

HK Asia Holdings Limited 港亞控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code :1723

ANNUAL REPORT
2024



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Siu Muk Lung (*Chairman*)
Mr. Chung Chi Fai

Non-executive Directors

Mr. Ritchie Ma
Mr. Lam Kin Lun Davie

Independent Non-executive Directors

Mr. Lee Kwan Ho, Vincent Marshall
Mr. Kwok Wai Leung, Stanley
Mr. Fok Kam Chau
Mr. Shiao Hei Lok Herod

AUDIT COMMITTEE

Mr. Fok Kam Chau (*Chairman*)
Mr. Lam Kin Lun Davie
Mr. Kwok Wai Leung, Stanley
Mr. Shiao Hei Lok Herod

REMUNERATION COMMITTEE

Mr. Shiao Hei Lok Herod (*Chairman*)
Mr. Ritchie Ma
Mr. Kwok Wai Leung, Stanley
Mr. Fok Kam Chau

NOMINATION COMMITTEE

Mr. Siu Muk Lung (*Chairman*)
Mr. Lee Kwan Ho, Vincent Marshall
Mr. Kwok Wai Leung, Stanley
Mr. Shiao Hei Lok Herod
Mr. Fok Kam Chau

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Chung Chi Fai (*Chairman*)
Mr. Chan Him Alfred
Ms. Chau Pui Cheung

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)

Mr. Siu Muk Lung
Mr. Chan Him Alfred

COMPANY SECRETARY

Mr. Chan Him Alfred

AUDITORS

HLB Hodgson Impey Cheng Limited

LEGAL ADVISOR TO THE COMPANY AS TO HONG KONG LAW

Sit, Fung, Kwong & Shum, Solicitors

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

24th Floor, Chun Wo Commercial Centre
23 Wing Wo Street, Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1723

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

COMPANY WEBSITE

www.hkasiaholdings.com



TO THE SHAREHOLDERS

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of HK Asia Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), I hereby present the annual report of the Company for the year ended 31 March 2024 (the “**Year**”).

BUSINESS REVIEW

The Group conducts wholesale and retail sales of pre-paid products (i.e. SIM card and top-up voucher) (the “**Pre-paid Products**”) in Hong Kong targeted at Indonesian and Filipino consumers and Pre-paid Products targeted at mobile users who demand for local and international phone call and/or mobile data services in Hong Kong and overseas (“**Other Users**”). The Group is a long-established and well-recognized distributor in the industry.

During the year ended 31 March 2024, the Group's revenue increased by approximately 23.4% to approximately HK\$252.4 million compared to last year (2023: approximately HK\$204.6 million) and the Group's profit for the year increased by approximately 279.5% to approximately HK\$14.8 million compared to last year (2023: approximately HK\$3.9 million). The increase in revenue was mainly attributable to the increase in sales to Indonesian and Filipino consumers of approximately HK\$72.0 million which was partly offset by the decrease in sales to Other Users of approximately HK\$24.2 million. During the Year, the Group obtained ten more products sourced from the suppliers for sales which were Pre-paid Products with local phone call and mobile data services in Hong Kong, nine more Pre-paid Products with overseas mobile data services in various countries; and twenty more Pre-paid Products with local phone call and mobile data services in Hong Kong and overseas mobile data services in various countries. During the Year, the Group has acquired a property in Hong Kong used as part of the Group's office and has established an online platform for the sales of Pre-paid Products. As at 31 March 2024, the Group rented a total of six self-managed retail shops for selling Pre-paid Products in Hong Kong, including two in Central, one in Causeway Bay, one in Tsuen Wan, one in Yuen Long and one in Mong Kok. After the Year, the Group rented a new self-managed retail shop in Mei Foo.

OUTLOOK AND PROSPECT

The Group is seeking to expand its business and further increase its market share in the sectors of Pre-paid Products targeted at (i) Indonesian and Filipino consumers; and (ii) Other Users.

The Group plans to increase the number of retailers in sales network, increase advertising and marketing activities, and strengthen the Group's inventory management capability and adopt other alternatives to seize the opportunities brought by the growth of inbound and outbound tourists in Hong Kong and the economic growth after the COVID-19 pandemic.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to the Group's management and staff for their commitment and dedication throughout the year. I would also like to express my deep gratitude to all our business partners, customers, suppliers and the shareholders of the Company (the “**Shareholders**”) for their continuous support. The growth of the Group would not be attained without the support and efforts from all the stakeholders. We shall continue to strive our best to develop and grow to maximise values for the Shareholders.

