杭品生活科技股份有限公司
HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

(Incorporated in Bermuda with limited liability 於百慕達註冊成立之有限公司)

股份代號 Stock Code :1682

ANNUAL REPORT 2023 年報

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lam Kai Yeung *(Chief Executive Officer)*
Mr. Situ Shilun *(Chief Operating Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lam Lee G.
Mr. Chan Kin
Mr. Chau Chi Yan Benny

COMPANY SECRETARY

Ms. Huang Huajuan

AUDIT COMMITTEE

Dr. Lam Lee G. *(Chairman)*
Mr. Chan Kin
Mr. Chau Chi Yan Benny

REMUNERATION COMMITTEE

Mr. Chau Chi Yan Benny *(Chairman)*
Dr. Lam Lee G.
Mr. Chan Kin

NOMINATION COMMITTEE

Mr. Chan Kin *(Chairman)*
Dr. Lam Lee G.
Mr. Chau Chi Yan Benny

AUTHORISED REPRESENTATIVES

Mr. Lam Kai Yeung
Mr. Situ Shilun

LEGAL ADVISERS AS TO HONG KONG LAWS

DeHeng Law Offices (Hong Kong) LLP

AUDITOR

Elite Partners CPA Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia

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

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2101, 21/F
China Merchants Tower, Shun Tak Centre
168-200 Connaught Road Central, Hong Kong

STOCK CODE

1682

COMPANY WEBSITE

http://www.hk01682.com

Introduction

The Board is pleased to present the Group's annual report for the year ended 31 March 2023 (the "**Reporting Period**").

BUSINESS REVIEW

The Company is a limited company incorporated in Bermuda and is an investment holding company. The Group is principally engaged in (I) garment sourcing, and (II) provision of financial services.

(I) GARMENT SOURCING

During the Reporting Period, the international landscape and geopolitics had been increasingly sophisticated, the path to global economic recovery was choppy. The continuing conflict between Ukraine and Russia, high global energy prices stemming from the over-reliance of European countries such as Germany on natural gas from Russia, and the subsequent pressures on household living expenses, the high inflation level remained high, resulting in both high interest rates as well as expectation for further interest rate hikes. Persistently high inflation dampened consumer confidence and affected disposable income, and multiple interest rate hikes by the US Federal Reserve which not only increased the financing cost but also reduced corporate spending and investment. Meanwhile, the prolonged weakness of the domestic and international textile market as a result of the impacts from adverse factors such as the international trade frictions and the changes in the supply chain landscape, lead to an overall decline in demand for textile products.

The Group also faced severe challenge like its peers. As affected by the Sino-US trade disputes, the trading atmosphere had remained tense and the international policy had been highly uncertain. Due to the increasing trade barriers, coupled with the outbreak of COVID-19 pandemic, market confidence was damaged. As a result, the operating performance of retailers was adversely affected, especially for those engaged in the trading of non-daily necessities, such as apparel products. Some retailers even had to shut down their large retail stores and to realize their real assets as they are plunged into liquidity crisis, which led to the continuous weakening of business confidence and the dampening of consumer's sentiments. Facing the unfavorable market conditions resulted from the undesirable business environment, wholesalers were also cautious in placing orders. In addition, online shopping became more and more popular, the pandemic had fueled the growth of the "stay-at-home" economy, further driven the development of online retail business. Customers had significantly higher expectation on speediness, quality and pricing of products and services, which also posed challenges to our business. To meet such challenge, the Company established new procedures for supplier selection with the aim to enhance business growth in a sustainable manner. The management of the Company decided to only select suppliers who are reputable and financially sound, possess a proven solid track record, and are willing to offer favorable terms.

In Mainland China, the COVID-19 epidemic brought immense macroeconomic challenges and further increased downward pressure on economy. The macroeconomic has suffered significantly from various strict anti-pandemic measures throughout the year, coupled with the recent weak real estate market as well as the outbreak of COVID-19 at the end of 2022, and the domestic consumer sentiment remained weak, resulting in a notable slowdown China's gross domestic product (GDP) growth. According to the National Bureau of Statistics, China's GDP in 2022 grew by 3.0% year-on-year, lower than the expected growth rate of 5.5%. The slowdown in economic growth directly affected the retail consumer market and total retail sales of consumer goods for the year decreased by 0.2% year-on-year. For the retail sales of commodities, the sales of garments, footwear, hats and knitwear fell by a relatively higher percentage of 6.5% year-on-year. For retail segments, the retail sales of department stores decreased by 9.3% year-on-year. Consumer sentiment continued to be weak, especially in the sub-essential underwear retail market, and the business environment remained challenging.

Here in Hong Kong, according to government information, the retail market had mainly been unstable for the period, under the negative impact of the COVID-19 pandemic, customer spending power experienced a slow recovery. However, benefited from another batch of consumption vouchers in October 2022 and Mainland's re-opening in January 2023, various anti-pandemic measures were gradually being lifted, people's living went back to normal, the consumption market finally shook off the negative effects of the pandemic.

As affected by such, part of the Group's business had also encountered difficulties, particularly for the business segment of garment sourcing. Fortunately, the Group was able to adjust its sales strategies promptly by adopting the strategy of "lower profit margin, higher sales volume", which successfully mitigated the risks. The operation of the Company had been stable and had improvement in the overall sales as compared with last year, however, due to intermittent outbreaks of the pandemic, the customers still adopted a more conservative approach when placing their orders.

(II) PROVISION OF FINANCIAL SERVICES

The Group from time to time reviews its existing operations and explores other business opportunities with a view to diversify the its business. The Group commenced a new business segment of provision of financial services which includes asset management, finance lease, pawn and money lending business in 2018. Against this backdrop, the Group has been focusing on accelerating its strategic plan in the China and Hong Kong markets, further enriching its product offerings and enhancing its financial service system, with an aim to rapidly enhance its business scale and seize the PRC and Hong Kong markets. The Group considers that the demand for financial services is significant and the industry is vibrant in both China and Hong Kong. These new business activities will provide a good opportunity for the Group to diversify its revenue stream, which is expected to benefit the Company and its Shareholders as a whole.

Under the money lending business, Golden Maximum Finance Limited ("**Golden Maximum**"), an indirectly wholly-owned subsidiary of the Group and a money lender license holder under the Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong), offers both secured and unsecured loans to borrowers, which primarily include individuals and corporations in Hong Kong or the PRC. The borrowers of Golden Maximum under the money lending business are mainly introduced to the Group by referral by the close business partners or customers of the Group and are with sound credit records. The money lending business generates revenue and profit by way of interest income. The money lending business is financed by the internal resources of the Group.

During the Reporting Period, the Group (i) had not recorded any default of interest or principal from its borrowers and (ii) had no write-off of loans from the money lending business.

PROSPECTS AND DEVELOPMENT PLAN

The International Monetary Fund (IMF) issued the latest "World Economic Outlook" in April 2023, based on the baseline forecast, the global growth is forecasted to fall from 3.4% in 2022 to 2.8% in 2023, before rising to 3.0% in 2024. Advanced economies are expected to experience a significant growth slowdown, from 2.7% in 2022 to 1.3% in 2023. In a plausible alternative scenario with further pressure in the financial sector, global growth will decrease to about 2.5% in 2023 with advanced economy growth falling below 1%. Global headline inflation in the baseline forecast is set to fall from 8.7% in 2022 to 7.0% in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. In most cases, the likelihood for the inflation to return to the current level before 2025 is low. The outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and COVID-19 pandemic continues for the third year.

The growth for China is expected to increase from 3.0% in 2022 to 5.2% in 2023, before falling to 4.5% in 2024. The main surging consumption is boosting growth across the region despite weaker demand from the rest of the world. In the longer term, the Chinese economy that has been the primary engine of regional and global growth for decades is expected to slowdown considerably in the face of unfavorable demographics and productivity slowdown.

Here in Hong Kong, the economy improved significantly in the first quarter of 2023, led by the strong recovery of inbound tourism and domestic demand. Real GDP resumed a year-on-year growth of 2.7%, having contracted by 4.1% in the preceding quarter. On a seasonally adjusted quarter-to-quarter comparison, real GDP surged by 5.3%. Looking forward, inbound tourism and domestic demand will remain the major drivers of economic growth this year. Visitor arrivals should recover further as transportation and handling capacity continue to resume. The improving economic situation and prospects should boost domestic demand, though tight financial conditions will remain as a constraint. The continued improvement of the labour market, the disbursement of consumption vouchers, and a series of "Happy Hong Kong" events will provide additional support to private consumption. On the other hand, exports of goods will continue to face significant challenges. Slower growth in the advanced economies will continue to weigh on external demand, though the faster recovery of the Mainland economy should provide some relief. The recent banking sector stress in the US and Europe also added uncertainties to the global economic outlook. Taking into account the actual statistics in the first quarter and the factors mentioned above, the real GDP growth forecast for 2023 as a whole is maintained at 3.5% to 5.5%. The forecast rates of underlying and headline consumer price inflation for 2023 are also maintained at 2.5% and 2.9% respectively.

Despite the current macroeconomic environment featuring high inflation and reduced consumer confidence, we remain cautiously optimistic about the long-term prospects of our business. We anticipate that the demand from customers will remain soft in the short term due to the potential for recession in the US, ongoing geopolitical tensions between China and the US, and high interest rates that significantly increase borrowing costs, which in aggregate will add uncertainty to the global economic outlook. The Group expects that it will take some time for the consumer sector to fully recover although the Chinese government has made great efforts to stabilize the economy. At present, the Group is closely monitoring the market conditions and assessing the operational and financial impacts of the pandemic to the Group. Regarding impacts of the pandemic on supply chain, the Group understands that the production activities of our suppliers are not severely impacted by the pandemic and the recovery is beyond expectation, and therefore, we are not expecting a delay in supply chain. Subsequent to the termination of tenancy agreement and disposal of assets in PRC, the Group return back to a light assets business model and enabled the Group to demonstrate operational resilience in an uncertain market environment, and strictly control the quality of supply chain to ensure its excellent product quality is consistently maintained, to meet the consumers' expectations as well as to adhere to the customer-orientation principle. In light of the unprecedented economic and business challenges, the new business model has reduced both inventory pressure and operating costs so as to improve the Group's competition advantage. The Group will endeavor to raise the level of operations for our two principal businesses and will endeavor to search for new business opportunities and expand profit channels with the goal to strive for greater returns for shareholders of the Company.

APPRECIATION

The Board would like to take this opportunity to express our sincere gratitude to our management team and employees for their commitments, hard work and loyalty to the Group during the Reporting Period. The Board would also like to extend the deepest thanks to our customers, bankers, business partners and Shareholders for their continual support.

Management Discussion and Analysis

FINANCIAL REVIEW

During the Reporting Period, the revenue of the Group amounted to approximately HK$123,210,000 (2022: approximately HK$122,339,000): revenue from the garment sourcing amounted to approximately HK$118,710,000, representing an increase of approximately 0.74% (2022: approximately HK$117,839,000); revenue from the provision of financial services amounted to approximately HK$4,500,000 (2022: approximately HK$4,500,000). The gross profit margin was approximately 4.48%, representing a decrease of approximately 0.53 percentage points (2022: approximately 5.01%). Other income amounted to approximately HK$1,591,000 (2022: other expenses amounted to approximately HK$3,922,000), which was mainly attributable to the dividend income from financial assets at fair value through profit and loss. Selling and distribution costs amounted to approximately HK$166,000 (2022: approximately HK$174,000). Administrative expenses amounted to approximately HK$13,373,000, representing an increase of approximately 17.17% (2022: approximately HK$11,413,000). Reversal of expected credit loss amounted to approximately HK$917,000 (2022: allowance for expected credit loss amounted to approximately HK$3,290,000), which was mainly attributable to the reversal of impairment loss recognised from former subsidiaries and loan receivables. Due to the aforesaid reasons, the loss for the year attributable to the owners of the Company amounted to approximately HK$5,509,000 (2022: approximately HK$12,673,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group had total assets of approximately HK$140,401,000 (as at 31 March 2022: approximately HK$135,124,000) (including cash and cash equivalents of approximately HK$32,110,000 (as at 31 March 2022: approximately HK$34,462,000)) which were financed by current liabilities of approximately HK$49,051,000 (as at 31 March 2022: approximately HK$38,319,000) and shareholders' equity of approximately HK$91,350,000 (as at 31 March 2022: approximately HK$96,805,000).

The Group generally services its debts primarily through cash generated from its operations. As at 31 March 2023, the liquidity ratio, represented by a ratio between current assets over current liabilities, was 2.85:1 (as at 31 March 2022: 2.87:1), which was at a healthy level. The Directors believe that the Group has sufficient funds for developing existing business.

As at 31 March 2023, the Group had no bank or other borrowings (as at 31 March 2022: nil) and hence no gearing ratio was presented.

TREASURY POLICY

The Group adopts a prudent financial management strategy in implementing the treasury policy. Thus, a sound liquidity position was able to be maintained throughout the Reporting Period. The Group continues to assess its customers' credit and financial positions so as to minimise the credit risks. In order to control the liquidity risks, the Board would closely monitor the liquidity position of the Group to ensure its assets, liabilities and other flow structure committed by the Group would satisfy the funding needs from time to time.

FOREIGN EXCHANGE AND RISK MANAGEMENT

The Group's working capital is mainly financed through internal generated cash flows. The management of the Group regularly monitors the funding requirements of the Group to support its normal operations and its development plans. Most of the Group's cash balances were deposits in US$, HK$ and RMB with major global financial institutions and most of the Group's monetary assets, revenues, monetary liabilities and payments were held in US$, HK$ and RMB.

