (b) Geographical information

The Group's operations are mainly located in Hong Kong.

The geographic market of the Group's revenue is determined based on the location at which the services were provided or the goods were delivered, irrespective of the origin of customers. Major services provided by the Group are in Hong Kong.

The non-current assets of the Group (other than financial assets at FVTOCI and deferred tax assets) by geographical areas determined based on the physical location of assets in the case of property, plant and equipment and right-of-use assets; and the location of the operations to which they are allocated, in the case of intangible assets and goodwill.

#### (c) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

		2023 HK\$'000	2022 HK\$'000
Customer A	Design and marketing of jewelry	19,720	24,068
Customer B	Design and marketing of jewelry	N/A <sup>#</sup>	16,643

<sup>#</sup> The customer contributed less than 10% of the total revenue of the Group for the year ended 31 March 2023.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 10. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Bank interest income	1	1
Government subsidies (note)	206	–
Others	97	5
	<u>304</u>	<u>6</u>

Note: The amount represents the receipts from Employment Support Scheme and Retail Sector Subsidy from the Anti-epidemic Fund provided by the Hong Kong government. The conditions of the government grant were fulfilled during the year ended 31 March 2023.

### 11. OTHER GAINS AND LOSSES, NET

	2023 HK\$'000	2022 HK\$'000
Other gains:		
Reversal of allowance for inventories	–	160
Exchange gain, net	167	19
Gain on early termination of loan receivables	–	1,479
Gain on disposal of property, plant and equipment	100	–
	<u>267</u>	<u>1,658</u>
Other losses:		
Loss on written-off of property, plant and equipment	–	(37)
Impairment loss recognised on goodwill	(1,841)	(1,348)
	<u>(1,841)</u>	<u>(1,385)</u>
	<u>(1,574)</u>	<u>273</u>



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 12. IMPAIRMENT OF ECLs ON TRADE RECEIVABLES AND LOAN AND INTEREST RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Impairment of ECLs on:		
– trade receivables	148	1,196
– loan and interest receivables	<u>21,678</u>	<u>6,315</u>
	<u>21,826</u>	<u>7,511</u>

### 13. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on loan payables	28	271
Imputed interest on unconvertible bonds	964	924
Interest on lease liabilities	<u>62</u>	<u>58</u>
	<u>1,054</u>	<u>1,253</u>

### 14. (LOSS)/PROFIT BEFORE TAX

	2023 HK\$'000	2022 HK\$'000
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	6,603	7,465
– Retirement benefits contributions	<u>198</u>	<u>217</u>
Total staff costs	6,801	7,682
Auditor's remuneration	730	630
Cost of inventories sold	40,440	80,725
Depreciation of property, plant and equipment	–	91
Depreciation of right-of-use assets	997	1,056
Gain on disposal of property, plant and equipment	(100)	–
Gain on early termination of loan receivables	–	(1,479)
Short-term lease payment	<u>351</u>	<u>75</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 15. BENEFITS AND INTEREST OF DIRECTORS

#### (a) Directors' emoluments

Aggregate emoluments paid to or payable to directors in respect of their services as directors, whether of the Company or its subsidiary undertaking.

The remuneration of every director is set out below:

#### For the year ended 31 March 2023

	Fees HK\$'000	Salary HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Other benefit in kind HK\$'000	Total HK\$'000
<b>Executive Directors</b>					
Ms. Zhou Yaying	-	600	18	351	969
Mr. Wei Liang	-	240	12	-	252
Mr. Tang Wing Cheung Louis (note 1)	-	180	9	-	189
Mr. Liu Jun (note 2)	-	-	-	-	-
<b>Independent</b>					
<b>Non-executive Directors</b>					
Mr. Tse Kwong Chan	120	-	-	-	120
Mr. Yiu To Wa	120	-	-	-	120
Mr. Lau Leong Yuen	120	-	-	-	120
Mr. Hong Hui Lung	-	-	-	-	-
	<b>360</b>	<b>1,020</b>	<b>39</b>	<b>351</b>	<b>1,770</b>

#### For the year ended 31 March 2022

	Fees HK\$'000	Salary HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
<b>Executive Directors</b>				
Ms. Zhou Yaying	-	747	41	788
Mr. Wei Liang	-	240	12	252
Mr. Tang Wing Cheung Louis (note 1)	-	240	12	252
<b>Independent</b>				
<b>Non-executive Directors</b>				
Mr. Tse Kwong Chan	120	-	-	120
Mr. Yiu To Wa	120	-	-	120
Mr. Lau Leong Yuen	120	-	-	120
Mr. Hong Hui Lung	-	-	-	-
	<b>360</b>	<b>1,227</b>	<b>65</b>	<b>1,652</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 15. BENEFITS AND INTEREST OF DIRECTORS (continued)

#### (a) Directors' emoluments (continued)

Notes:

- 1 Mr. Tang Wing Cheung Louis deceased on 24 March 2023.
- 2 Mr. Liu Jun was appointed as executive director on 1 June 2023.