Siu Muk Lung

Chairman and Executive Director

Hong Kong, 27 June 2024

Management Discussion And Analysis

BUSINESS REVIEW

The Group principally conducts wholesale and retail sales of Pre-paid Products in Hong Kong. During the Year, the Group obtained ten more products sourced from the suppliers for sales which were Pre-paid Products with local phone call and mobile data services in Hong Kong; nine more Pre-paid Products with overseas mobile data services in various countries; and twenty more Pre-paid Products with local phone call and mobile data services in Hong Kong and overseas mobile data services in various countries. After the Year, the Group launched sixteen more Pre-paid Products with overseas mobile data services in various countries and one more product sourced from the suppliers for sales which was a Pre-paid Product with local phone call and mobile data services in Hong Kong. During the Year, the Group has acquired a property in Hong Kong used as part of the Group's office and has established an online platform for the sales of Pre-paid Products. Sales made by the Group during the Year increased by 23.4% to approximately HK\$252.4 million (2023: approximately HK\$204.6 million). The increase in revenue was mainly attributable to the increase in sales to Indonesian and Filipino consumers of approximately HK\$72.0 million which was partly offset by the decrease in sales to Other Users of approximately HK\$24.2 million. As at 31 March 2024, the Group rented a total of six self-managed retail shops for selling Pre-paid Products in Hong Kong, including two in Central, one in Causeway Bay, one in Tsuen Wan, one in Yuen Long and one in Mong Kok. After the Year, the Group rented a new self-managed retail shop in Mei Foo.

FINANCIAL REVIEW

Revenue

During the Year, the Group's revenue amounted to approximately HK\$252.4 million which represented an increase of approximately 23.4% as compared to approximately HK\$204.6 million for the year ended 31 March 2023. The increase in revenue was mainly attributable to the increase in sales to Indonesian and Filipino consumers of approximately HK\$72.0 million which was partly offset by the decrease in sales to Other Users of approximately HK\$24.2 million.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$16.3 million or 36.0% from approximately HK\$45.3 million for the year ended 31 March 2023 to approximately HK\$61.6 million for the Year. The increase in gross profit was due to the increase in revenue and gross profit margin. The overall gross profit margin increased from approximately 22.1% for the year ended 31 March 2023 to approximately 24.4% for the Year. The increase in overall gross profit margin was primarily due to the increase in sales of Pre-paid Products with overseas mobile data services which have a higher gross profit margin.

Other revenue

During the Year, the Group's other revenue amounted to approximately HK\$2.5 million, representing a decrease of approximately 19.4% as compared to approximately HK\$3.1 million for the year ended 31 March 2023. The decrease in other revenue was due to the decrease in receipt of government COVID-19-related subsidies of approximately HK\$1.0 million, decrease in rent concession of approximately HK\$0.3 million, the decrease in consignment income of approximately HK\$0.1 million and the decrease in fair value gain on financial assets at fair value through profit or loss of approximately HK\$0.4 million which was partly offset by the increase in bank interest income of approximately HK\$1.3 million.



Selling and distribution expenses

Selling and distribution expenses mainly comprised (i) depreciation of right-of-use assets; (ii) staff costs; (iii) advertising and promotion expenses; and (iv) other expenses. During the Year, selling and distribution expenses amounted to approximately HK\$23.4 million (2023: approximately HK\$22.5 million), representing an increase of approximately 4.0% as compared to the year ended 31 March 2023 which was mainly attributable to the increase in staff costs of approximately HK\$0.3 million, the increase in advertising and promotion expense of approximately HK\$0.3 million and the increase in other expenses of approximately HK\$0.3 million.

Administrative expenses

Administrative expenses mainly represented (i) staff costs; (ii) depreciation of right-of-use assets; and (iii) professional fees. For the Year, administrative expenses amounted to approximately HK\$23.1 million (2023: approximately HK\$21.2 million). Administrative expenses for the Year represented an increase of approximately 9.0% as compared with the year ended 31 March 2023, which was mainly attributable to the increase in staff costs of approximately HK\$2.4 million and the increase in depreciation of property, plant and equipment of approximately HK\$0.2 million which was partly offset by the decrease in charitable donations of approximately HK\$0.7 million and the decrease in legal and professional fees of approximately HK\$0.3 million.