Foreign exchange risks arising from sales and purchases transacted in different currencies may be managed by the Group through the use of foreign exchange forward contracts. Pursuant to the Group's policy in place, foreign exchange forward contracts or any other financial derivative contracts may be entered into by the Group for hedging purposes. The Group had not entered into any financial derivative contracts throughout the Reporting Period and had no outstanding financial derivative contracts as at 31 March 2023.

INTERNAL CONTROLS FOR MONEY LENDING BUSINESS

(A) Credit risk assessment

Golden Maximum has adopted a credit risk assessment policy to manage its money lending business.

When a potential borrower is referred to Golden Maximum by the close business partners or customers of the Group, a loan application form will be submitted to Golden Maximum for approval, setting out the potential borrower's personal information and financial position, including his/her source of income and amount of income, the market value of the assets, and details of the outstanding mortgages (if any) with banks or other financing companies. For a corporation, its operating history, identity of its shareholder(s) and guarantor(s) and its other financial and asset information will be submitted for approval. Together with the loan application form, the following documents will be verified or reviewed:

(a) copy of identity card or passport;

(b) copy of income proof, such as tax demand note, salary payroll receipt, employment contract or tenancy agreement;

(c) copy of residential address proof dated within the last three months, such as utility bills, tax return or bank statement;

(d) legal search for the credit worthiness assessment; and

(e) land search report for the proof of property ownership.

Golden Maximum will also observe the requirement to comply with the anti-money laundering or counter terrorist financing regulations for its money lending business. Furthermore, to promote the potential borrower's awareness of the requirements of the Money Lenders Ordinance, a summary of provisions of the Money Lenders Ordinance will be attached, for the potential borrower's reference, to the loan agreement to be entered into between Golden Maximum and the potential borrower.

(B) Granting/renewing of unsecured loans

Before granting unsecured loans to the borrower, Golden Maximum must objectively assess all expected material factors having regard to the information provided by the potential borrowers and guarantors, information obtained from registers and information systems used for the assessment of the ability to make repayments and other information available to Golden Maximum that might affect the potential borrowers and guarantors' ability to make repayments, in particular, such factors as sustainable income, credit history and potential changes (increase and decrease) of income of the potential borrowers and guarantors. For renewing unsecured loans, apart from reassessing the factors discussed above, Golden Maximum will also consider the repayment history of the borrowers.

Golden Maximum will use a debt-to-income ratio ("**DTI**") as a tool in decision making. To calculate the DTI, Golden Maximum adds up all the potential borrower's annual debt payments and divide them by their gross annual income. Their gross annual income is generally the amount of money they have earned before taxes and other deductions are taken out. Unless approved on an exceptional basis by the Board, applications by the potential borrower with DTI in excess of 80% should be declined. In any case, DTI must not exceed 90%.

(C) Ongoing monitoring of loans

With a view to minimise the risks of delinquent loans, Golden Maximum actively carries out post-lending management. There will be continuous monitoring on the repayments from borrowers, regular communication with the borrowers, and regular review on credit limit of the loan granted and market value of the borrowers' assets. Each quarter, the finance department of Golden Maximum will check whether there is any overdue repayment of principal or interest and provide a quarterly report of all outstanding loans to the credit committee of the Company. The credit committee shall inform the Board if there are any non-performing loans in the quarterly report.

(D) Loan collection

If there is an outstanding loan, Golden Maximum will have internal discussions on a case-by-case basis as to what recovery actions to take and recover the most in a timely manner. Golden Maximum will keep a close contact with the borrowers to keep the relevant parties informed of the current development and seek a proper solution to resolve the issue. Where appropriate, a reminder letter and a statutory reminder letter will be issued to the borrower. Where appropriate, legal action will be brought against the borrower to recover the amount due and take possession of the borrower's assets. Seizure of the borrower's assets and liquidation of underlying assets will also be done. Where appropriate, Golden Maximum will also apply to the court to wind up the borrower and/or guarantor.

(E) Determination of terms of unsecured loans

When determining the terms of unsecured loans, Golden Maximum will place particular focus on the terms of interest rate and repayment.

Interest rate:

The base interest rate comprises the cost of funds, operational costs and the minimum rate of return desired. The further spread will take into account the factors in the ability to make repayments of the potential borrower in the form of risk premium, including:

(a) Credit rating: Before accepting any new borrower, Golden Maximum uses an internal credit rating system to assess the potential borrower's credit quality and defines credit limits for the new borrower. The internal credit rating system is a matrix of factors by performing background search and considering historical creditworthiness information and industry recognition;

(b) Repayment history: If a potential borrower already has a loan account with Golden Maximum, the performance of the borrower on the existing repayments shall be evaluated; and

(c) Amount applied and tenor of the loan: The interest rate shall also factor in the amount of loan and the number of months that the loan shall be repaid in.

Repayment:

The borrower shall repay all the outstanding principal together with interest upon demand.

CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 March 2023, the Group had no commitment (as at 31 March 2022: nil) in respect of the acquisition of new plant and equipment and no significant capital commitments.

As at the date of this report, the Group had no plan for any material investment or capital assets.

CHARGES ON ASSETS

As at 31 March 2023, the Group had no pledged assets (as at 31 March 2022: nil).

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 March 2023 (for the year ended 31 March 2022: nil).

EMPLOYEE INFORMATION

As at 31 March 2023, the Group employed approximately 25 employees (excluding Directors). The total salaries and related costs (including the Directors' fees and labour costs) amounted to approximately HK$8,152,000 (2022: approximately HK$5,898,000). The Group offers its employees competitive remuneration schemes which are generally structured with reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. In addition, bonuses are normally paid to those eligible based on the performance of the Group and the relevant employee.

SIGNIFICANT INVESTMENTS HELD DURING THE YEAR

The information on the Group's significant investments held as at 31 March 2023 is as follows:

LISTED EQUITY SECURITIES IN HONG KONG

Stock code	Name of investment	Nature of investment	Number of shares	% of total share capital (%)	Investment cost HK$'000	Fair value as at 31 March 2023 HK$'000	% of fair value to the Group's total assets as at 31 March 2023 (%)	Realised gain/(loss) during the Reporting Period HK$'000	Unrealised gain/(loss) during the Reporting Period HK$'000	Dividend received during the Reporting Period HK$'000
0883	CNOOC Limited (Note 1)	Investment in shares	1,100,000	0.00231	12,014	12,826	9.14	(724) (Note 3)	812	2,200
0020	SENSETIME GROUP INC. - W (Note 2)	Investment in shares	1,000,000	0.00299	2,770	2,660	1.89	–	(110)	–

Note Issuer	Place of Listing of note	Principal HK$'000	Cost HK$'000	Market value as at 31 March 2023 HK$'000	Realised gain/(loss) during the Reporting Period HK$'000	Unrealised gain/(loss) during the Reporting Period HK$'000	Yield per annum	Maturity date	Interest received during the Reporting Period HK$'000	% of market value to the Group's total assets as at 31 March 2023 (%)
Redco Properties Group Limited (Note 4)	Singapore Exchange Securities Trading Limited	15,600	13,196	2,246	–	(10,950)	11%	6 August 2023	1,252	1.60

Notes:

1. CNOOC Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in the exploration, development, production and sale of crude oil and natural gas.

2. SenseTime Group Inc. is a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability and is principally engaged in the development of technologies including facial recognition, image recognition, object detection, optical character recognition, medical image analysis, video analysis, autonomous driving, and remote sensing.

3. During the Reporting Period, the Group disposed on the open market a total of 800,000 CNOOC Limited shares and recognised a loss of approximately HK$724,000.

4. Redco Properties Group Limited is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 1622) and is principally engaged in property development, property management services, property investment, project management services and healthcare services in Mainland China.

The Directors believe that the significant investments held by the Group are of low risk and stable return. The Group will continue to maintain such investment style and strategy and diversify our investment in stable return generating investment in order to improve our capital efficiency.

MATERIAL ACQUISITIONS AND DISPOSALS RELATED TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group had no material acquisitions and disposals related to subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments or capital assets as at the date of this report.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liabilities (as at 31 March 2022: nil).

EVENTS AFTER THE REPORTING PERIOD

During the period from 5 May 2023 to 6 June 2023 (both days inclusive), the Group acquired a total of 1,300,000 China Construction Bank Corporation shares at an aggregate consideration of approximately HK$6,860,000 (exclusive of transaction costs). Please refer to the announcement of the Company dated 6 June 2023 for details.

Save as disclosed above, there is no significant event affecting the Group which has occurred after the Reporting Period.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lam Kai Yeung ("Mr. Lam"), aged 53, was appointed as an executive Director on 30 June 2017 and the chief executive officer of the Company on 13 September 2017.

Mr. Lam is an independent non-executive director of Shi Shi Services Limited (formerly known as Kong Shum Union Property Management (Holding) Limited) (Stock Code: 8181), the shares of which are listed on GEM of the Stock Exchange. He is also an independent non-executive director of A Metaverse Company (formerly known as Starrise Media Holdings Limited) (Stock Code: 1616) and Kin Shing Holdings Limited (Stock Code: 1630), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Lam was an independent non-executive director of Holly Futures Co., Limited (弘業期貨股份有限公司) (Stock Code: 3678) from 9 June 2015 to 23 December 2021 and an executive director of Sunway International Holdings Limited (Stock Code: 58) from 27 August 2021 to 10 January 2022, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Lam is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and has more than 20 years of experience in finance and auditing. Mr. Lam possessed several years of experience as a licensed person for type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong. He is also a Certified Dealmaker. He obtained a bachelor's degree in accounting from Xiamen University (廈門大學) in July 1990 and a master's degree in business administration from Oxford Brookes University in the United Kingdom in July 2010.

Mr. Situ Shilun ("Mr. Situ"), aged 64, was appointed as an executive Director and the chief operating officer of the Company on 24 December 2019.

Mr. Situ possessed more than 38 years of experience in the area of garment trading, procurement and manufacturing. In August 2002, Mr. Situ established Ningbo Fenghua Hexin Clothing Limited Company* (寧波奉化和欣服飾有限公司), which principally engaged in the outsourcing and processing of clothing and wholesale and retail of the raw materials for clothing, and is currently its executive director, general manager and legal representative. He is currently the general manager of Jinwei Nanometer Textile (Fujian) Co., Ltd., which principal business is the manufacturing of nanometer apparel in the PRC.

* for identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lam Lee G., BBS, JP ("Dr. Lam"), aged 64, was appointed as an independent non-executive Director on 29 September 2017.

Dr. Lam has extensive international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and asset management. He served as the Chairman of Hong Kong Cyberport, a member of the Committee on Innovation, Technology and Re-Industrialization and the Sir Murray MacLehose Trust Fund Investment Advisory Committee, and a Part-time Member of the Central Policy Unit of the Hong Kong Special Administrative Region (HKSAR) Government. Dr. Lam is a member of the Chief Executive's Policy Unit Expert Group, the Governance Committee of the Hong Kong Growth Portfolio and the Development Bureau Common Spatial Data Advisory Committee of the HKSAR Government, and the Convenor of the Panel of Advisors on Building Management Disputes of the HKSAR Government Home Affairs Department. He is also a member of the Belt and Road and Greater Bay Area Committee of the Hong Kong Trade Development Council and the Court of the City University of Hong Kong, the Chair of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network (ESBN), the Vice Chairman of Pacific Basin Economic Council, and a member of the Board of Directors and Chairman of the Permanent Commission on Economic and Financial Issues of the World Union of Small and Medium Enterprises.

Dr. Lam is an executive director of Hong Kong Aerospace Technology Group Limited (Stock Code: 1725, formerly known as Eternity Technology Holdings Limited, Dr. Lam was re-designated from non-executive director on 3 January 2022), the shares of which are listed on the Main Board of the Stock Exchange. He is an independent non-executive director of each of CSI Properties Limited (Stock Code: 497), Vongroup Limited (Stock Code: 318), Mei Ah Entertainment Group Limited (Stock Code: 391), Elife Holdings Limited (Stock Code: 223, formerly known as Sino Resources Group Limited), Haitong Securities Company Limited, (Stock Code: 6837, it is also listed on the Shanghai Stock Exchange (Stock Code: 600837)) Kidsland International Holdings Limited (Stock Code: 2122), Greenland Hong Kong Holdings Limited (Stock Code: 337), Huarong International Financial Holdings Limited (Stock Code: 993), RENHENG Enterprise Holdings Limited (Stock Code: 3628) and New Huo Technology Holdings Limited (Stock Code: 1611); and a non-executive director of each of Sunwah Kingsway Capital Holdings Limited (Stock Code: 188), China LNG Group Limited (Stock Code: 931) and Mingfa Group (International) Company Limited (Stock Code: 846, Dr. Lam was re-designated from independent non-executive director on 23 April 2020), the shares of all of which are listed on the Stock Exchange. He is also an independent non-executive director of Asia-Pacific Strategic Investments Limited (Stock Code: 5RA, formerly known as China Real Estate Grp Ltd.), Thomson Medical Group Limited (Stock Code: A50) and Alset International Limited (Stock Code: 40V, formerly known as Singapore eDevelopment Limited), Dr. Lam was re-designated from non-executive director on 2 July 2020), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is an independent non-executive director of AustChina Holdings Limited (Stock Code: AUH, formerly known as Coalbank Limited), whose shares are listed on the Australian Securities Exchange, and a non-executive director of Jade Road Investments Limited (Stock Code: JADE, formerly known as Adamas Finance Asia Limited), whose shares are listed on the London Securities Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

In the past three years, Dr. Lam was a non-executive director of National Arts Group Holdings Limited (Stock Code: 8228, formerly known as National Arts Entertainment and Culture Group Ltd.) up to July 2022, Tianda Pharmaceuticals Limited (Stock Code: 455) up to August 2021, and China Shandong Hi-Speed Financial Group Limited (Stock Code: 412, now known as Shandong Hi-Speed Holdings Group Limited) up to May 2020, and he was also an independent non-executive director of Aurum Pacific (China) Group Limited (Stock Code: 8148) up to March 2021 and Huarong Investment Stock Corporation Limited (Stock Code: 2277, which was privatized on 12 November 2020) up to December 2020, the shares of all of which are listed on the Stock Exchange. He was an independent non-executive director of each of Beverly JCG Ltd. (Stock Code: VFP, formerly known as JCG Investment Holdings Ltd.) up to April 2023 and Top Global Limited (Stock Code: BHO), up to August 2021 (both are listed on the Singapore Exchange), Sunwah International Limited (Stock Code: SWH, listed on the Toronto Stock Exchange) up to June 2021 and TMC Life Sciences Berhad (Stock Code: 0101, listed on the Bursa Malaysia) up to 31 May 2023.