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

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

During the years ended 31 March 2023 and 2022, Mr. Hong Hui Lung waived his emoluments with a total amount of HK\$120,000 per annum.

Except for above, none of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2023 and 2022.

#### (b) Directors' retirement benefits and termination benefits

No directors received or will receive any retirement benefits or termination benefits during the year ended 31 March 2023 (2022: Nil).

#### (c) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2023, the Company did not pay consideration to any third parties for making available directors' services (2022: Nil).

#### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 March 2023, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or its subsidiaries undertaking of the Company in favour of directors, controlled bodies corporate by and connected entities with such directors (2022: Nil).

#### (e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 39 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 16. EMPLOYEES' EMOLUMENTS

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% (2022: 5%) of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK\$30,000 (2022: HK\$30,000). Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC Government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2023 (2022: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2023 and 2022.

Of the five individuals with the highest emoluments in the Group, one (2022: one) was a director of the Company whose emoluments are included in note 15(a) to the consolidated financial statements. The emoluments of the remaining four (2022: four) individuals were as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and benefits in kind	3,662	4,117
Contributions to retirement benefits schemes	72	72
	<u>3,734</u>	<u>4,189</u>

The emoluments of the remaining four (2022: four) individuals fell within the following bands:

	2023	2022
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	2	2
	<u>4</u>	<u>4</u>

No emoluments have been paid by the Group to the highest paid individuals of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2023 and 2022.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 17. INCOME TAX EXPENSE

	2023 HK\$'000	2022 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	1,148	380
(Over)/under-provision for prior years	(199)	1
	<u>949</u>	<u>381</u>
Deferred tax (note 34)	6	493
	<u>955</u>	<u>874</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of remaining group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the law of the PRC on Enterprise Income Tax (the “EIT law”) and implementation regulation of the EIT law, the tax rate of the Group’s subsidiary in the PRC is 25% (2022: 25%). No PRC income tax has been provided as the Group’s subsidiary in the PRC did not have any assessable profit for the years ended 31 March 2023 and 2022.

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

	2023 HK\$'000	2022 HK\$'000
(Loss)/profit before tax	<u>(13,506)</u>	<u>1,478</u>
Tax at the applicable rate of 16.5% (2022: 16.5%)	(2,228)	244
Effect of different tax rates of subsidiaries operating in other jurisdictions	(22)	(34)
Tax effect of income not taxable for tax purpose	(209)	(1,118)
Tax effect of expenses not deductible for tax purpose	549	1,768
Tax effect of tax losses not recognised	–	79
Tax effect of utilisation of tax losses not previously recognised	(353)	(353)
Tax effect to unrecognised temporary differences	3,599	467
Tax effect of adoption of two-tier profits tax rate	(165)	(165)
Tax reduction	(17)	(15)
(Over)/under-provision in prior years	(199)	1
	<u>955</u>	<u>874</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 18. DIVIDEND

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

### 19. (LOSS)/EARNING PER SHARE

The calculation of the basic and diluted (loss)/earning per share attributable to the owners of the Company is as follows:

	2023 HK\$'000	2022 HK\$'000
<b>(Loss)/earning</b>		
(Loss)/profit for the purpose of basic and diluted earnings per share		
(Loss)/profit for the year attributable to owners of the Company	<b>(14,461)</b>	604
	<b>2023 '000</b>	2022 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earning per share	<b>1,289,492</b>	983,282
Effect of dilutive potential ordinary shares arising from share options	–	58,418
Weighted average number of shares that would have been issued at average market prices	–	(57,939)
Weighted average number of ordinary shares for the purpose of diluted (loss)/earning per share	<b>1,289,492</b>	983,761

No diluted loss per share to be presented as the Company did not have any dilutive potential ordinary share as at 31 March 2023.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 April 2021	1,086	400	2,047	3,533
Written-off	(239)	(66)	(606)	(911)
At 31 March 2022 and 1 April 2022	847	334	1,441	2,622
Disposal	-	-	(741)	(741)
<b>At 31 March 2023</b>	<b>847</b>	<b>334</b>	<b>700</b>	<b>1,881</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 April 2021	1,008	350	2,047	3,405
Depreciation provided for the year	78	13	-	91
Elimination on written-off	(239)	(29)	(606)	(874)
At 31 March 2022 and 1 April 2022	847	334	1,441	2,622
Elimination on disposal	-	-	(741)	(741)
<b>At 31 March 2023</b>	<b>847</b>	<b>334</b>	<b>700</b>	<b>1,881</b>
<b>CARRYING AMOUNT</b>				
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 March 2022	-	-	-	-

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 21. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> HK\$000
At 1 April 2021	371
Additions	3,144
Depreciation	(1,056)
Exchange realignment	3
	<hr/>
At 31 March 2022 and 1 April 2022	2,462
Depreciation	(997)
Exchange realignment	(34)
	<hr/>
At 31 March 2023	<u>1,431</u>