Finance cost

During the Year, finance cost comprised interest expenses on lease liabilities of approximately HK\$0.4 million (2023: approximately HK\$0.3 million).

Taxation

During the Year, the income tax expenses amounted to approximately HK\$2.4 million (2023: approximately HK\$0.5 million) and the effective tax rate for the Year was approximately 14.1% (2023: approximately 11.5%).

Profit for the Year

Profit attributable to owners of the Company for the Year was approximately HK\$14.8 million, representing an increase of approximately 279.5% as compared with approximately HK\$3.9 million for the year ended 31 March 2023 which was mainly attributed to the reasons mentioned above.

Inventories

The Group had inventories of approximately HK\$45.8 million as at 31 March 2024, representing a decrease of approximately HK\$14.0 million as compared to the inventories of approximately HK\$59.8 million as at 31 March 2023. The decrease was mainly resulted from the increase in sales during the Year.

Management Discussion And Analysis (continued)

LIQUIDITY AND CAPITAL RESOURCES

Net current assets

The Group had net current assets of approximately HK\$106.8 million as at 31 March 2024 (31 March 2023: approximately HK\$163.3 million). The current ratio of the Group decreased from approximately 22.4 times as at 31 March 2023 to approximately 9.4 times as at 31 March 2024. Such decrease was mainly attributable to (i) the decrease in current assets of approximately HK\$51.4 million which was mainly attributable to the decrease in cash and cash equivalents of approximately HK\$31.5 million, the decrease in inventories of approximately HK\$14.0 million, the decrease in deposits, prepayments and other receivables of approximately HK\$3.4 million and the decrease in tax recoverable of approximately HK\$3.6 million which was partly offset by the increase in trade receivables of approximately HK\$0.4 million and the increase in amount due from a related company of approximately HK\$0.5 million; and (ii) the increase in current liabilities of approximately HK\$5.0 million which was mainly due to the increase in current portion of lease liabilities of approximately HK\$1.8 million, the increase in tax payable of approximately HK\$2.4 million, the increase in trade payables of approximately HK\$0.4 million and the increase in accrual and other payables of approximately HK\$0.4 million.

Borrowings

The Group did not have bank and other borrowings as at 31 March 2024 (31 March 2023: nil).

Gearing ratio

The gearing ratio equals total amount of debts divided by total amount of equity and multiplied by 100%. The Group has no outstanding debts.

Share capital structure

As at 31 March 2024 and 31 March 2023, the Company's issued share capital was HK\$4,000,000 and the number of issued shares of the Company was 400,000,000 ordinary shares of HK\$0.01 each (the "Shares").

Foreign exchange exposure

Transactions of the Group are mainly denominated in HK\$ and the Group is not exposed to any significant foreign exchange exposure. The Group had not used any financial instruments for hedging purposes and no hedging policy against foreign currency risk was maintained by the Group.



EMPLOYEES AND EMOLUMENTS POLICY

As at 31 March 2024, the Group had 47 employees (31 March 2023: 45 employees) with a total remuneration of approximately HK\$24.4 million during the Year (2023: approximately HK\$21.8 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group is dedicated to providing training programs for new employees and regular on-the-job trainings to employees to enhance their sales and marketing skills and know-how. The emoluments of the directors are recommended by the Remuneration Committee of the Company, with reference to their respective contribution of time, effort and expertise on the Company's matters. The Company has also adopted a share option scheme to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

PLEDGE OF ASSETS

As at 31 March 2024, the Group did not have any pledged assets (31 March 2023: nil).

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the Year, the Group acquired a property in Hong Kong to be used as the Group's office premise at the consideration of HK\$9,000,000.

During the Year, there was no material acquisition or disposal of subsidiaries, associates or joint ventures, or significant investment by the Group (2023: nil).

EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after the Year and up to the date of this report.