Mr. Chan Kin ("Mr. Chan"), aged 59, was appointed as a non-executive Director on 12 June 2017 and re-designated as an independent non-executive Director on 25 February 2019.

Mr. Chan graduated from the Shanghai Institute of Foreign Trade* (上海外貿職工大學) in the 1980s and immigrated to Hong Kong in the 1990s. He engaged in international trade, marketing, finance and investment risk management and other industries. Since 1993, he has been self-employed and founded Fong Shing Investment Limited. With the practical working experience accumulated in Hong Kong and China in the past 30 years, he has been engaged in the project investment research, operation planning and business evaluation of the project as well as the provision of advice regarding corporate strategic management, investment management and capital operation management and risk.

Mr. Chau Chi Yan Benny ("Mr. Chau"), aged 42, was appointed as an independent non-executive Director on 16 April 2021.

Mr. Chau obtained a bachelor's degree in arts from Manchester Metropolitan University in the United Kingdom in September 2005. Mr. Chau is currently an executive director and deputy chief executive officer of ELL Environmental Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1395) and the vice president of the Hong Kong Basketball Association. Mr. Chau has extensive experience in finance, investment and sports management.

* for identification purpose only

Report of the Directors

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 30 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue by geographical areas of operations for the year ended 31 March 2023 is set out in Note 6 to the consolidated financial statements.

BUSINESS REVIEW

Details of the business review of the Group are set out in the sections headed "Introduction" and "Management Discussion and Analysis" on pages 4 to 13 of this report. Description of the principal risks and uncertainties facing the Company can also be found throughout this report particularly in Note 29 to the consolidated financial statements.

The Group has reported its financial conditions in due compliance with procedures stipulated under the Listing Rules. For details of the financial risks, please refer to the section headed "Financial Review" in "Management Discussion and Analysis" set out on pages 8 to 13 of this report.

The key financial and business performance indicators of the Group included revenue, gross profit, profit attributable to equity holders of the Company, Shareholders' funds and debt to equity ratio. Details of these indicators are provided in the sections headed "Financial Summary" and "Management Discussion and Analysis" on page 110 and pages 8 to 13 of this report, respectively.

The future development in the Group's business has been set out in the section headed "Introduction" on page 6 of this report.

RESULTS

The results of the Group for the year ended 31 March 2023 and the Group's financial position at that date are set out on pages 49 to 50.

The Board has resolved not to declare any final dividend for the year ended 31 March 2023 (for the year ended 31 March 2022: nil).

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 March 2023, represented by its special reserve and net of accumulated losses was HK$37,874,000 (2022: HK$39,346,000).

SHARE CAPITAL

Details of the share capital of the Company during the Reporting Period are set out in Note 23 to the consolidated financial statements.

DIVIDEND POLICY

The objective of the Company's dividend policy (the "**Dividend Policy**") is to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Bye-Laws, all applicable laws and regulations and the factors set out below:

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;
- contractual restrictions on the payment of dividends by the Company to its Shareholders or by subsidiaries to the Company;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

FIVE YEARS FINANCIAL SUMMARY

A summary of the Group's published results and the Group's assets and liabilities for the last five financial years is set on page 110 of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

EXECUTIVE DIRECTORS:

Mr. Lam Kai Yeung *(Chief Executive Officer)*
Mr. Situ Shilun *(Chief Operating Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Lam Lee G.
Mr. Chan Kin
Mr. Chau Chi Yan Benny

DIRECTORS (continued)

In accordance with Bye-Law 108(A), each of Mr. Lam Kai Yeung, Mr. Situ Shilun, Dr. Lam Lee G., Mr. Chan Kin and Mr. Chau Chi Yan Benny shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**Forthcoming AGM**").

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the Forthcoming AGM has a service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, up to the date of this report, save as set out below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Dr. Lam Lee G.
Save as disclosed in the 2022/2023 interim report of the Company, Dr. Lam was appointed as an independent non-executive director of New Huo Technology Holdings Limited (Stock Code: 1611) on 21 April 2023, the shares of which are listed on the Main Board of the Stock Exchange. He resigned as an independent non-executive director of Beverly JCG Ltd. (Stock Code: VFP, formerly known as JCG Investment Holdings Ltd.) on 23 April 2023 and TMC Life Sciences Berhan (Stock Code: 0101) on 31 May 2023, respectively, the shares of which are listed on the Singapore Exchange and Bursa Malaysia Berhad, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save for the disclosure in this report, no other contract of significance, including contracts for the provision of services, had been entered into between the Company or any of its subsidiaries and the controlling Shareholders during the Reporting Period.

COMPETING BUSINESS INTERESTS OF DIRECTORS

During the Reporting Period, none of the Directors or their respective associates has any interests in a business that competes or may compete with the business of the Company.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Details of the connected and related transactions undertaken in the ordinary course of business by the Group during the Reporting Period are set out in note 27 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction of the Group as defined in and required to be disclosed under Chapter 14A of the Listing Rules. The Group confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

TAX RELIEF AND EXEMPTION

During the Reporting Period, the Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong and PRC while the Company itself is listed on the Stock Exchange.

To the best of the Directors' knowledge, during the Reporting Period, there was no material breach of or non-compliance by the Group with the applicable laws and regulations that have a significant impact on the business and operation of the Group.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 14 to 16 of this report.

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

As at 31 March 2023, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of director	Capacity in which interests are held	Number of shares held under equity derivatives (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Lam Kai Yeung	Beneficial owner	5,192,000 (L) (Note 3)	0.66%

Notes:

1. The letter "L" denotes the Directors' long position in the Shares.

2. The percentage has been calculated based on 785,927,000 Shares in issue as at 31 March 2023.

3. It represents 5,192,000 share options granted on 16 January 2018 pursuant to the Share Option Scheme and are exercisable at the price of HK$0.854 per share, and with a ten-year validity period from 16 January 2018.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Save as disclosed above in this report, as at 31 March 2023, none of the Directors nor the chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2023, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and the chief executive of the Company) had interests or short positions in the Shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of shares held and class of securities (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Ng Leung Ho	Beneficial owner	103,950,000 (L)	13.23%
Mr. Ng Tsze Lun	Beneficial owner	50,173,000 (L)	6.38%
Ms. Yau Yuk Chun Carole	Interest of spouse	50,173,000 (L) (Note 3)	6.38%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

1. The letter "L" denotes the individual's or the corporation's long position in the Shares.

2. The percentage has been calculated based on 785,927,000 Shares in issue as at 31 March 2023.

3. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun. Under the SFO, Ms. Yau Yuk Chun Carole is deemed to be interested in the same number of shares in which Mr. Ng Tsze Lun is interested.

Save as disclosed above, as at 31 March 2023, there was no other person who was recorded in the register of the Company as having interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 2 June 2010 which became effective upon the Company's shares being listed on the Stock Exchange on 5 October 2010. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants, including eligible Directors, eligible employees and any other eligible persons, for their contributions to the Group.

Subject to the terms and conditions of the Share Option Scheme, the total number of share options that may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option schemes of the Company shall be re-set at 10% of the Shares in issue as at the date of the approval of the limit as "refreshed".

SHARE OPTION SCHEME (continued)

The aggregate number of shares issuable under the share options granted on 16 January 2018 under the Share Option Scheme was 22,068,000 shares, representing approximately 3.36% of the then-issued share capital of the Company. The Company obtained a fresh approval of the scheme limit under the Share Option Scheme in an annual general meeting held on 28 September 2018. Details of the share options of the Company granted, exercised, lapsed and cancelled pursuant to the Share Option Scheme during the year ended 31 March 2023 were as follows:

					Number of shares issuable under the share options				
Name of Grantee	Date of grant	Exercise price HK$/share	Exercise period	Vesting period	As at 1 April 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	As at 31 March 2023
Mr. Lam Kai Yeung	16/01/2018	0.854	16/01/2018–15/01/2028	16/01/2018–15/01/2028	5,192,000	–	–	–	5,192,000
Other participants in aggregate	16/01/2018	0.854	16/01/2018–15/01/2028	16/01/2018–15/01/2028	15,576,000	–	–	–	15,576,000

None of the share options was granted, exercised, lapsed and cancelled under the Share Option Scheme throughout the year ended 31 March 2023 and up to the date of this report.

ARRANGEMENTS TO PURCHASE SHARES OF DEBENTURES

Save as disclosed in the paragraph headed “Share Option Scheme” above, at no time during the Reporting Period was the Company, its holding company, nor any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

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

KEY RELATIONSHIP WITH EMPLOYEES

The Group recognises the employees as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression through appropriate on-the-job training and providing opportunities within the Group for career advancement.

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company for the Reporting Period.

PRE-EMPTIVE RIGHTS

There is no provision 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the five largest customers accounted for approximately 91.92% of the total revenue of the Group and sales to the largest customer included therein accounted for approximately 40.16% of the total revenue of the Group.

During the Reporting Period, purchases from the five largest suppliers accounted for approximately 100% of the total purchases of the Group and purchases from the largest supplier included therein accounted for approximately 68.35% of the total purchases of the Group.

At no time during the Reporting Period did a Director, an associate of a Director or a Shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

CUSTOMERS

The Group is committed to offering high-quality services to customers. It values the opinions and feedback of all customers through various means and channels, including the usage of telephone, direct mail and after-sale return visit. This is to ensure that the Group is well aware of all customers' requirements or feedback on a timely basis and provides high-quality services to its customers. In addition, the Group continues to proactively manage customer relations, expand its customer base and enhance customer loyalty.

SUPPLIERS

The Group establishes working relationships with suppliers to meet customers' needs in an effective and efficient manner. The Group's requirements and standards are well-communicated to suppliers before placing orders in order to ensure the deliverance of high-quality samples. All key suppliers have a close and long-term relationship with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float pursuant to the Listing Rules as at the date of this report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Bye-Law 191) for the benefit of the Directors was in force at no time during the Reporting Period.

As at the date of this report, the Company has not arranged corporate liability insurance for the Directors and senior management of the Company in respect of legal proceedings that may be brought against the Directors and senior management due to the activities of the Company.

CORPORATE GOVERNANCE REPORT

The Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" in this annual report.

OTHER DISCLOSURE

Reversal of impairment loss on amount due from a former subsidiary

The Company reversed an impairment loss (the "**Reversal**") on amount due from a former subsidiary, Best Keen International Limited ("**Best Keen**"), of approximately HK$464,170 during the Reporting Period.

The Company has engaged an independent expert (the "**Expert**") to conduct assessment on the impairment for the preparation of the financial statements of the Group. The reversal of the impairment was determined with reference to the ECL working issued by the Expert as extracted below:

Currency	Gross Carrying Amount	(*1) Cash Flows Expected from Collateral	(*2) Future Cash Flows Expected	Total Estimated Future Cash Flows	(*3) Discount Factor	Expected Credit Losses, ECL	ECL as at 31/03/2022	ECL reversal in 31/03/2023
HKD	5,287,204	2,642,855	189,042	2,831,897	1	2,455,307	2,919,477	464,170

(*1) Collateral – Secured Equity Securities of a company listed on the TSX Venture Exchange

No. of Equities Held:	608,372
Share Price at 31/03/2023 in CAD:	1.31
Market Value at 31/03/2023 in CAD:	796,967
@ Exchange Rate at 31/03/2023:	5.81
Market Value at 31/03/2023 in HK$:	4,628,467
Discount of lack of marketability	42.9%
Market value after adjustment in HK$	2,642,855

(*2) There is no further agreement regarding the repayment schedule of the amount due. The management of the Company considers that the amount of the estimated future cash flows should be the actual recovered amount up to the date of the assessment.

(*3) The effect of discounted cash flow is considered to be minimal.

Notes:

The amount due from Best Keen of HK$7,109,214 as at 31 March 2022 was interest-free and secured by the equity securities listed in Canada. For the year ended 31 March 2023, Best Keen made repayment amounting to HK$1,822,010 to the Company, leading to the gross carrying amount of HK$5,287,204 as at 31 March 2023.

According to Paragraph B5.5.33 of HKFRS 9 "Financial Instruments", for a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, an entity shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

OTHER DISCLOSURE (continued)

Reversal of impairment loss on amount due from a former subsidiary (continued)

Notes: (continued)

Besides, Paragraph B5.5.55 "Collateral" of HKFRS 9 "Financial Instruments" states that for the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the entity. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e. the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it). Consequently, any cash flows that are expected from the realisation of the collateral beyond the contractual maturity of the contract should be included in this analysis. Any collateral obtained as a result of foreclosure is not recognised as an asset that is separate from the collateralised financial instrument unless it meets the relevant recognition criteria for an asset in this or other standards.