Lease liabilities of approximately HK\$1,470,000 (2022: HK\$2,487,000) are recognised with related right-of-use assets of approximately HK\$1,431,000 (2022: HK\$2,462,000) as at 31 March 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	<b>2023</b> HK\$'000	2022 HK\$'000
Depreciation expenses on right-of-use assets	<b>997</b>	1,056
Interest expense on lease liabilities (included in finance costs)	<b>62</b>	58
Expenses relating to short-term lease (included in administrative expenses)	<b>351</b>	75
	<hr/>	<hr/>

Details of total cash outflow for leases is set out in note 38(b) to the consolidated financial statements.

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2022: 2 years to 4 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 March 2023 and 2022, there has been no such triggering event.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 22. GOODWILL

	2023 HK\$'000	2022 HK\$'000
<b>COST</b>		
At 1 April and 31 March	<b>93,272</b>	93,272
<b>ACCUMULATED IMPAIRMENT</b>		
At 1 April	<b>90,431</b>	89,083
Impairment loss recognised in respect of:		
– Design and marketing of jewelry business	<b>1,841</b>	1,348
At 31 March	<b>92,272</b>	90,431
<b>CARRYING AMOUNT AT THE END OF THE YEAR</b>	<b>1,000</b>	2,841

Goodwill has been allocated for impairment testing purposes to the design and marketing of jewelry business and Money Lending business.

The carrying amount of goodwill was allocated to business segments of CGUs as follows:

	2023 HK\$'000	2022 HK\$'000
Design and marketing of jewelry business	–	1,841
Money Lending business	<b>1,000</b>	1,000
	<b>1,000</b>	2,841



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 22. GOODWILL (continued)

#### Design and marketing of jewelry business

Goodwill of approximately HK\$28,524,000 arose from the acquisition of 100% equity interest in Elite Honest Inc. (“Elite Honest”) and was recognised at the date of acquisition. Elite Honest, through its wholly-owned subsidiary, is principally engaged in the design and marketing of jewelry business.

The recoverable amount of the CGU of design and marketing of jewelry business has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2022: five-year period) with growth rates of 5% (2022: 1%) per annum for the first year, 5% (2022: 6%) per annum for the second year, 5% (2022: 5%) per annum for the third year, 5% (2022: 5%) per annum for the fourth year, 5% (2022: 5%) per annum for the fifth year, with a terminal value of approximately HK\$500,000 (2022: HK\$7,000,000) estimated based on the growth rate of 2.5% (2022: 2.5%) (representing the expected inflation rate) after the five-year period (2022: five-year period) and at a pre-tax discount rate of 184.14% (2022: 20.66%). Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the CGU and management’s expectations for the market development.

Based on the impairment assessment, impairment loss of goodwill amounted to approximately HK\$1,841,000 (2022: HK\$1,348,000) was recognised by the Group and charged to profit or loss for the year ended 31 March 2023, which is calculated based on the recoverable amount of the CGU of the design and marketing of jewelry business amounted to HK\$4,208,000 (2022: HK\$15,643,000). Accumulated impairment losses amounted to approximately HK\$28,524,000 (2022: HK\$26,683,000) at 31 March 2023 were recognised on goodwill allocated to design and marketing of jewelry business.

#### Money Lending business

Goodwill of HK\$1,000,000 arose from the acquisition of 100% equity interest in Great Luck Finance Limited (“Great Luck”) and was recognised at the date of acquisition. Great Luck is principally engaged in provision of loans on money lending.

The recoverable amount of the CGU of the Money Lending business has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2022: five-year period) with growth rates of 2% (2022: 3%) per annum for the first year, 0% (2022: 0%) per annum for the second to fifth year, with a terminal value of approximately HK\$86,000,000 (2022: HK\$41,000,000) estimated based on the growth rate of 0% (2022: 0%) after the five-year period (2022: five-year period) and at a pre-tax discount rate of 7.5% (2022: 7.5%). Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows, including budgeted interest income which is based on the past performance of the CGU and management’s expectations for the market development.

Based on the impairment assessment, the directors consider that no impairment of goodwill (2022: Nil) of Money Lending business is recognised for the year ended 31 March 2023 based on the recoverable amount of the CGU of the Money Lending business amounted to approximately HK\$107,000,000 (2022: HK\$38,000,000).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 23. FINANCIAL ASSETS AT FVTOCI

	2023 HK\$'000	2022 HK\$'000
Listed equity securities	<u>28,419</u>	<u>27,144</u>

As at 31 March 2023 and 2022, the fair value of listed equity securities are determined based on the quoted market closing bid prices available on the Stock Exchange.

The investment is not held for trading, instead, its is held for long-term strategic purpose.