CAPITAL COMMITMENT

As at 31 March 2024, the Group did not have any capital commitments (31 March 2023: approximately HK\$197,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING

Apart from strengthening the Group's current business and implementing the future plans as disclosed in the prospectus of the Company dated 11 September 2018 (the "**Prospectus**"), the Group will explore new business opportunities as and when appropriate, in order to enhance value of the shareholders of the Company (the "**Shareholders**").

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2024 (31 March 2023: nil).

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Siu Muk Lung (蕭木龍先生) (“Mr. Siu”), aged 63, is the founder of the Group, the Chairman of the Board and the Nomination Committee of the Company, and an executive Director. He has been a director of Mobile Phone Direct Selling Centre Limited since December 1995. He is primarily responsible for leading and chairing meetings of the Board, supervising the operations of the Group, planning the business and marketing strategies and overseeing the management of the business of the Group. Mr. Siu was appointed as a Director on 5 May 2016 upon the incorporation of the Company and was redesignated as an executive Director on 27 August 2018. Mr. Siu serves the office of director in each of the subsidiaries of the Group. Mr. Siu attended secondary education in the PRC until 1978.

Since the founding of the Group, Mr. Siu has been working in the pre-paid SIM card and mobile phone industry during which period he worked/served as the director of various subsidiaries in the Group. With his background and experience in the pre-paid SIM card and mobile phone industry, Mr. Siu has been able to help the Group expand its market share in the industry, enabling the Group to become one of the market leaders. Mr. Siu has also been a member of the fourth session of Yulin Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議玉林委員會) since 2015.

Mr. Chung Chi Fai (鍾志輝先生) (“Mr. Chung”), aged 48, is an executive Director, the general manager of the Company and the Chairman of the Environmental, Social and Governance Committee of the Company. He is primarily responsible for formulating overall policies and strategies of the Group, participating in meetings of the Board and overseeing the general management and day-to-day operations of the business of the Group.

Mr. Chung joined the Group in July 1995 and was responsible for overseeing the business operations of the retail shops. He has served in various departments of the Group as sales and general manager. He was appointed as a Director on 18 August 2017 and was redesignated as an executive Director on 27 August 2018. He is currently the general manager of Kinson Group Company Limited, a wholly-owned subsidiary of the Company. Mr. Chung completed his secondary education in Hong Kong in August 1993. Mr. Chung has over 20 years of experience in the mobile phone industry. Prior to joining the Group, he was the sales manager of Otel Telecom from September 1993 to May 1995, during which he was responsible for overseeing the distribution of mobile phone accessories and network services.

Non-executive Directors

Mr. Ritchie Ma (馬肇文先生) (formerly known as Ma Si Ping Ritchie (馬仕平)) (“Mr. Ma”), aged 64, is a non-executive Director and a member of the Remuneration Committee of the Company. He is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring the Directors’ consideration and/or approval. Mr. Ma was appointed as a Director on 18 August 2017, and was redesignated as a non-executive Director on 27 August 2018.

Mr. Ma graduated from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in November 1989 with a Higher Certificate in Communication, Advertising and Marketing. He further obtained a Master of Business degree from the University of Newcastle, Australia in July 2008.

Biographical Details of Directors and Senior Management (continued)



Mr. Ma has over 25 years of experience in sales, marketing, operations and business management. He was a sales at Jawbone in San Francisco, California from July 2013 to December 2015. Before that, he worked at Motorola Mobility Hong Kong Limited from March 2008 to December 2012, his last position being general manager of mobile devices in Hong Kong and Taiwan. From July 1996 to December 2007, he held senior marketing and corporate development positions in various telecommunications companies, including Hong Kong CSL Limited, Telstra International Hong Kong and SmarTone Telecommunications Limited.

Mr. Ma is the spouse of Ms. Cheung Yuet Ngo, Flora, the Administration Manager of the Group.

Mr. Lam Kin Lun Davie (林健倫先生) (“Mr. Lam”), aged 67, is a non-executive Director and a member of the Audit Committee of the Company. He is primarily responsible for providing advice and participating in meetings of the Board in connection with matters requiring Directors’ consideration and/or approval. He was appointed as a Director on 18 August 2017, and was redesignated as a non-executive Director on 27 August 2018.