The value of inputs or assumptions adopted in Year 2021 were "general approach" in accordance with HFKRS 9 which ECL formula is "ECL = EAD x PD x LGD x DF".

Where:
EAD = Exposure at Default
PD = Probability of Default
LGD = Loss Given Default
DF = Discount Factor

The inputs referred to the latest annual default studies issued by "S&P Global Ratings Research and S&P Global Market Intelligence's CreditPro" and "Moody's Investors Service".

Since Year 2022, the circumstance has changed as the long stop date of the share transfer agreement between the Company and the purchaser of Best Keen was expired on 30 September 2021. For the year ended 31 March 2023, Best Keen has made repayment amounting to HK$1,822,010 to the Company. Therefore, the amount due from Best Keen was considered as a credit-impaired financial asset at the reporting date.

Hence, the prior year's ECL formula was no longer appropriate. Since Year 2022, according to Paragraph B5.5.33 of HKFRS 9, the impairment loss should be the difference between the carrying amount and the estimated future cash flows which is equal to "cash flows expected from collateral" plus "future cash flows expected".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Further discussion on the Company's environmental principles and practices and its relationship with the respective stakeholders is set out in the Environmental, Social and Governance Report, which will be published together with this annual report on the Company's website (www.hk01682.com) and published on the website of the Stock Exchange (www.hkexnews.hk).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental sustainability against modern ecological challenges. As a responsible corporate citizen, the Group has been actively taking steps to minimise the negative environmental impacts, reduce wastage and maximise energy efficiency which in turn provides a green and eco-friendly environment to the community. Green office practices such as double-sided printing and copying, promoting using recycled papers and reducing energy consumption by switching off idle lighting are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further practicable measures and practices to enhance environmental sustainability.

AUDITORS

The Company appointed Elite Partners CPA Limited ("**Elite Partners**") as the new auditor of the Company with effect from 2 April 2020 to fill the casual vacancy following the resignation of Pan-China (HK) CPA Limited and to hold office until the conclusion of the next annual general meeting of the Company.

Save as disclosed above, the Company did not change its auditor in the past three years. The Consolidated Financial Statements of the Group for the year ended 31 March 2023 have been audited by Elite Partners, who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By Order of the Board

Lam Kai Yeung
Executive director and Chief Executive Officer

Hong Kong,
23 June 2023

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions ("**Code Provisions**") under the Corporate Governance Code throughout the year ended 31 March 2023, except for the following deviations:

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman of the Board and the chief executive officer of the Company are separate and performed by Mr. Zhi Hua and Mr. Lam Kai Yeung respectively from 13 September 2017 to 31 July 2020. Following the retirement of Mr. Zhi Hua as a Director on 31 July 2020, the role of chairman of the Board was suspended. The Board does not have the intention to fill the position of chairman of the Board at present and believes that the absence of a chairman of the Board will not have adverse effect to the Company as decisions of the Company will be made collectively by the Board.

Under Code Provision D.2.5, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee has a review of the internal control system annually. The review covers major financial, operational controls on rotation basis and also the risk management functions. No significant deficiency was identified under the current period's review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

Code Provision F.2.2 requires that the chairman of the board of the company should attend the annual general meeting. Due to the vacancy of the chairman of the board of directors of the Company, Mr. Lam Kai Yeung, an executive Director, acted as the chairman of 2022 AGM in accordance with the Bye-Laws.

Under Code Provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Bye-Laws. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasing tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has established a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the Reporting Period.

BOARD OF DIRECTORS

The Board currently comprises five Directors, including two executive Directors, namely Mr. Lam Kai Yeung (chief executive officer) and Mr. Situ Shilun (chief operating officer); and three independent non-executive Directors, namely Dr. Lam Lee G., Mr. Chan Kin and Mr. Chau Chi Yan Benny.

The relationship among members of the Board and biographical details of the Directors who are currently serving on the Board are set out on pages 14 to 16 of this annual report. To the best knowledge of the Company and save as disclosed under the section headed "Biographical Details of Directors and Senior Management" of this report and interests set out in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" in this report, there is no financial, business, family or other material or relevant relationship(s) among members of the Board.

All Directors are subject to retirement by rotation and if eligible, may offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws.

CORPORATE GOVERNANCE REPORT

The Board collectively monitors performance and the related risks and controls in pursuit of the strategic objectives of the Company. Day-to-day management of the Company is delegated to executive Directors and management of the Company in charge of the Group's business.

To implement the strategies and plans effectively, executive Directors and the management meet on a regular basis to review the performance of the business of the Group, coordinate overall resources and make financial and operational decisions.

NON-COMPLIANCE WITH THE LISTING RULES

During the Reporting Period, there was no material breach or non-compliance with the Listing Rules.

BOARD MEETINGS

Apart from the regular Board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the Directors has full access to relevant information at the meetings. The Board has 10 meetings during the year ended 31 March 2023 and conducted the following activities at such regular meetings:

(a) approved the interim and final results, interim and annual report, and matters to be considered at the annual general meeting of the Company;

(b) discussed corporate strategies of the Group for the financial year ended 31 March 2023; and

(c) reviewed the performance and financial position of the Group.

CORPORATE GOVERNANCE FUNCTIONS

Pursuant to the Board Committees' terms of reference, the Board shall keep the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Board shall introduce and propose relevant principles concerning corporate governance and review and determine the corporate governance policy, so as to effect a high standard of corporate governance practices in the Group. The duties of the Board and the Board Committees, as the case may be, shall include the following aspects:

(a) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous development of the Directors and the management;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to review and approve the annual corporate governance report and related disclosures in annual and interim reports of the Group and ensure compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Group (the "**Applicable Laws**");

(e) to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and in particular to monitor the implementation of the Group's plans to maintain a high level of compliance with its own risk management standard;

(f) to monitor if each of the Audit Committee, Remuneration Committee and Nomination Committee (or such other Board committee(s) from time to time established) has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the Listing Rules and any Applicable Laws; and

(g) to review the Group's compliance with the Corporate Governance Code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual report.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the Reporting Period, the chairman of the Board was vacant. The Board does not have the intention to fill the position of chairman of the Board at present and believes that the absence of a chairman of the Board will not have adverse effect on the Company as decisions of the Company will be made collectively by the Board.

TERMS OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a fixed term of three years. The term of each of the independent non-executive Directors shall be renewable automatically for a successive term of three years each commencing from the next day after the expiry of their then-current term of appointment, subject to retirement by rotation and re-election at an annual general meeting pursuant to the Bye-Laws unless terminated by not less than one month notice in writing.

Save as disclosed in the paragraph headed "Non-compliance with the Listing Rules" of this report, during the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received annual written confirmation of independence from all independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board considers them to be independent in accordance with the Listing Rules.

BOARD COMMITTEES

The Board has established three Board Committees including the Nomination Committee, the Remuneration Committee and the Audit Committee. The Board has delegated some of its functions to the Board Committees, the details of which are discussed below.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Chan Kin (chairman), Dr. Lam Lee G and Mr. Chau Chi Yan Benny. It was established on 19 March 2012 and its duties are clearly defined in its revised written terms of reference which have been prepared and adopted according to the Code Provisions. The revised terms of reference of Nomination Committee can be found on the websites of the Stock Exchange and the Company.

The duties of the Nomination Committee are, but are not limited to, to review, formulate and consider the nomination procedures as regards the appointment, reappointment and removal of Directors and to make recommendations to the Board regarding candidates to fill vacancies on the Board. No Director takes part in any discussions and decisions about his own appointment.

Proposals for the appointment of a new Director, if any, will be considered and reviewed by the Nomination Committee prior to recommending them to the Board for approval. All candidates to be selected and qualified to be members of the Board must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

The Board will also seek legal advice on the requirements of Rule 3.13 of the Listing Rules prior to the appointment of any independent non-executive Director as appropriate.

1 meeting of the Nomination Committee was held during the financial year ended 31 March 2023 (with individual member's attendance as set out on page 36 of this report under the paragraph headed "Number of Meetings and Directors' Attendance"). The Nomination Committee conducted, among other things, following major work:

– reviewed the size, structure and the composition of the Board;

– reviewed the independence of independent non-executive Directors; and

– made recommendations to the Board on the nomination of Directors for re-election at the 2022 AGM.

DIRECTOR NOMINATION POLICY

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would review the implementation of the Board Diversity Policy in achieving the objectives set for the benefit of the Company. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

BOARD DIVERSITY POLICY

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. On 29 August 2013, the Board adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company aims to achieve diversity of its board members through consideration of a number of factors, including but not limited to gender, age, cultural and educational background and professional and industry experience. The Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption to ensure its continued effectiveness.

The Board currently has no female Director. The Board would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024.

WORKFORCE DIVERSITY

The Group sees workforce diversity as a source of strength and pride. A diverse workforce inspires innovation, enriching every aspect of the Company's business. The Group is committed to ensuring an inclusive workforce, where diversity of gender, age, physical condition and ethnicity are valued and leveraged to foster innovation and creativity. As at 31 March 2023, the Group had a total workforce (including senior management) of approximately 25 employees, of which 64% are males, and 36% are females.

Apart from emphasizing the diversity of employees, the Group provides equal employment opportunities to all applicants, when making employment decisions, is guided by the applicant's ability and job matching, and aims to improve the performance of the Group, hence we believe that setting measurable goals for the gender diversity of our workforce is not applicable.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Chau Chi Yan Benny (chairman), Dr. Lam Lee G. and Mr. Chan Kin. It was established by the Board on 8 September 2010 and its duties are clearly defined in its revised written terms of reference which have been prepared and adopted according to the Code Provisions. The revised terms of reference of Remuneration Committee can be found in the websites of the Stock Exchange and the Company.

The Remuneration Committee is primarily responsible for determining the Group's policy and structure for remuneration of Directors and senior management, assessing performance of executive Directors, approving the terms of executive Director's service contracts and making recommendations to the Board regarding the specific remuneration packages of individual Director and senior management of the Company. The remuneration of Directors will be determined by the Board with reference to the individual's experience duties and responsibilities with the Company, and the prevailing market conditions.

1 meeting of the Remuneration Committee was held during the financial year ended 31 March 2023 (with individual member's attendance as set out on page 36 of this report under the paragraph headed "Number of Meetings and Directors' Attendance") and conducted, among other things, the following major work:

– reviewed the policy and structure for the remuneration of Directors and senior management;

– reviewed the remuneration packages of employees of the Group and Directors; and

– reviewed the bonus payment to employees of the Group for the year ended 31 March 2022.

No Director took part in any discussions and decisions about his own remuneration during the year ended 31 March 2023.

Pursuant to Code Provision E.1.5, a company should disclose details of any remuneration payable to members of the senior management by band for the year ended 31 March 2023 in its annual report. Details of the remuneration of members of the senior management are provided in Note 11 to the consolidated financial statement.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Lam Lee G. (chairman), Mr. Chan Kin and Mr. Chau Chi Yan Benny. It was established by the Board on 8 September 2010 and its duties are clearly defined in its revised written terms of reference which have been prepared and adopted according to the Code Provisions. The revised terms of reference of Audit Committee can be found in the websites of the Stock Exchange and the Company.

Save as disclosed in this report, during the Reporting Period, the Board had complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of a minimum of three independent non-executive Directors and at least one independent non-executive Director, the chairman of the Audit Committee, having appropriate professional accounting or financial management experience.

The Audit Committee provides an important link between the Board and the Company's external auditor in matters coming within the scope of the Group's audit. It also reviews the annual and interim results of the Company prior to recommending them to the Board for approval, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year ended 31 March 2023, the Audit Committee has convened 3 meetings (with individual member's attendance as set out on page 36 of this report under the paragraph headed "Number of Meetings and Directors' Attendance") and conducted, among other things, the following major work:

– reviewed the interim and annual reports of the Company together with the external auditor and management of the Company;

– reviewed the audit plans and findings of the external auditor of the Company as well as development in accounting standards and their effects on the Group;

– reviewed the effectiveness of the risk management and internal control system together with the external auditor of the Company; and

– made recommendations to the Board on the appointment and re-appointment of the external auditor.

There was no disagreement between the Board's and the Audit Committee's views on the selection, appointment and resignation of the external auditor.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 March 2023 with the management and the external auditor of the Company and recommended its adoption to the Board.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Attendance records of the Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meetings (RCM), Nomination Committee Meetings (NCM), Annual General Meeting (AGM) and Special General Meeting (SGM) held for the year ended 31 March 2023 are set out below:

	Meetings attended/Eligible to attend For the year ended 31 March 2023					
	BM	**ACM**	**RCM**	**NCM**	**AGM**	**SGM**
Executive Directors						
Mr. Lam Kai Yeung *(Chief Executive Officer)*	10/10	N/A	N/A	N/A	1/1	1/1
Mr. Situ Shilun *(Chief Operating Officer)*	10/10	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors						
Dr. Lam Lee G.	10/10	3/3	1/1	1/1	1/1	1/1
Mr. Chan Kin	10/10	3/3	1/1	1/1	1/1	1/1
Mr. Chau Chi Yan Benny	10/10	3/3	1/1	1/1	1/1	1/1

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives the necessary induction and information to ensure that he has a proper understanding of the Company's business and operations. In addition, our external legal adviser conducts training for new Director(s) on the first occasion of his appointment, so that he is aware of Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Pursuant to Code Provision C.1.4, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by reading regulatory updates provided by the company secretary of the Company to refresh their knowledge in corporate governance matters, as follows:

	Reading materials
Executive Directors	
Mr. Lam Kai Yeung *(Chief Executive Officer)*	✓
Mr. Situ Shilun *(Chief Operating Officer)*	✓
Independent Non-executive Directors	
Dr. Lam Lee G.	✓
Mr. Chan Kin	✓
Mr. Chau Chi Yan Benny	✓

AUDITOR'S REMUNERATION

During the Reporting Period, the nature of the audit and non-audit services provided by Elite Partners and the relevant fee paid by the Company were as follows:

	Service Fee HK$'000
Audit services	530
Non-audit services	–
Total	530

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 March 2023, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

Risk management policy aims to strengthen risk management, achieve business objectives, ensure business continuity, and keep healthy development of the Company.