### 24. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Goods held for sales	<u>83,227</u>	<u>73,542</u>

### 25. TRADE RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables		
– Design and marketing of jewelry business	27,550	7,946
Less: allowance for ECLs	<u>(1,542)</u>	<u>(1,394)</u>
	<u>26,008</u>	<u>6,552</u>

The Group has a policy of allowing credit period of 90 days (2022: 90 days) to its trade customers. The Group does not hold any collateral over the balances.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 25. TRADE RECEIVABLES (continued)

An aging analysis of trade receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2023 HK\$'000	2022 HK\$'000
Within 3 months	10,467	1,694
4 to 6 months	6,179	4,742
Over 6 months	9,362	116
	<u>26,008</u>	<u>6,552</u>

At 31 March 2023 and 2022, the trade receivables were denominated in HK\$.

### 26. LOAN AND INTEREST RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Loan receivables	276,572	251,667
Interest receivables	8,028	4,997
Less: allowance for ECLs	<u>(31,040)</u>	<u>(9,362)</u>
	253,560	247,302
Less: non-current portion	<u>(85,002)</u>	<u>(178,927)</u>
	<u>168,558</u>	<u>68,375</u>

Loan receivables include both secured and unsecured loans to individuals customers, which are bearing interest and are repayable with fixed terms agreed with the Group's customers. Secured loan receivables are secured by collaterals provided by customers.

At 31 March 2023, the loan receivables arising from Money Lending business with fixed interest rate ranging from 8% to 11% (2022: 8% to 12%) per annum on principal amount, are repayable quarterly. The effective interest rates of the loan receivables range from 9% to 11% (2022: 8% to 12%) per annum.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 26. LOAN AND INTEREST RECEIVABLES (continued)

The maturity profile of these loan and interest receivables from customers, at the end of the reporting period, net of allowance of ECL, analysed by remaining periods to their contracted maturity, is as follow:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Repayable:		
On demand and within 3 months	<b>8,214</b>	4,838
Over 3 months but less than 1 year	<b>160,344</b>	63,537
Over 1 year but less than 2 years	<b>85,002</b>	178,927
	<b>253,560</b>	247,302

The loan receivables outstanding as at 31 March 2023 and 2022 are denominated in HK\$.

### 27. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Other receivables	<b>20</b>	19
Prepayments	–	12
Deposits paid (note)	<b>18,923</b>	50,816
	<b>18,943</b>	50,847

Note:

As at 31 March 2023, included in the deposits paid of approximately HK\$18,420,000 (2022: HK\$50,339,000) are trade deposit paid to suppliers for design and marketing of jewelry business.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 28. CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH

Bank balances and cash and cash deposits held by securities brokers comprise cash held by the Group and deposits with banks and securities brokers with an original maturity of three months or less.

At 31 March 2023 and 2022, the cash deposits held by securities brokers were denominated in HK\$.

At 31 March 2023 and 2022, the bank balances and cash were denominated in the following currencies:

	2023 HK\$'000	2022 HK\$'000
RMB	15	16
US\$	2	1
HK\$	<u>1,336</u>	<u>10,168</u>
	<u>1,353</u>	<u>10,185</u>

The RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

### 29. TRADE PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	<u>3,498</u>	<u>2,224</u>

Trade payables related to design and marketing of jewelry business with credit period on purchase of goods ranges from 30 to 180 days (2022: 30 to 180 days).

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

	2023 HK\$'000	2022 HK\$'000
Within 90 days	–	550
Between 91 to 180 days	3,270	1,590
Over 180 days	<u>228</u>	<u>84</u>
	<u>3,498</u>	<u>2,224</u>

At 31 March 2023 and 2022, the trade payables were denominated in HK\$ and the carrying amounts of trade payable approximate to their fair value.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 30. LOAN AND INTEREST PAYABLES

	2023 HK\$'000	2022 HK\$'000
Unsecured loans	1,550	9,050
Accrued interest	151	127
	<u>1,701</u>	<u>9,177</u>

At 31 March 2023, the unsecured loans are dominated in HK\$, with principal of HK\$550,000 (2022: HK\$550,000) and HK\$1,000,000 (2022: HK\$8,500,000) bearing fixed interest rate at 5% and 9% (2022: 5% and 9%) per annum respectively. As at 31 March 2022, the carrying amount of unsecured loans of HK\$9,050,000 together with the accrued interest are repayable on demand. As at 31 March 2023, the carrying amounts of unsecured loans amounted to HK\$550,000 and HK\$1,000,000 together with respective accrued interest were repayable on demand and March 2024 respectively.

### 31. OTHER PAYABLES AND ACCRUALS

	2023 HK\$'000	2022 HK\$'000
Other accrued charges and payables (Note a)	20,959	12,813
Contract liabilities (Note b)	165	3,668
	<u>21,124</u>	<u>16,481</u>

As at 31 March 2023 and 2022, all of the other payables and accruals are expected to be settled within one year or are payable on demand.