Mr. Lam graduated from Curtin University of Technology, Australia with a Bachelor of Business in Accounting in August 1993. He also received a Master of Science in Information Management from the National University of Ireland, Ireland in October 1999. Mr. Lam is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and is also a fellow of the Australian Society of Certified Practising Accountants, the Association of Chartered Certified Accountants and member of the Chartered Professional Accountants of British Columbia, Canada. He has been working in Wilkinson and Associates since July 2011 and is currently the business development director. His key responsibilities include providing professional consultancy services to clients in corporate finance and retail management. He was the general manager of Macau operations in Hutchison Telecommunications (Hong Kong) Limited from April 2009 to June 2011. Prior to that, he worked in CSL Limited from January 1984 to November 2008, his last position being the director of mobile devices in the marketing development.

Independent non-executive Directors

Mr. Lee Kwan Ho, Vincent Marshall (李君豪先生) (“Mr. Vincent M Lee”), Deputy to the 13th National People’s Congress of PRC, Member of the 14th National Committee of the Chinese People’s Political Consultative Conference, BBS, Officer of the Order of the Crown (Belgium), aged 68, was appointed as an independent non-executive Director on 27 August 2018. He is a member of the Nomination Committee of the Company.

Mr. Vincent M Lee obtained a Bachelor of Science in Business Administration from the University of Southern California, the United States of America in June 1978 graduating with Magna Cum Laude. He was awarded a Master of Science in Accounting and Finance by The London School of Economics and Political Science, the United Kingdom in August 1981. Mr. Vincent M Lee has been a certified public accountant registered with the California State Board of Accountancy, the United States of America since December 1980. He was admitted as a member of the American Institute of Certified Public Accountants in January 1982 and HKICPA in January 1989. He currently holds licences issued by the Securities and Futures Commission (the “SFC”) for Dealing in Futures Contracts (type 2 regulated activity) and Asset Management (type 9 regulated activity).

Biographical Details of Directors and Senior Management (continued)

Mr. Vincent M Lee undertook a number of public service and community activities. He has been consecutively elected as a member of the Election Committee of the Hong Kong Special Administrative Region since 2006. He was the Chairman of the Correctional Services Children's Education Trust Investment Advisory Board between 2018 and 2023. He was the Chairperson of Sir Murray MacLehose Trust Fund Investment Advisory Committee from December 2012 to November 2018. He is currently the chairman of the Correctional Services Children's Education Trust Committee. From 2012 to 2016, he was a member of Correctional Services Children's Education Trust Committee. He was appointed as a non-official member of the Financial Services Development Council from January 2013 to January 2019. Mr. Vincent M Lee was a member of the Securities and Futures Appeals Tribunal from 2003 to 2009, and the SFC Academic and Accreditation Advisory Committee from 2002 to 2006.

Mr. Vincent M Lee is currently the chairman of Tung Tai Group of Companies and he has been in such position since October 2010, having previously been the managing director from August 1990 to September 2010. From 1981 to 1990, he was a senior banker at Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") Group, Hong Kong and Canada, his last position being the manager at the overseas banking center of HSBC.

Mr. Vincent M Lee has held directorships in the following companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"):

Name of listed company and stock code	Period of service	Position
Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited) (stock code: 112)	From March 2013 to June 2017	Non-executive Director
Guangdong Land Holdings Limited (stock code: 124)	From March 2009 to present	Independent Non-executive Director
Hong Kong Exchanges and Clearing Limited (stock code: 388)	From April 2000 to April 2017	Independent Non-executive Director

Mr. Kwok Wai Leung, Stanley (郭偉良先生) ("Mr. Kwok"), aged 49, was appointed as an independent non-executive Director on 27 August 2018. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Kwok obtained a Bachelor of Science from the Macquarie University, Australia in April 1998. He was further awarded a Master of Commerce in Funds Management from the University of New South Wales, Australia in July 2000.

Mr. Kwok is currently the managing partner of Mount Logan Capital Limited. From August 2009 to December 2013, Mr. Kwok served as the Chief Executive Officer of Lippo Investments Management Limited. From May 2003 to June 2009, Mr. Kwok worked at State Street Global Advisors Asia Limited, the investment and asset management arm of State Street Corporation.

Biographical Details of Directors and Senior Management (continued)



Mr. Shiao Hei Lok Herod (蕭喜樂先生) (“Mr. Shiao”), aged 59, was appointed as an independent non-executive Director on 27 August 2018. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company.