Risks stated in this policy refer to uncertainty about the future of the Company to achieve business goals. Generally, include the following:

(a) business risk;

(b) financial risk;

(c) operational risk;

(d) compliance risk; and

(e) fraud risk and so on.

Risks management policy includes the establishment of sound risk management environment and the effective implementation of risk control management procedure.

The Board is a centralized management department of the risk management. It is responsible for monitoring and assessing the risk management procedure of management center or subordinate companies.

Roles and Responsibilities

(a) Board of Directors

(i) examine and approve the risk assessment report; and

(ii) pay attention to the cultivation of a risk management culture.

(b) Management

 (i) assess the business management activities;

 (ii) identify the possible risks;

 (iii) monitor the possible risks;

 (iv) develop solutions; and

 (v) submit a risk evaluation report to the Board.

(c) All staff

 (i) analyze the possible risk in accordance with the work plan;

 (ii) recognise and collect and report promptly to the department leadership; and

 (iii) implement the measures to avoid or control risk.

Risk Assessment and Management Procedures

(a) Goal setting

Goals and objectives are to be setting out from the Company's strategic, investment and business plans.

(b) Risks identification

To identify possible risks which are associated with not achieving the objectives.

(c) Analyzing the identified risks

For those identified risks, studies and assessment are to be performed for the possibility of the occurrence and extent of the impact on the company's goals.

Three warning levels of risks are to be identified:

 (i) Remote Risk

 When the risk is almost impossible to occur, this is remote risk and no need to be concerned about.

 (ii) General Risk

 When the risk is apt to occur or likely to occur, but the extent of impact is narrow, it will be regarded as a general risk.

 (iii) Important Risk

 When the risk is apt to occur or likely to occur, and the degree of impact is wide, it will be regarded as an important risk.

(d) Developing Action Plans

For those important risks, solving plans or countermeasures are to be adopted in order to avoiding the risk or reducing the risk. To determine the risk of countermeasures, we should consider the following:

(i) How can the countermeasure affect the level and impact of the risk?

(ii) Compare the costs with benefits of the countermeasures.

(iii) Compare the possible opportunity with related risk in the countermeasure.

(iv) Give full consideration to deal with a wide range of portfolio risk.

Internal Control

The Board is responsible for overseeing and ensuring that a sound and effective internal control system is maintained within the Group in order to safeguard the Group's assets and the interests of the Shareholders. The management reviews and evaluates the control process and monitors any risk factors on a regular basis, and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

During the Reporting Period, the Board conducted an annual review of the effectiveness of the Group's internal control system. The Board is satisfied that the existing internal control system of the Group is effective and adequate for its present requirement.

COMPANY SECRETARY

The company secretary of the Company met the requirements of professional training under the Rule 3.29 of the Listing Rules during the financial year ended 31 March 2023.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Company has established a Shareholders' Communication Policy with the objective of promoting effective communication between the Company and its investors and shareholders.

As set out in the Shareholders' Communication Policy, the Board should make every effort to continue to maintain a dialogue with Shareholders, especially through annual general meeting or other communication with Shareholders to encourage their participation.

The Chairman of the Board should attend the annual general meeting and make arrangements for the Chairman of the Audit Committee and Remuneration Committee (whichever is applicable), or in the absence of the chairman of the committee, another member (or, if the member is absent, then its right to appoint their representatives) at the annual general meeting to answer questions. The Chairman of an independent committee under the Board of Directors (if any) should respond to the question at any general meeting approved by the following shareholders transactions, that is, connected transaction, or any other transactions subject to independent approval.

The Shareholders' communication is also available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.hk01682.com). The Company's website provides a communication channel between the Company and Shareholders and investors. In addition to disclosing all necessary information to Shareholders and investors in accordance with the Listing Rules, the Company's latest news, business development and operations are available on the Company's website.

The Board conducted a review of the implementation and effectiveness of the Shareholders' Communications Policy, and the Board is satisfied that an effective Shareholders' Communications Policy was properly implemented throughout the Reporting Period.

SHAREHOLDERS' RIGHTS

CONVENING A SPECIAL GENERAL MEETING ON REQUISITION

1.1 Shareholders have the right to call for a special general meeting on requisition in the manner prescribed by and set out in the Bye-Laws and the Companies Act.

1.2 Bye-Law 65 provides that "The Directors may, whenever they think fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, in default, may be convened by the requisitionists."

1.3 Pursuant to section 74 of the Companies Act, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "**General Meeting Requisitionists**") may by written requisition (the "**General Meeting Requisition**") to the Board or the secretary of the Company (the "**Company Secretary**"), require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

1.4 The General Meeting Requisition must state the purpose of the meeting, and must be signed by the General Meeting Requisitionists; the General Meeting Requisition may consist of several documents in like form each signed by one or more General Meeting Requisitionists.

1.5 The General Meeting Requisition shall be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and copied to the head office and principal place of business of the Company at Room 2101, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong and marked for the attention of the Board or the Company Secretary.

1.6 If the Board fails to proceed to convene such meeting within 21 days from the date of the deposit of General Meeting Requisition as set out in paragraph 1.2 above, the General Meeting Requisitionists, or any of them representing more than one-half of their total voting rights, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the date of the deposit of the General Meeting Requisition.

1.7 Any reasonable expenses incurred by the General Meeting Requisitionists by reason of the failure of the directors of the Company to duly convene a meeting shall be repaid to the General Meeting Requisitionists by the Company.

PROCEDURES FOR RAISING ENQUIRIES

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividends to the Company's branch share registrar in Hong Kong, details of which are as follows:

Tricor Secretaries Limited

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	is-enquiries@hk.tricorglobal.com
Tel:	(852) 2980 1333
Fax:	(852) 2861 1465

Shareholders may at any time raise any enquiry in respect of the Company at the following designated contacts, correspondence addresses, email addresses and enquiry hotlines of the Company:

Address:	Room 2101, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Email:	hk1682@yahoo.com
Tel:	(852) 2111 9823
Fax:	(852) 2111 0793
Attention:	Board of Directors/Company Secretary

Shareholders are encouraged to make enquiries via the online enquiry form available on the Company's website at www.hk01682.com.

Shareholders are reminded to lodge their questions together with their detailed contact information for a prompt response from the Company if it deems appropriate.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETING

1. Subject to paragraph 2 below, pursuant to sections 79 and 80 of the Companies Act, Resolution Requisitionists (as defined in paragraph 2 below) may, by requisition in writing (the "**Resolution Requisition**"), request the Company to give to or circulate to (as the case may be) the Shareholders (i) notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting of the Company (and such notice shall be given to Shareholders who are entitled to receive notice of the Forthcoming AGM); or (ii) any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting (and such notice shall be circulated to members entitled to have notice of any general meeting sent to them), at the expense of the Resolution Requisitionists.

2. "Resolution Requisitionists" means Shareholders making a requisition under paragraph 1 above and shall constitute either:

   (a) any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

   (b) not less than one hundred Shareholders.

3. A copy of the Resolution Requisition signed by the Resolution Requisitionists with their detailed contact information, or two or more copies containing the signatures of all the Resolution Requisitionists, shall be deposited at the registered office and copied to the head office and principal place of business of the Company at their respective address specified in the paragraph headed "Convening a Special General Meeting on Requisition" above:

   (a) in the case of Resolution Requisition requiring notice of a resolution, not less than six weeks before the Forthcoming AGM; and

   (b) in the case of any other requisition, not less than one week before the general meeting.

4. Resolution Requisitionists shall deposit or tender with the Resolution Requisition a sum reasonably sufficient to meet the Company's expenses in giving notice of any resolution or to circulate any statement as provided under the Companies Act.

CONSTITUTIONAL DOCUMENT

During the Reporting Period, in order to comply with the latest requirements of the Listing Rules, shareholders passed a special resolution on 16 September 2022 to amend the Company's Memorandum of Association and Bye-Laws. The amended and restated Memorandum of Association and Bye-Laws of the Company are available on the websites of the Stock Exchange and the Company.

Independent Auditor's Report

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF HANG PIN LIVING TECHNOLOGY COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Hang Pin Living Technology Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 49 to 108, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	**How our audit addressed the key audit matter**
Impairment assessment of loan receivables Refer to note 17 to the consolidated financial statements. As at 31 March 2023, the Group had loan receivables, net of allowance for credit losses recognised of approximately HK$44,181,000. Management judgment is required in assessing and determining the recoverability of loan receivables and adequacy of allowance made. In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition which may require management judgment. We identified impairment assessment of loan receivables as a key audit matter due to the significance of loan receivables to the Group's consolidated financial position and the involvement of significant estimates and judgments in evaluating the expected credit loss of the Group's loan receivables at the end collection actions;	Our procedures in relation to impairment assessment of loan receivables including but not limited to: • Obtaining an understanding on how the allowance for credit losses on loan receivables is estimated by the management and assessing the management's process in determining the estimated future cash flows of loan receivables; • Checking the aging analysis, against repayment terms set out on loan agreements and subsequent settlements of the loan receivables to the source documents, including bank statements; • Identifying any loan receivables with delay in payments during the year from the register of loan receivables and evaluating the management's assessment of the recoverability of each of these loan receivables with reference to the status of each of these individual borrowers and the Group's debt of the reporting period. • Assessing the reasonableness of allowance for credit losses on loan receivables with reference to the credit history including delay in payments, interest settlement records, subsequent settlements and aging analysis of the loan receivables; and

Key audit matter	How our audit addressed the key audit matter
	• Evaluating the historical accuracy of the management's assessment of impairment for loan receivables, by examining the actual write-offs, the reversal of previous recorded allowance and new allowances recorded in the current year in respect of loan receivables at the end of the previous financial year. We consider the management conclusion to be consistent with the available information.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

Elite Partners CPA Limited
Certified Public Accountants

10/F., 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

23 June 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
Revenue	5	**123,210**	122,339
Cost of sales		**(117,688)**	(116,211)
Gross profit		**5,522**	6,128
Other income and other gain or loss	7	**1,591**	(3,922)
Selling and distribution costs		**(166)**	(174)
Administrative and operating expenses		**(13,373)**	(11,413)
Reversal of/(allowance for) expected credit loss, net	10	**917**	(3,290)
Finance costs	8	**–**	(2)
Loss before taxation		**(5,509)**	(12,673)
Income tax expense	9	**–**	–
Loss for the year attributable to owners of the Company	10	**(5,509)**	(12,673)
Other comprehensive (expense)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(765)**	395
Other comprehensive (expense)/income for the year		**(765)**	395
Total comprehensive expense for the year attributable to owners of the Company		**(6,274)**	(12,278)
Loss per share	14		
Basic and diluted (HK cents)		**(0.70)**	(1.61)

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Plant and equipment	15	**608**	807
Right-of-use assets	16	**154**	185
Loan receivables	17	**–**	24,294
		762	25,286
CURRENT ASSETS			
Trade and other receivables	18	**42,784**	32,610
Amount due from a former subsidiary	19	**2,832**	4,190
Loan receivables	17	**44,181**	19,435
Financial assets at fair value through profit or loss ("**FVTPL**")	20	**17,732**	19,141
Cash and cash equivalents	21	**32,110**	34,462
		139,639	109,838
CURRENT LIABILITIES			
Trade and other payables	22	**44,851**	34,119
Tax payables		**4,200**	4,200
		49,051	38,319
NET CURRENT ASSETS		**90,588**	71,519
TOTAL ASSETS LESS CURRENT LIABILITIES		**91,350**	96,805
NET ASSETS		**91,350**	96,805
CAPITAL AND RESERVES			
Share capital	23	**7,859**	7,859
Reserves		**83,491**	88,946
TOTAL EQUITY		**91,350**	96,805

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 June 2023 and are signed on its behalf by:

Lam Kai Yeung
Director

Situ Shilun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Share option reserve HK$'000 (Note ii)	Foreign currency translation reserve HK$'000 (Note iii)	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2021	7859	116,695	18,787	2,629	(30)	(37,675)	108,265
Recognition of equity-settled share-based payments	–	–	–	818	–	–	818
Loss for the year	–	–	–	–	–	(12,673)	(12,673)
Other comprehensive income							
– Exchange differences arising on translation of foreign operations	–	–	–	–	395	–	395
Total comprehensive income/(expense) for the year	–	–	–	–	395	(12,673)	(12,278)
As at 31 March 2022 and 1 April 2022	7,859	116,695	18,787	3,447	365	(50,348)	96,805
Recognition of equity-settled share-based payments	–	–	–	819	–	–	819
Loss for the year	–	–	–	–	–	(5,509)	(5,509)
Other comprehensive expense							
– Exchange differences arising on translation of foreign operations	–	–	–	–	(765)	–	(765)
Total comprehensive income/(expense) for the year	–	–	–	–	(765)	(5,509)	(6,274)
As at 31 March 2023	**7,859**	**116,695**	**18,787**	**4,266**	**(400)**	**(55,857)**	**91,350**

Notes:

(i) The special reserve represents (a) the reserve arising from the previous group reorganisation; and (b) cancellation of share premium, less special dividend in prior years.

(ii) Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods. The total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised in other operating expenses with a corresponding increase in the share option reserve.