Notes:

- (a) Included in the balance is an amount due to a director of the Company, Ms. Zhou Yaying, of approximately HK\$3,518,000 (2022: HK\$1,839,000), which is unsecured, interest-free and repayable on demand.
- (b) Contract liabilities

#### *Movements in contract liabilities*

	2023 HK\$'000	2022 HK\$'000
Balance at 1 April	3,668	16,339
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	<u>(3,503)</u>	<u>(12,671)</u>
Balance at 31 March	<u>165</u>	<u>3,668</u>

#### *Income from design and marketing of jewelry business*

The Group receives a designated amount of the contract value from customers in advance. These advances result in contract liabilities being recognised until the customer obtains control of a promised jewelry products and the Group satisfies a performance obligation. At the end of reporting period, these advances were expected to be recognised as income within one year.

The decrease (2022: decrease) in contract liabilities in 2023 and 2022 was result of the decrease (2022: decrease) in deposits received from customers for the purchase of jewelry products.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 32. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within one year	<b>1,046</b>	1,056	<b>1,014</b>	993
In the second to fifth years, inclusive	<b>465</b>	1,537	<b>456</b>	1,494
	<b>1,511</b>	2,593	<b>1,470</b>	2,487
Less: Future finance charges	<b>(41)</b>	(106)	<b>N/A</b>	N/A
Present value of lease obligations	<b>1,470</b>	2,487	<b>1,470</b>	2,487
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(1,014)</b>	(993)
Amount due for settlement after 12 months			<b>456</b>	1,494

All lease liabilities are denominated in HK\$.

The incremental borrowing rates applied to lease liabilities are 2.75% and 4.75% (2022: 2.75% and 4.75%).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 33. UNCONVERTIBLE BONDS

	2023 HK\$'000	2022 HK\$'000
At 1 April	16,569	16,145
Proceeds from issue of an unconvertible bond	1,700	–
Imputed interest expense	964	924
Interest paid during the year	(800)	(500)
	<hr/>	<hr/>
At 31 March	18,433	16,569
	<hr/>	<hr/>
Represented by		
– Current	9,859	–
– Non-current	8,574	16,569
	<hr/>	<hr/>
	18,433	16,569
	<hr/>	<hr/>
	2023 HK\$'000	2022 HK\$'000
Within 1 year	9,859	–
Between 1 and 2 years	–	10,159
Between 3 and 5 years	1,710	–
Over 5 years	6,864	6,410
	<hr/>	<hr/>
	18,433	16,569
	<hr/>	<hr/>

In December 2016, the Company issued an unconvertible bond with the aggregate principal amount of HK\$10,000,000 giving rise to total proceeds of HK\$10,000,000, to provide working capital of the Group. The unconvertible bond, is unsecured and wholly repayable by the Company on the maturity date of 5 December 2023. The effective interest rate applied to the unconvertible bond is 4.92% (2022: 4.92%) per annum.

In September 2020, the Company issued another trench of unconvertible bond with the aggregate principal amount of HK\$10,000,000, after deducting direct expenses of HK\$500,000, giving rise to net proceeds of HK\$9,500,000, to provide working capital of the Group. The unconvertible bond is unsecured and wholly repayable by the Company on the maturity date of 28 September 2028. The effective interest rate of applied to the unconvertible bond is 7.08% (2022: 7.08%) per annum.

In March 2023, the Company issued an unconvertible bond with the aggregate principal amount of HK\$1,700,000 to provide working capital of the Group. The unconvertible bond is unsecured and wholly repayable by the Company on the maturity date of 6 March 2028. The effective interest rate applied to the unconvertible bond is 8.84% per annum.

The directors estimate the carrying amount of the unconvertible bonds at the end of reporting period approximately to be its fair value.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 34. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current year:

	Unused tax losses HK\$'000	ECLs provision HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2021	487	11	102	600
Charged to profit or loss (note 17)	(487)	–	(6)	(493)
At 31 March 2022 and 1 April 2022	–	11	96	107
Charged to profit or loss (note 17)	–	–	(6)	(6)
At 31 March 2023	–	11	90	101
			<b>2023</b> HK\$'000	2022 HK\$'000
Deferred tax assets			<b>101</b>	107

As at 31 March 2023, the Group had unutilised tax loss carried forward to offset future taxable profits of approximately HK\$5,703,000 (2022: HK\$8,185,000), which was not recognised as deferred income tax asset, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Included in unrecognised tax losses are losses of approximately HK\$1,762,000 (2022: HK\$2,103,000) that will expire on or before 2027, other losses may be carried forward indefinitely.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 35. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
<b>Authorised:</b>		
<b>Ordinary shares of HK\$0.1 each at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023</b>	<b>10,000,000</b>	<b>1,000,000</b>
	<b>Number of shares '000</b>	<b>Nominal amount HK\$'000</b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 each at 1 April 2021	624,638	62,464
Share issued on 20 September 2021 pursuant to rights issue (note 1)	<u>624,638</u>	<u>62,464</u>
Ordinary shares of HK\$0.1 each at 31 March 2022 and 1 April 2022	<b>1,249,276</b>	<b>124,928</b>
Issue of shares upon exercise of share options (note 2)	<u>45,430</u>	<u>4,543</u>
Ordinary share of HK\$0.1 each at 31 March 2023	<b>1,294,706</b>	<b>129,471</b>