(iii) Foreign currency translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar ("HK$")), which are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the date of disposal.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(5,509)**	(12,673)
Adjustments for:		
Interest income	**(1,402)**	(1,353)
Dividend income from equity investment	**(3,158)**	(1,088)
Depreciation of plant and equipment	**199**	201
Depreciation of right-of-use assets	**31**	660
Fair value changes on financial assets at FVTPL	**2,968**	6,260
Equity-settled share-based payment expense	**819**	818
(Reversal of)/allowance for expected credit loss, net	**(917)**	3,290
Finance costs	**–**	2
Operating cash flows before movements in working capital	**(6,969)**	(3,883)
Increase in trade and other receivables	**(10,174)**	(10,332)
Increase in trade and other payables	**10,732**	20,035
Net cash (used in)/generated from operating activities	**(6,411)**	5,820
INVESTING ACTIVITIES		
Interest received	**1,402**	1,353
Dividend received	**3,158**	1,088
Purchase of financial assets at FVTPL	**(22,347)**	(19,503)
Proceeds from termination of right-of-use assets	**–**	11,375
Proceeds from repayment of amount due from a former subsidiary	**1,823**	903
Proceeds from disposal of financial assets at FVTPL	**20,788**	17,903
Net cash generated from investing activities	**4,824**	13,119
FINANCING ACTIVITIES		
Interest paid	**–**	(2)
Repayment of lease liabilities	**–**	(113)
Net cash used in from financing activities	**–**	(115)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1,587)**	18,824
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**34,462**	15,243
Effect of foreign exchange rate changes	**(765)**	395
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Represented by cash and cash equivalents	**32,110**	34,462

1. GENERAL

The Company is an exempted company with limited liability incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") are garment sourcing and provision of financial services.

The consolidated financial statements are presented in Hong Kong Dollar ("**HK$**"), which is also the functional currency of the Company.

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

(a) Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

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

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

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.

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

3 Effective for annual periods beginning on or after 1 January 2024.

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

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

(a) Basis of preparation of consolidated financial statements

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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

(continued)

(b) Basis of consolidation

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

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

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

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

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

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

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

(continued)

(c) Revenue from contracts with customers

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

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

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

i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

ii. the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

iii. the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Principal versus agent

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

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

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

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

(continued)

(c) Revenue from contracts with customers (continued)

Revenue from sourcing of garment products

Revenue from sourcing of garment products is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers. Transportation and handling activities that occur before customer obtain control are considered as fulfilment activities. The normal credit term is ranging from 30 to 150 days upon delivery.

(d) Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and accounted for by applying other applicable standards.

Short-term lease and lease of a low-value asset

The Group applies the short-term lease recognition exemption to office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for the lease of a low-value asset (i.e. printer). Lease payments on short-term lease and lease of a low-value asset are recognised as expense on a straight-line basis over the lease term.

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

(continued)

(d) Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

Lease liabilities

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

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

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

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

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

(continued)

(e) Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

(f) Government grants

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

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

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

(continued)

(g) Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "**MPF Scheme**") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

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

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

The employees of the Company's subsidiaries which operate in the People's Republic of China ("**PRC**") are required to participate in central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payables in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 March 2023, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

The contributions to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes operated by the government of the PRC is to make the specified contributions under the schemes.

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

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

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

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

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

(continued)

(i) Share based payment transactions

Equity-settled share-based payment transactions

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

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

Share options granted to supplier/customers

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses.

(j) Taxation

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

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

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

(continued)

(j) Taxation (continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

Current and deferred tax is recognised in profit or loss.

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

(continued)

(k) Plant and equipment

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.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of that asset.

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

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

(l) Impairment on plant and equipment and rights-of-use assets

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

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

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

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

(continued)

(l) Impairment on plant and equipment and rights-of-use assets

(continued)

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

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

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

(m) Inventories

Inventories representing finished goods for resale are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out (FIFO) basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

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

(continued)

(n) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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 at FVTPL are recognised immediately in profit or loss.

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Dividend income on the financial assets are presented in the "other income and other gain or loss" line item.

Financial assets

Classification and subsequent measurement of financial assets

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

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

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

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

(continued)

(n) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

– it has been acquired principally for the purpose of selling in the near term; or

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("**FVTOCI**") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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

(n) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and other gain or loss" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, loan receivables, deposits, other receivables, amount due from a former subsidiary and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors.

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

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

(continued)

(n) Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk

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

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

(n) Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

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

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

(continued)

(n) Financial instruments (continued)

Financial assets (continued)

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

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

(continued)

(n) Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL

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

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

Lifetime ECL for trade receivables are considered as individual basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

i. Past-due status;

ii. Nature, size and industry of debtors; and

iii. External credit ratings where available.

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

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

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

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

(continued)

(n) Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

(o) Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank or at financial institution and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

(p) Borrowings costs

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

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

(continued)

(q) Provisions

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

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

(r) Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Principal versus agent consideration (principal)

The Group engages in sourcing of garment products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified goods 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 garment products and the Group has inventory risk. When the Group satisfies the performance obligation, the Group recognises sourcing income in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 March 2023, the Group recognised revenue relating to sourcing of garment products amounted to approximately HK$118,710,000 (2022: HK$117,839,000).

Key sources of estimation uncertainty

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

Estimated impairment of financial assets at amortised cost

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

5. REVENUE

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers		
Revenue from sourcing of garment products	**118,710**	117,839
Revenue from other source		
Interest income from loan receivables	**4,500**	4,500
Total revenue	**123,210**	122,339

Performance obligations for contracts with customers

Revenue from sourcing of garment products is recognised at a point in time when control of the products has transferred, being when the products are delivered to the customer's designated location. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in related to the goods.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for sourcing of garment products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for sourcing of garment products that had an original expected duration of one year or less.

6. SEGMENT INFORMATION

Information reported internally to the executive Directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- garment sourcing
- provision of financial services

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Segment revenues reported below represents revenue generated from external customers. There were no inter-segment sales for both years.

6. SEGMENT INFORMATION (continued)

Segment result represents the profit or loss incurred by each segment without allocation of corporate income and central administration expenses including directors' emoluments, equity-settled share-based payment expense and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment revenue and results

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

For the year ended 31 March 2023

	Garment sourcing HK$'000	Provision of financial services HK$'000	Total HK$'000
Revenue	**118,710**	**4,500**	**123,210**
Segment results	**(898)**	**138**	**(760)**
Unallocated other income			**732**
Unallocated administrative and other expenses			**(5,481)**
Finance costs			**–**
Loss before taxation			**(5,509)**

For the year ended 31 March 2022

	Garment sourcing HK$'000	Provision of financial services HK$'000	Total HK$'000
Revenue	117,839	4,500	122,339
Segment results	(1,066)	(932)	(1,998)
Unallocated other income			4
Unallocated administrative and other expenses			(10,677)
Finance costs			(2)
Loss before taxation			(12,673)

6. SEGMENT INFORMATION (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

	Garment sourcing HK$'000	Provision of financial services HK$'000	Total HK$'000
Segment assets	**51,905**	**46,446**	**98,351**
Unallocated corporate assets			**42,050**
Consolidated assets			**140,401**
Segment liabilities	**44,941**	**1,052**	**45,993**
Unallocated corporate liabilities			**3,058**
Consolidated liabilities			**49,051**

As at 31 March 2022

	Garment sourcing HK$'000	Provision of financial services HK$'000	Total HK$'000
Segment assets	52,653	46,344	98,997
Unallocated corporate assets			36,127
Consolidated assets			135,124
Segment liabilities	34,874	1,052	35,926
Unallocated corporate liabilities			2,393
Consolidated liabilities			38,319

For the purpose of monitoring resource allocation and assessment of segment performance:

- all assets are allocated to reportable segments other than unallocated corporate assets (mainly comprised of certain plant and equipment, certain right-of-use assets, financial assets at FVTPL, amount due from a former subsidiary, certain deposits, prepayment and other receivables and cash and cash equivalents); and
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities (mainly comprised of certain accruals and other payables and certain tax payables.

6. SEGMENT INFORMATION (continued)

Geographical information

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

	Revenue from external customers		Non-current assets	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
PRC	**118,710**	76,698	**–**	–
Hong Kong	**4,500**	45,641	**762**	992
	123,210	122,339	**762**	992

Note: Non-current assets excluded loan receivables.

Other segment information

	Garment sourcing		Provision of financial services		Unallocated		Consolidated	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Amounts included in the measure of segment results or segment assets:								
Depreciation of plant and equipment	**-**	–	**-**	–	**199**	201	**199**	201
Depreciation of right-of-use assets	**-**	568	**-**	–	**31**	92	**31**	660
(Reversal of)/allowance for expected credit loss, net	**-**	–	**(452)**	614	**(465)**	2,676	**(917)**	3,290
Amounts regularly provided to the CODM but not included in the measure of segment results:								
Bank interest income	**(123)**	(65)	**-**	–	**(27)**	(1)	**(150)**	(66)
Finance costs	**-**	–	**-**	–	**-**	2	**-**	2

Note: Non-current assets excluded loan receivables.

6. SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers contributing to over 10% of the Group's total revenue are as follows:

	2023 HK$'000	2022 HK$'000
Sourcing of garment products:		
Customer A	**49,482**	N/A#
Customer B	**43,236**	67,276
Customer C	**N/A#**	41,141

The customer did not contribute over 10% of the total revenue during the relevant years.

7. OTHER INCOME AND OTHER GAIN OR LOSS

	2023 HK$'000	2022 HK$'000
Bank interest income	**150**	66
Government Grants (Note)	**240**	–
Fair value changes on financial assets at FVTPL	**(2,968)**	(6,260)
Interest income from financial assets at FVTPL	**1,252**	1,287
Dividend income from financial assets at FVTPL	**3,158**	1,088
Foreign exchange gain/(loss), net	**63**	(141)
Charity donation	**(574)**	–
Sundry income	**270**	38
	1,591	(3,922)

Note: During the year ended 31 March 2023, the Group recognised government grants of HK$240,000 in respect of Covid-19-related subsidies relates to Employment Support Scheme provided by the Hong Kong Government.

8. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest expenses on lease liabilities	–	2

9. INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Hong Kong Profits Tax		
– Current year	–	–
– Under-provision in prior years	–	–
	–	–

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

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

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2023 and 2022 as the Group's subsidiaries operating in Hong Kong resulted in estimated tax losses.

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 PRC subsidiaries is 25% for both years.

9. INCOME TAX EXPENSE (continued)

No provision for PRC Enterprise Income Tax has been made for the years ended 31 March 2023 and 2022 as the Group has no assessable profit arising in PRC.

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

	2023 HK$'000	2022 HK$'000
Loss before taxation	**(5,509)**	(12,673)
Tax at Hong Kong Profits Tax rate of 16.5%	**(909)**	(2,091)
Effect of different tax rate of subsidiaries operating in other jurisdiction	**(38)**	(45)
Tax effect of expenses not deductible for tax purpose	**–**	1,185
Tax effect of income not taxable for tax purpose	**(453)**	(12)
Tax effect of tax losses not recognised	**1,400**	1,096
Utilisation of tax losses previously not recognised	**–**	(133)
Income tax expense for the year	**–**	–

The Group has unused tax losses arising in Hong Kong of approximately HK$68,714,000 (2022: HK$61,038,000) and unused tax losses arising in the PRC of approximately HK$1,674,000 (2022: HK$863,000) that are available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these unused tax losses due to unpredictability of the future profit streams. The unrecognised tax loss arising in Hong Kong can be carried forward indefinitely while the unrecognised tax loss arising in the PRC can be carried forward until year 2028 (2022: year 2027).

Included in unrecognised tax losses are losses of approximately HK1,674,000 (2022: HK$863,000) with expire dates as disclosed in the following table.

	31/3/2023 HK$'000	31/3/2022 HK$'000
2027	**863**	863
2028	**811**	–
	1,674	863

10. LOSS FOR THE YEAR

	2023 HK$'000	2022 HK$'000
Loss for the year attributable to owners of the Company has been arrived at after charging/(crediting):		
(a) Staff costs (include directors' remuneration):		
– directors' fee	**2,415**	2,460
– salaries and wages	**5,307**	3,038
– retirement benefit schemes contributions	**181**	139
– staff welfare	**25**	38
– equity-settled share-based payment expense	**224**	223
Total staff costs	**8,152**	5,898
(b) Other Items		
Auditor's remuneration	**530**	530
Depreciation of plant and equipment	**199**	201
Depreciation of right-of-use assets	**31**	660
(Reversal of)/allowance for ECL on:		
– loan receivables (Note 17)	**(452)**	614
– amount due from a former subsidiary (Note 19)	**(465)**	2,676
	(917)	3,290
Equity-settled share-based payment expense to customers/suppliers	**595**	595

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance is follows:

For the year ended 31 March 2023

	Directors' fee HK$'000	Discretionary bonus HK$'000	Share-based payment HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
EXECUTIVE DIRECTORS					
Lam Kai Yeung *(Chief Executive Officer)*	1,695	–	224	18	1,937
Situ Shilun	360	–	–	–	360
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Chau Chi Yan Benny	120	–	–	–	120
Lam Lee G.	120	–	–	–	120
Chan Kin	120	–	–	–	120
Total	2,415	–	224	18	2,657

For the year ended 31 March 2022

	Directors' Fee HK$'000	Discretionary Bonus HK$'000	Share-based payment HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
EXECUTIVE DIRECTORS					
Lam Kai Yeung *(Chief Executive Officer)*	1,696	–	223	18	1,937
Situ Shilun	360	–	–	–	360
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Chau On Ta Yuen *(resigned on 12 April 2021)*	–	–	–	–	–
Chau Chi Yan Benny *(appointed on 16 April 2021)*	130	–	–	–	130
Lam Lee G.	138	–	–	–	138
Chan Kin	136	–	–	–	136
Total	2,460	–	223	18	2,701

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(continued)

Mr. Lam Kai Yeung was also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive for both years.

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

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

No emoluments were paid by the Group to the directors or chief executive as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or chief executive waived or agreed to waive any emoluments in both years.

Save as disclosed in note 27 to the consolidated financial statements, no other transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group for the year ended 31 March 2023, one (2022: one) of them are directors whose emoluments are included in note 11.

The remuneration of the remaining four (2022: four) individuals who are neither a director nor chief executive of the Company, for the years ended 31 March 2023 and 2022 are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and wages	**1,786**	2,063
Retirement benefit schemes contributions	**72**	57
	1,858	2,120

The emoluments of each of the above individuals did not exceed HK$1,000,000 for both years.

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

13. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting periods.

14. LOSS PER SHARE

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

	2023 **HK$'000**	2022 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(5,509)**	(12,673)

	2023 **'000**	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**785,927**	785,927

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 March 2023 and 2022.

15. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost:			
As at 1 April 2021, 31 March 2022 and 31 March 2023	54	1,039	1,093
Accumulated depreciation and impairment:			
As at 1 April 2021	19	66	85
Charge for the year	11	190	201
As at 31 March 2022 and 1 April 2022	30	256	286
Charge for the year	9	190	199
As at 31 March 2023	**39**	**446**	**485**
Carrying amounts:			
As at 31 March 2023	**15**	**593**	**608**
As at 31 March 2022	24	783	807

The above items of plant and equipment were depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and equipment	15% – 25%
Leasehold improvements	Over 5 to 10 years or the term of the relevant leases, if shorter
Plant and machinery	10% – 20%

16. RIGHT-OF-USE ASSETS

	Motor vehicle HK$'000	**Leased premises** HK$'000	**Total** HK$'000
Carrying amount as at 1 April 2021	277	11,943	12,220
Termination of lease	–	(11,375)	(11,375)
Depreciation charge for the year	(92)	(568)	(660)
Carrying amount as at 31 March 2022 and 1 April 2022	185	–	185
Depreciation charge for the year	(31)	–	(31)
As at 31 March 2023	**154**	**–**	**154**

	Year ended 31 March 2023 HK$'000	Year ended 31 March 2022 HK$'000
Expenses relating to short-term leases	**1,334**	960
Expenses relating to lease of a low-value asset	**5**	11
Total cash outflow for leases	**1,339**	1,086

The Group entered into a short-term lease for office during the year ended 31 March 2023 and 31 March 2022. As at 31 March 2023, the outstanding lease commitments relating to the office is HK$682,069 (2022: HK$320,000).

17. LOAN RECEIVABLES

	2023 HK$'000	2022 HK$'000
Loan receivables	**45,000**	45,000
Less: Allowance for credit losses	**(819)**	(1,271)
	44,181	43,729
Less: non-current portion	**–**	(24,294)
Current portion	**44,181**	19,435

As at 31 March 2023, the Group had loan receivables as follows:

(i) Loan to a private company incorporated in Hong Kong, which is an independent third party with a principal amount of HK$25,000,000. The loan is unsecured, interest-bearing at 10% per annum, repayable in May 2023 and guaranteed by an independent third party.

(ii) Loan to an individual, who is an independent third party with a principal amount of HK$20,000,000. The loan is unsecured, interest-bearing at 10% per annum and repayable in October 2022. On 6 October 2022, the loan was extended for 12 months to 36 months commencing on 6 October 2020 and repayable in October 2023, other terms remain unchanged.

The following table show reconciliation of loss allowance of loan receivables under general approach is as follow:

	12m ECL HK$'000
As at 1 April 2021	657
Impairment loss recognised	614
As at 31 March 2022 and 1 April 2022	1,271
Reversal of allowance recognised	(452)
As at 31 March 2023	819

Details of impairment assessment on loan receivables are set out in note 29.

For the year ended 31 March 2023

18. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables from contract with customers (Note (a))	**42,239**	32,072
Other receivables, net	**3**	4
Interest receivables	**282**	281
Deposits	**260**	253
	42,784	32,610

(a) Trade receivables from contract with customers

The Group normally grants credit terms to its customers ranging from 30 to 150 days. The aging analysis of the trade receivables from contract with customers (net of allowance for credit losses) based on invoice date which approximates the respective revenue recognition dates were as follows:

	2023 HK$'000	2022 HK$'000
0 – 30 days	**31,761**	12,301
31 – 60 days	**10,478**	19,771
	42,239	32,072

The trade receivables from contract with customers were fully settled subsequent to the end of the reporting period. Details of impairment assessment on trade receivables are set out in note 29.

19. AMOUNT DUE FROM A FORMER SUBSIDIARY

	2023 HK$'000	2022 HK$'000
Amount due from a former subsidiary	**5,287**	7,110
Less: allowance for credit losses	**(2,455)**	(2,920)
	2,832	4,190

Amount due from a former subsidiary of approximately HK$5,287,000 (2022: HK$7,110,000) is interest-free and secured by the equity securities listed in Canada which were ultimately controlled by the shareholder of a former subsidiary.

On 30 September 2019, the Group entered into an extension agreement to extend the repayment date to 30 September 2021. Upon the expiry of the extension agreement, the Group did not renew the extension agreement and accordingly the amount due from a former subsidiary is repayable on demand.

The following table shows reconciliation of loss allowance of amount due from a former subsidiary under general approach is:

	12m ECL HK$'000
As at 1 April 2021	244
Impairment loss recognised	2,676
As at 31 March 2022 and 1 April 2022	2,920
Reversal of allowance recognised	(465)
As at 31 March 2023	**2,455**

Details of impairment assessment on amount due from a former subsidiary are set out in note 29.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Bonds listed outside Hong Kong	2,246	3,465
Equity securities listed in Hong Kong	15,486	15,676
	17,732	19,141

At the end of the reporting period, all financial assets at FVTPL are stated at fair value. Fair values of listed bonds are determined with reference to quoted market closing price.

As at 31 March 2023, the Group's financial assets at FVTPL denominated in US$ amounted to HK$2,246,000 (2022: HK$3,465,000).

As at 31 March 2023, bonds listed outside Hong Kong represent bonds issued by Redco Properties Group Ltd ("**Redco**"), a listed company on the Stock Exchange. The bonds are listed on the Singapore Exchange Securities Trading Limited, due on 6 August 2023 (2022: due on 6 August 2022) with principal amount of US$2,000,000 (2022: US$2,000,000) and carrying fixed interest rate of 11% per annum (2022: 11% per annum).

Bonds listed outside Hong Kong and equity securities listed in Hong Kong are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

21. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 March 2023, the Group's cash and cash equivalents denominated in US$ and RMB are approximately HK$1,123,000 (2022: HK$9,611,000) and HK$9,543,000 (2022: HK$10,871,000) respectively.

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the government of the PRC. The Group's cash and cash equivalents denominated in RMB which located in Hong Kong are not subject to the foreign exchange control.

The Group performed impairment assessment on cash and cash equivalents and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided for both years.

22. TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables (Note (a))	**41,821**	31,754
Accruals and other payables	**1,978**	1,103
Interest in advance (Note (b))	**1,052**	1,262
	44,851	34,119

As at 31 March 2023, accruals and other payables of approximately HK$120,000 (2022: HK$51,000) was denominated in RMB.

(a) Trade payables

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
0-30 days	**31,447**	12,224
31-60 days	**10,374**	19,530
	41,821	31,754

The average credit period on purchases of goods is 30 days (2022: 30 days).

(b) Interest in advance

Interest in advance represents loan interest received in advance from a borrower.

23. SHARE CAPITAL

	Number of shares '000	Amount '000
Ordinary shares of HK$0.01 each		
At the beginning/the end of the reporting period		
Authorised	**10,000,000**	**100,000**
Issued and fully paid		
As at 1 April 2021, 31 March 2022 and 31 March 2023	**785,927**	**7,859**

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. RETIREMENT BENEFIT SCHEMES

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution plan and the assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant costs to the scheme, which contribution is matched by employees, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately and there were no forfeited contributions of the MPF Scheme during both years.

The employees of the Group's subsidiary in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiary is required to contribute a specific percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes operated by the government of the PRC is made the specified contributions under the schemes. The contributions are charged to profit or loss as incurred.

As at 31 March 2023 and 2022, there were no forfeited contributions available to offset future employers' contributions to the scheme.

The total expenses recognised in profit or loss of approximately HK$181,000 represent contributions payable to these plans by the Group at rates specified in the rules of the plans during the year ended 31 March 2023 (2022: approximately HK$139,000).

25. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme of the Company

Pursuant to a written resolution passed on 2 June 2010, the Company adopted a share option scheme (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide incentives to eligible participants including employees, directors and other selected participants for their contributions to the Group. The Share Option Scheme will remain in force for a period of ten years from the date of its adoption (i.e. 2 June 2010). The Share Option Scheme was expired on 1 June 2020.

Pursuant to the Share Option Scheme, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date of adoption of the Share Option Scheme. Such 10% limit may be refreshed, subject to specific approval by the shareholders of the Company, from time to time with reference to the issued share capital of the Company for the time being. Subject to specific approval by the shareholders of the Company, the total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Options granted must be taken up within 21 days from the date of grant. Options may, subject to the black-out periods under the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, generally be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board may at its discretion determine the specific exercise period and exercise price. The exercise price shall not be less than the highest of (i) the closing price of shares on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

The acceptance of a share option, if accepted, must be made with a non-refundable payment of HK$1 from the grantee to the Company.

The options are conditionally vested upon the grantees fulfilling certain non-market performance vesting conditions. As detailed in the supplementary agreements with the share option holders, the share option is exercisable at any time from the date of grant to the 10th anniversary of the date of grant after one of the conditions is fulfilled: (1) the share option holder completing 10 years of service from the offer date of the share options or (2) the Group's accumulative profit meeting a target of HK$80M (profit before deducting non-cash expense or cost) during the 10 years from the offer date of the share options.

On 28 September 2018, the limit of number of ordinary shares of the Company which may be issued upon exercise of all options to be granted was refreshed to 10% of the issued ordinary share capital of the Company as at 21 August 2018.

25. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Option Scheme of the Company (continued)

The following table discloses movements in the Company's share options during the current year:

				Number of share options				
Name of Grantee	Date of grant	Exercise Price (HK$)	Vesting period dd/mm/yyyy	Outstanding as at 01.04.2021	Lapsed during the year	Outstanding as at 31.3.2021 and 01.04.2022	Lapsed during the year	**Outstanding as at 31.3 2023**
Directors								
Mr. Lam Kai Yeung	16/01/2018	0.854	16/01/2018-15/01/2028	5,192,000	–	5,192,000	–	**5,192,000**
Other participants, including customers and suppliers in aggregate	16/01/2018	0.854	16/01/2018-15/01/2028	15,576,000	–	15,576,000	–	**15,576,000**
				20,768,000		20,768,000		**20,768,000**
Weighted average exercise price				0.854		0.854		**0.854**

No share option was granted, exercised, lapsed, expired, forfeited or cancelled during the years ended 31 March 2023 and 2022.

During the year ended 31 March 2023, the Group recognised equity-settled share-based payment expense of HK$819,000 (2021: HK$818,000).

At the end of the reporting period, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the Share Option Scheme was 20,768,000 (2022: 20,768,000), representing 2.64% (2022: 2.64%) of the shares of the Company in issue at that date.

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES

	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1	1
Plant and equipment	608	807
Right-of-use assets	154	185
	763	993
CURRENT ASSETS		
Deposits and other receivables	253	254
Amounts due from subsidiaries	48,721	47,216
Amount due from a former subsidiary	2,832	4,190
Cash and cash equivalents	480	385
	52,286	52,045
CURRENT LIABILITIES		
Accruals	1,850	1,186
Tax payables	1,200	1,200
Lease liabilities	–	–
	3,050	2,386
NET CURRENT ASSETS	49,236	49,659
TOTAL ASSETS LESS CURRENT LIABILITIES	49,999	50,652
NET ASSETS	49,999	50,652
CAPITAL AND RESERVES		
Share capital	7,859	7,859
Reserves (Note)	42,140	42,793
TOTAL EQUITY	49,999	50,652

The statement of financial position were approved and authorised for issue by the board of directors on 23 June 2023 and are signed on its behalf by:

Lam Kai Yeung
Director

Situ Shilun
Director

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES (continued)

Note: Movements in the Company's reserves:

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2021	116,695	125,518	2,629	(201,003)	43,839
Loss and total comprehensive expense for the year	–	–	–	(1,864)	(1,864)
Recognition of equity-settled share-based payments	–	–	818	–	818
As at 31 March 2022 and 1 April 2022	116,695	125,518	3,447	(202,867)	42,793
Loss and total comprehensive expense for the year	–	–	–	(1,472)	(1,472)
Recognition of equity-settled share-based payments	–	–	819	–	819
As at 31 March 2023	**116,695**	**125,518**	**4,266**	**(204,339)**	**42,140**

27. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions with related parties:

(i) Compensation of key management personnel

The emoluments of the directors and the employees included in the five highest paid individuals who are identified as members of key management of the Group during both years are set out in note 11.