Note 1: On 20 September 2021, the Company completed a rights issue of 624,637,750 rights shares at the subscription price of HK\$0.10 per rights share on the basis of one rights share for every one share at the Company (the "Rights Issue"). The net proceeds from rights issue were approximately HK\$60,086,000 after deducting directly attributable costs of approximately HK\$2,378,000. The results of the rights issue are set out in the Company's announcement dated 17 September 2021.

Note 2: On 12 May 2022, 45,430,000 options were exercised at the exercise price of HK\$0.121 per share, resulting in the issue of 45,430,000 new shares of HK\$0.1 each. The proceeds generated from exercising the share options, net of the share issuance expense, amounted of approximately HK\$5,494,000, of which approximately HK\$4,543,000 and HK\$951,000 were credited to share capital and share premium account respectively. In addition, the share options reserve amounted to HK\$1,314,000 was reclassified to share premium upon the exercise of the share options, resulting in a total amount credited to the share premium account of HK\$2,265,000.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 36. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The externally imposed capital requirement for the Group is to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply with the Listing Rules.

The Company reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes loan and interest payables and unconvertible bonds less bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

During the years ended 31 March 2023 and 2022, the Group's strategy, which was unchanged from prior year, was to maintain the debt equity ratio to be in a net cash position. The net debts as at 31 March 2023 and 2022 were as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Loan and interest payables	<b>1,701</b>	9,177
Unconvertible bonds	<b>18,433</b>	16,569
Less: Cash deposits held by securities brokers and bank balances and cash	<b>(1,354)</b>	(10,186)
Net debt	<b>18,780</b>	15,560
Equity attributable to owners of the Company	<b>366,564</b>	374,153
Capital and net debt	<b>385,344</b>	389,713
Gearing ratio	<b>4.87%</b>	3.99%

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 37. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a share option scheme (the “Old Share Option Scheme”). Under the Old Share Option Scheme, the Company may grant options to eligible persons for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Old Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption. The share options must be taken up within 28 days from the date on which the offer letter is delivered to the grantee for acceptance of the offer. The Old Share Option Scheme was expired on 29 August 2021.

On 29 September 2021, the Company adopted a new share option scheme (the “New Share Option Scheme”). Under the New Share Option Scheme, the Company may grant options to eligible persons for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The New Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption.

A summary of the New Share Option Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the “Invested Entity”).
Eligible participants	<ul style="list-style-type: none"><li>(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity;</li><li>(ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and</li><li>(iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.</li></ul>
Total number of ordinary shares available for issue under the New Share Option Scheme and the percentage of the issued share capital that it represents as at the date of this annual report	124,927,550 ordinary shares in the share capital of the Company, representing 10% of the issued share capital are available for issue under the New Share Option Scheme as at the date of this annual report.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 37. SHARE OPTION SCHEME (continued)

Maximum entitlement of each eligible participant	<p>Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.</p> <p>Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:</p> <p>(a) representing in aggregate over 0.1% of the relevant class of shares in issue; and</p> <p>(b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000,</p> <p>such grant or further grant of options must be approved by the shareholders in a general meeting.</p>
Period within which the securities must be taken up under an option	<p>An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the New Share Option Scheme.</p>
Minimum period for which an option must be held before it can be exercised	<p>There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.</p>
Amount payable on acceptance of the option and the period within which such payment must be made	<p>The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK\$1.00 being payable by the grantee.</p>
Exercise price	<p>Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share.</p>
Remaining life of the New Share Option Scheme	<p>The New Share Option Scheme will remain in force until 28 September 2031, subject to the provisions for early termination set out in the New Share Option Scheme.</p>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 37. SHARE OPTION SCHEME (continued)

Details of the share options granted by the Company pursuant to the Old Share Option Scheme and New Share Option Scheme and the movement of the share options were shown as follows:

#### Year ended 31 March 2023

Grantee	Date of grant	Exercisable period	Exercise price per share	Outstanding as at 1 April 2022	Granted	Exercised	Lapsed	Outstanding as at 31 March 2023
<b>Director</b>								
Ms. Zhou Yaying	20/8/2020	20/8/2020 to 19/8/2022	HK\$0.337 (note)	6,490,912	-	-	(6,490,912)	-
<b>Employees</b>								
Employees	13/5/2020	13/5/2020 to 12/5/2022	HK\$0.121 (note)	58,418,210	-	(45,430,000)	(12,988,210)	-
<b>Total</b>				<b>64,909,122</b>	<b>-</b>	<b>(45,430,000)</b>	<b>(19,479,122)</b>	<b>-</b>
Exercisable at the end of the year								N/A
Weighted average exercise price				HK\$0.143				N/A