The remuneration of the directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

27. RELATED PARTY TRANSACTIONS (continued)

(ii) Rental of office from a substantial shareholder

	2023 HK$'000	2022 HK$'000
Rental deposits paid	**240**	240
Rental expenses paid	**1,322**	960

On 1 August 2020, the Company and High Profit Group Holdings Limited ("**High Profit**"), a company ultimately controlled by a substantial shareholder of the Company, entered into a tenancy agreement ("**Tenancy Agreement I**") for a leasing period of one year at an aggregate rent of HK$960,000 commencing from 1 August 2020. The Tenancy Agreement I has been renewed on 1 August 2021 and 1 August 2022 for a leasing period of one year at an aggregate rent of HK$960,000 commencing from 1 August 2021 and 1 August 2022. The Tenancy Agreement I was considered as an exempted connected transaction pursuant to Chapter 14A of the Listing Rules.

On 1 July 2022, the Company and Jinwei Nano Textile (Fujian) Co., Ltd ("**Jinwei Nano**"), a company ultimately controlled by a substantial shareholder of the Company, entered into a tenancy agreement (the "**Tenancy Agreement III**") for a leasing period of half a year at an aggregate rent of HK$241,379 (RMB210,000) commencing from 1 July 2022 to 31 December 2022. The Tenancy Agreement III has been renewed on 1 January 2023 for a leasing period of one year at an aggregate rent of HK$482,759 (RMB420,000) commencing from 1 January 2023. The Tenancy Agreement III was considered as an exempt connected transaction pursuant to Chapter 14A of the Listing Rules.

(iii) Lease of right-of-use asset from a substantial shareholder

On 15 November 2019, Putian Jingaofeng Garment Co. Ltd.* (莆田金高峰服飾有限公司) ("**Putian Jingaofeng**"), an indirect wholly-owned subsidiary of the Company, and Good Fellow Garment (Fujian) Co., Ltd.* (金威服裝(福建)有限公司) ("**Good Fellow**"), a company of which a substantial shareholder of the Company is the ultimate beneficiary, entered into a tenancy agreement ("**Tenancy Agreement II**") for a leasing period of 10 years at an aggregate rent of HK$14 million commencing from the 9 January 2020, which is the date of resolution has been passed by the independent shareholders of the Company at the special general meeting. The premises of Tenancy Agreement II will be used by Putian Jingaofeng for manufacturing and sales of garment products. The Tenancy Agreement II was also considered as a connected transaction pursuant Chapter 14A of the Listing Rules.

On 30 March 2021, the Company served a notice to Good Fellow for early termination of the Tenancy Agreement with a repayment of HK$11,375,000 from Good Fellow pursuant to the provision in the Tenancy Agreement II with effect from 30 September 2021. The amount has been fully repaid by Good Fellow to the Group during the year ended 31 March 2022. No gain or loss recognised upon the termination of the Tenancy Agreement II during the year ended 31 March 2022.

* for identification purpose only

28. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes trade and other payables, net of cash and cash equivalents and total equity.

The directors review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, and redemption of existing shares as well as the issue of new debt or the redemption of existing debts.

29. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2023 **HK$'000**	2022 HK$'000
Financial assets		
Financial assets at FVTPL	**17,732**	19,141
Amortised cost		
– Trade and other receivables	**42,784**	32,610
– Amount due from a former subsidiary	**2,832**	4,190
– Loan receivables	**44,181**	43,729
– Cash and cash equivalents	**32,110**	34,462
	139,639	134,132
Financial liabilities		
Amortised cost		
– Trade and other payables	**44,851**	34,119

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, loan receivables, deposits and other receivables, amount due from a former subsidiary, cash and cash equivalents, trade payables, other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group's operations are mainly located in Hong Kong and the PRC and majority of transactions are denominated in HK$, US$ and RMB. Currency risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group.

The Group is not exposed to material currency risk exposure in respect of HK$ against US$ as long as this currency is pegged.

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

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate loan receivables, and fixed-rate bonds listed outside Hong Kong. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances (Note 21). The exposure to the interest rate risk for variable-rate bank balances is insignificant as the bank balances have a short maturity period.

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, loan receivables, other receivables, amount due from a former subsidiary and cash and cash equivalents. The Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. Except for amount due from a former subsidiary is secured by the equity securities listed in Canada ultimately controlled by the shareholder of former subsidiary, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group deposited cash and cash equivalents with approved and reputable banks and financial institution. Bankruptcy or insolvency of the banks and financial institution may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. The directors monitor the credit rating of these banks and financial institutions on an ongoing basis, and consider that the Group's exposure to credit risk as at 31 March 2023 and 2022 were minimal.

For other receivables, the directors make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors believe that there is no significant increase in credit risk of the Group's outstanding balances of other receivables since initial recognition and the Group provide impairment based on 12m ECL. Based on the assessment, no impairment on other receivables was recognised in profit or loss during the year ended 31 March 2023 and 31 March 2022.

For amount due from a former subsidiary, the directors make periodic individual assessment on the recoverability of amount due from a former subsidiary, based on historical settlement records, past experience, the fair value of collateral and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors believe that there is no significant increase in credit risk of the Group's outstanding balances of amount due from a former subsidiary since initial recognition and the Group provide impairment based on 12m ECL. Based on the assessment, reversal of impairment loss on amount due from a former subsidiary of approximately HK$465,000 (2022: impairment loss of approximately HK$2,676,000) was recognised in profit or loss during the year ended 31 March 2023.

As at 31 March 2023, the Group has concentration of credit risk as 71% (2022: 100%) of the trade receivables of the Group were due from the Group's largest customer. Management of the Company considered the credit risk is limited since the Group only trade with customers with an appropriate credit history and good reputation. The management monitored the financial background and creditability of those debtors on an ongoing basis.

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

Credit risk and impairment assessment (continued)

The Group's policy to manage credit risk is to deal only with credit worthy counterparties. In order to minimise the credit risk, the management of the Group has formulated a credit policy and, delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is take.

In addition, the Group performs impairment assessment under ECL model on trade receivables individually. No impairment is recognised during the year ended 31 March 2023 and 2022. Details of the quantitative disclosures are set out below in this note.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms and there is no history of default in settlement by them. The following table provides information about the exposure to credit risk for trade receivables which are assessed individually.

As at 31 March 2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	–	42,239	–

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

Credit risk and impairment assessment (continued)

As at 31 March 2022

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	–	32,072	–

The expected loss rate is estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 March 2023 and 2022, the Group had not recognised any impairment allowance for trade receivables.

As at 31 March 2023, the Group had concentration of credit risk as 55% (2022: 55%) and 100% (2022: 100%) of the loan receivables was due from the Group's largest loan and loan interest receivable and two largest loan receivables respectively which had no history of default.

In respect of loan receivables, individual credit evaluations are performed on all borrowers requiring credit over a certain amount. These evaluations focus on the borrowers' past history of making payments when due and current ability to pay, and take into account information specific to the borrowers.

Based on the assessment, reversal of impairment loss on loan receivables of approximately HK$452,000 was recognised in profit or loss during the year ended 31 March 2023 (2022: impairment loss of approximately HK$614,000).

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

Liquidity risk

In managing the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates.

	Effective interest rate	On demand or within 1 year HK$'000	Within 2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2023					
Trade and other payables	**–**	**44,851**	**–**	**44,851**	**44,851**
As at 31 March 2022					
Trade and other payables	–	34,119	–	34,119	34,119

29. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value of financial instruments

In estimating the fair value, the Group uses market-observable data to the extent it is available.

Fair value measurement

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.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2023				
Fair value on a recurring basis				
Financial assets at FVTPL				
– Bonds listed outside Hong Kong	**2,246**	**–**	**–**	**2,246**
– Equity securities listed in Hong Kong	**15,486**	**–**	**–**	**15,486**
As at 31 March 2022				
Fair value on a recurring basis				
Financial assets at FVTPL				
– Bonds listed outside Hong Kong	3,465	–	–	3,465
– Equity securities listed in Hong Kong	15,676	–	–	15,676

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the date of the events or change in circumstances that caused the transfer.

During the years ended 31 March 2023 and 2022, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

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

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

30. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place/country of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interests and voting right held by the Group				Principal activities
			Directly		Indirectly		
			2023	2022	**2023**	2022	
Champion Success Trading Limited	Hong Kong	Ordinary HK$1	**100**	100	**-**	–	Garment sourcing
Putian Jingaofeng Garment Co. Ltd.* (莆田金高峰服飾有限公司) (note i)	PRC	Registered capital RMB5,000,000	**-**	–	**100**	100	Manufacturing and sales of garment products
Sino Insurance Broker Group Limited	Hong Kong	Ordinary HK$1	**-**	–	**100**	100	Investment holding
Golden Maximum Finance Limited (金高峰財務有限公司)	Hong Kong	Ordinary HK$1	**-**	–	**100**	100	Money lending
Jingaofeng Garment International Limited	British Virgin Island ("**BVI**")	US$1	**100**	100	**-**	–	Garment sourcing
Jingaofeng Investment International Limited	BVI	US$1	**100**	100	**-**	–	Investment holding
Jingaofeng International Limited	BVI	US$1	**100**	100	**-**	–	Investment holding

* for identification purpose only

Note:

(i) Wholly foreign owned enterprises.

None of the subsidiaries had issued any debt securities subsisting at the end of the reporting period or at any time during the reporting period.

All of the PRC subsidiaries are private companies with limited liabilities.

All of the above subsidiaries operate principally in their respective place of incorporation/ establishment.

31. RECONCILIATION IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below 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 statement of cash flow as cash flows from financing activities.

	Lease liabilities HK$'000	**Interest payables** HK$'000	**Total** HK$'000
As at 1 April 2021	113	–	113
Financing cash flows	(113)	(2)	(115)
Non-cash changes:			
Finance costs recognised (Note 8)	–	2	2
As at 31 March 2022, 1 April 2022 and 31 March 2023	**–**	**–**	**–**

32. LITIGATION

On 7 January 2020, the Company received two separate first-instance trial judgments dated 26 December 2019, from the Intermediate People's Court of Huzhou of Zhejiang Province (the "**First Instance Judgments**"). The First Instance Judgments were in relation to two loans taken by two individuals as the borrowers (the "**Borrowers**"), a financial institution as the lender (the "**Lender**") dated 25 May 2017 and 5 June 2017 with the principal of RMB12,000,000 and RMB38,000,000 respectively, and were both guaranteed by several parties, including but not limited to the Company and Mr. Gao Zhiyin ("**Mr. Gao**"), a former executive director and chairman of the board of the Company. The guarantees were entered into by Mr. Gao without the proper authorisation of the Company. Pursuant to the First Instance Judgments, it is ruled that, among others, (i) the Borrowers shall repay principal loan amount of the loans in the sum of RMB12,000,000 and RMB38,000,000 respectively, together with interests; and (ii) despite it is ruled that the guarantees involving the Company were invalid, the Company shall be liable for 50% of the liabilities under that the Borrowers fail to repay to the Lender and the Company is entitled to compensation from the Borrowers.

The Company and the Lender had made appeals to the First Instance Judgments. On 2 September 2020, the Company received two separate second-instance trial judgments in respect of the appeals against First Instance Judgments (the "**Appeal Judgments**") dated 24 August 2020 from the Higher People's Court of Zhejiang Province. Pursuant to the Appeal Judgments, the relevant appeals are dismissed, the rulings under the relevant First Instance Judgments shall stay and the Appeal Judgments shall be the final judgments for the respective cases.

On 23 April 2021, the Company received two separate judgments for the Retrial Petitions from the Supreme People's Court of the People's Republic of China (the "**Judgments for Retrial Petitions**"). Pursuant to the Judgments for Retrial Petitions, the court's review process had been completed, and the Retrial Petitions were dismissed.

The Company considered no provision is necessary after consulting an independent lawyer's opinion as the First Instance Judgments and the Appeal Judgments were not registered in the Court of First Instance of the Hong Kong Special Administrative Region according to the Mainland Judgments (Reciprocal Enforcement) Ordinance ("**MJRE**").

Glossary

Abbreviation	Definition
2022 AGM	annual general meeting of the Company held on 16 September 2022
Audit Committee	audit committee of the Company established by the Board on 8 September 2010 with written terms of reference, as amended from time to time
Board	the board of Directors
Board Committees	Audit Committee, Nomination Committee and Remuneration Committee
Bye-Law(s)	the bye-laws of the Company, as amended from time to time
Company	Hang Pin Living Technology Company Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
Director(s)	the director(s) of the Company
Group	the Company and its subsidiaries from time to time
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Nomination Committee	nomination committee of the Company established by the Board on 19 March 2012 with written terms of reference, as amended from time to time
PRC	The People's Republic of China
Remuneration Committee	remuneration committee of the Company established by the Board on 8 September 2010 with written terms of reference, as amended from time to time
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Share(s)	ordinary share(s) of HK$0.01 each in the share capital of the Company
Share Option Scheme	share option scheme conditionally adopted by the Company on 2 June 2010 which became effective upon the Shares were listed on the Stock Exchange on 5 October 2010
Shareholder(s)	holder(s) of the Share(s) in issue
Stock Exchange	The Stock Exchange of Hong Kong Limited
US$	United States dollars, the lawful currency of the United States of America
%	per cent.

Financial Summary

Results

	For the year ended 31 March				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
Revenue	185,668	122,097	120,057	122,339	**123,210**
(Loss)/profit before taxation	1,140	(23,909)	(960)	(12,673)	**(5,509)**
Income tax expense	(664)	(93)	(3,000)	–	**–**
(Loss)/profit for the year attributable to owners of the Company	476	(24,002)	(3,960)	(12,673)	**(5,509)**

Assets And Liabilities

	As at 31 March				
	2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023** **HK$'000**
Total assets	136,145	111,736	126,662	135,124	**140,401**
Total liabilities	(19,600)	(17,081)	(18,397)	(38,319)	**(49,051)**
	116,545	94,655	108,265	96,805	**91,350**
Equity attributable to owners of the Company	116,545	94,655	108,265	96,805	**91,350**

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