#### Year ended 31 March 2022

Grantee	Date of grant	Exercisable period	Exercise price per share	Outstanding as at 1 April 2021	Granted	Exercised	Adjustment (note)	Outstanding as at 31 March 2022
<b>Director</b>								
Ms. Zhou Yaying	20/8/2020	20/8/2020 to 19/8/2022	HK\$0.337 (note)	5,905,666	-	-	585,246	6,490,912
<b>Employees</b>								
Employees	13/5/2020	13/5/2020 to 12/5/2022	HK\$0.121 (note)	53,150,994	-	-	5,267,216	58,418,210
<b>Total</b>				<b>59,056,660</b>	<b>-</b>	<b>-</b>	<b>5,852,462</b>	<b>64,909,122</b>
Exercisable at the end of the year								64,909,122
Weighted average exercise price				HK\$0.157				HK\$0.143

Note: The exercise price per share option and the number of share options were adjusted upon the completion of Rights Issue on 20 September 2021.

On 13 May 2020 and 20 August 2020, 53,150,994 and 5,905,666 share options with fair values of approximately HK\$1,684,000 and HK\$515,000 were granted, respectively.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 37. SHARE OPTION SCHEME (continued)

#### Fair value of share options and assumptions

The weighted average fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option-Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

	Granted on 13 May 2020	Granted on 20 August 2020
Weighted average fair value of measurement date	HK\$0.032	HK\$0.087
Closing price of the shares immediately before date of grant	HK\$0.132	HK\$0.375
Closing price of the shares at grant date	HK\$0.133	HK\$0.370
Exercise price	HK\$0.133	HK\$0.370
Expected volatility	45.41%	46.29%
Option life	2 years	2 years
Risk-free interest rate	0.322%	0.137%
Expected dividend yield	0%	0%

The expected volatility is based on the historic volatility. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There was no market vesting condition or non-market performance condition associated with the share options granted.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation of liabilities arising from financing activities

The following table details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	<b>Unconvertible bonds</b>	<b>Loan and interest payables</b>	<b>Lease liabilities</b>	<b>Total</b>
	HK\$'000 (Note 33)	HK\$'000 (Note 30)	HK\$'000 (Note 32)	HK\$'000
At 1 April 2022	16,569	9,177	2,487	28,233
<b>Changes from financing cash flows:</b>				
Repayment of lease liabilities	–	–	(983)	(983)
Repayment of loan payables	–	(8,500)	–	(8,500)
Proceeds from loan payables	–	1,000	–	1,000
Proceeds from unconvertible bonds	1,700	–	–	1,700
Interest paid	(800)	(4)	(62)	(866)
<b>Total changes from financing cash flows</b>	<b>900</b>	<b>(7,504)</b>	<b>(1,045)</b>	<b>(7,649)</b>
<b>Other changes:</b>				
Interest expenses	964	28	62	1,054
Exchange realignment	–	–	(34)	(34)
<b>Total other changes</b>	<b>964</b>	<b>28</b>	<b>28</b>	<b>1,020</b>
<b>At 31 March 2023</b>	<b>18,433</b>	<b>1,701</b>	<b>1,470</b>	<b>21,604</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (a) Reconciliation of liabilities arising from financing activities (continued)

	Unconvertible bonds HK\$'000 (Note 33)	Loan and interest payables HK\$'000 (Note 30)	Lease liabilities HK\$'000 (Note 32)	Total HK\$'000
At 1 April 2021	16,145	6,404	393	22,942
<b>Changes from financing cash flows:</b>				
Repayment of lease liabilities	–	–	(1,053)	(1,053)
Repayment of loan payables	–	(4,600)	–	(4,600)
Proceeds from loan payables	–	8,500	–	8,500
Interest paid	(500)	(1,398)	(58)	(1,956)
<b>Total changes from financing cash flows</b>	<b>(500)</b>	<b>2,502</b>	<b>(1,111)</b>	<b>891</b>
<b>Other changes:</b>				
New leases entered	–	–	3,144	3,144
Interest expenses	924	271	58	1,253
Exchange realignment	–	–	3	3
<b>Total other changes</b>	<b>924</b>	<b>271</b>	<b>3,205</b>	<b>4,400</b>
<b>At 31 March 2022</b>	<b>16,569</b>	<b>9,177</b>	<b>2,487</b>	<b>28,233</b>

#### (b) Total cash outflow of leases

Amounts included in the consolidated statement of cash flows for lease comprise the following:

	2023 HK\$'000	2022 HK\$'000
Within operating cash flows	351	75
Within financing cash flows	1,045	1,111

These amounts relate to the following:

	2023 HK\$'000	2022 HK\$'000
Lease rental paid	1,396	1,186

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 39. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Short-term employee benefits	<b>1,380</b>	1,587
Post-employment benefits	<b>39</b>	65
Total compensation paid to key management personnel	<b>1,419</b>	1,652

The remuneration of directors is determined by the Remuneration Committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in note 15 to the consolidated financial statements.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	8,156	12,755
<b>Current assets</b>		
Other receivables, prepayments and deposits paid	142	127
Amounts due from subsidiaries	374,221	384,906
Cash deposits held by securities brokers	1	1
Bank balances and cash	955	9,116
	<b>375,319</b>	394,150
<b>Current liabilities</b>		
Loan and interest payables	1,701	9,177
Other payables and accruals	12,636	7,509
Unconvertible bonds	9,859	–
Amount due to a subsidiary	1,245	1,245
Tax payable	964	–
	<b>26,405</b>	17,931
<b>Net current assets</b>	<b>348,914</b>	376,219
<b>Total assets less current liabilities</b>	<b>357,070</b>	388,974
<b>Non-current liabilities</b>		
Unconvertible bonds	8,574	16,569
<b>NET ASSETS</b>	<b>348,496</b>	372,405
<b>Capital and reserves</b>		
Share capital	129,471	124,928
Share premium and reserves (note)	219,025	247,477
<b>TOTAL EQUITY</b>	<b>348,496</b>	372,405

The financial statements were approved and authorised for issue by the Board of Directors on 26 July 2023 and were signed on its behalf by:

**Zhou Yaying**  
Director

**Wei Liang**  
Director

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

#### Share premium and reserves

	Share premium HK\$'000 (Note 41(b)(i))	Contributed surplus HK\$'000 (Note 41(b)(ii))	Capital redemption reserve HK\$'000 (Note 41(b)(vi))	Share option reserve HK\$'000 (Note 41(b)(iv))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021	2,679,157	62,604	464	2,199	(2,522,956)	221,468
Profit and total comprehensive income for the year	-	-	-	-	28,387	28,387
Rights issue	(2,378)	-	-	-	-	(2,378)
At 31 March 2022 and 1 April 2022	2,676,779	62,604	464	2,199	(2,494,569)	247,477
Loss and total comprehensive income for the year	-	-	-	-	(29,403)	(29,403)
Issue of shares upon exercise of share options	2,265	-	-	(1,314)	-	951
Share options lapsed	-	-	-	(885)	885	-
<b>At 31 March 2023</b>	<b>2,679,044</b>	<b>62,604</b>	<b>464</b>	<b>-</b>	<b>(2,523,087)</b>	<b>219,025</b>

The contributed surplus of the Company at 31 March 2023 and 2022 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 41. RESERVES

#### a. Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

#### b. Nature and purpose of reserves

##### i. *Share premium*

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and after deduction of capitalisation issue and issuance costs of shares. Pursuant to the Companies Law of the Bermuda, funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

##### ii. *Contributed surplus*

The contributed surplus of the Company at 31 March 2023 and 2022 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that the Company is, or would after the payment be, unable to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

##### iii. *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

##### iv. *Share options reserve*

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to a director and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(t) to the consolidated financial statements.

##### v. *Investment revaluation reserve*

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(j) to the consolidated financial statements.

##### vi. *Capital redemption reserve*

The capital redemption reserve represents the par value of shares of the Company which have been repurchased and cancelled.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2023

### 42. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which, in the opinion of the directors, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's principal subsidiaries at the end of the reporting period:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly		2023 %	2022 %	
				2023 %	2022 %	2023 %	2022 %			
Golden Fair Holdings Limited	Hong Kong	Ordinary shares	HK\$1	100	100	-	-	100	100	Investment holding
China Environmental Energy Investment (Hong Kong) Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Investment holding
Greenland Holdings Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Investment holding
Ritz Services (HK) Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Investment holding
Orient Time Investment Limited	Hong Kong	Ordinary shares	HK\$1	100	100	-	-	100	100	Securities investment
Great Luck Finance Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Provision of loan as money lending
H & S Creation Limited	Hong Kong	Ordinary shares	HK\$100	-	-	100	100	100	100	Design and marketing of jewelry
Mis Jewellery Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Inactive
麗哲貿易(上海)有限公司* Ritz Trading (Shanghai) Co., Limited*	PRC	Registered capital	HK\$1,000,000	-	-	100	100	100	100	Design and marketing of jewelry

\* For identification purposes only

# Recognised as a wholly-foreign owned enterprise in PRC

### 43. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2023 and 2022.

### 44. CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 March 2023 and 2022.

### 45. LEASE COMMITMENTS

The Group entered into a short-term lease for director's quarter during the reporting period. As at 31 March 2023, outstanding lease commitments related to the director's quarter was approximately HK\$351,000 (2022: Nil).

### 46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 July 2023.