Mr. Shiao was awarded a Diploma in Business Studies by the Hang Seng School of Commerce, Hong Kong in July 1986. He later on obtained a Postgraduate Certificate in Business Administration from the Open University of Hong Kong in December 2001, and a Postgraduate Diploma in Business Administration from the University of Wales College, Newport, the United Kingdom in October 2002. Mr. Shiao was further awarded a Master of Business Administration degree by the University of Wales, Newport (currently known as the University of South Wales), the United Kingdom, in October 2004. Mr. Shiao passed the licensing examination for Securities and Futures Intermediaries held by the Hong Kong Securities Institute in June 2011. He was a member of the Society of Registered Financial Planners for over 12 years.

Mr. Shiao has over 30 years of experience in the banking industry, having worked in four banks in Hong Kong. He has been the first vice president in the private banking department of the Bank of East Asia Limited since June 2011. Before that, he was a vice president at CitiBank, N.A., from June 2005 to June 2011, and his last position held was sales team head. He previously served as the assistant vice president in the commercial team of the marketing division of Jian Sing Bank Limited (currently known as China Construction Bank) from October 2000 to June 2005. Before that, he worked at Hua Chiao Commercial Bank Limited (currently known as Bank of China (Hong Kong) Limited) from July 1986 to October 2000 and his last position held was deputy manager in the corporate banking department.

Mr. Fok Kam Chau (霍錦就先生) (“Mr. Fok”), aged 70, was appointed as an independent non-executive Director on 27 August 2018. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Fok was awarded a Diploma in Business Management from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in November 1980. He was later on awarded a Master of Business Administration from the University of East Asia, Macau in October 1986. He further obtained a Diploma in Financial Management from the University of New England, Australia, in April 1989 and Master of Economic Law from Peking University, the PRC in July 1999. Mr. Fok proceeded to obtain a Doctor in Business Administration degree from the Shanghai University of Finance and Economics, the PRC, in June 2016.

Mr. Fok is a founding member of the Hong Kong Independent Non-Executive Director Association. He is a certified public accountant registered with the HKICPA, and a certified tax adviser registered with the Taxation Institute of Hong Kong. He has also been a member of the Australian Society of Certified Practising Accountants and Certified General Accountants' Association of Canada (currently known as Chartered Professional Accountants of Canada) for over 25 years. Mr. Fok is currently the principal of K.C.Fok & Company, Certified Public Accountants.

Biographical Details of Directors and Senior Management (continued)

SENIOR MANAGEMENT

Chief Financial Officer and Company Secretary

Mr. Chan Him, Alfred (陳謙先生) (“Mr. Chan”), aged 60, is the Chief Financial Officer, company secretary of the Company and a member of the Environmental, Social and Governance Committee of the Company. He is mainly responsible for overseeing the finance, accounting and company secretarial matters of the Group. He joined the Group on 17 July 2017.

Mr. Chan graduated from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in November 1987 with a Professional Diploma in Accountancy. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Mr. Chan has accumulated over 30 years of experience in audit, finance and company secretarial work gained from various senior finance related positions in an international accounting firm, private and listed companies in Hong Kong.

Administrative Manager

Ms. Cheung Yuet Ngo, Flora (張月娥女士) (“Ms. Cheung”), aged 62, is the Administration Manager of the Group. She joined the Group on 1 July 2017 and is primarily responsible for overseeing the human resources and administration of the Group.

Ms. Cheung graduated from the Sheffield City Polytechnic (currently known as the Sheffield Hallam University), the United Kingdom with a Higher National Diploma in Business and Finance in July 1991. She further obtained a Postgraduate Diploma in Business Administration in the same university in June 1992.

Ms. Cheung has extensive experience in the marketing and administration field. During the period of August 1997 to August 2008, Ms. Cheung was the owner of Prime Premium & Promotions. Before that, she was the head of sales and marketing at MBf Asia Capital Corporation Holdings Limited from March to December 1996, and the marketing distribution and sales manager at Citibank, N.A. from November 1992 to March 1996.

CHANGE IN INFORMATION OF DIRECTORS

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 March 2024.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving and maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices.

The Board is of the view that throughout the Year, the Company has complied with all applicable code provisions as set out in the CG Code which were applicable to the Year. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Corporate Governance Report (continued)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Year.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) which are of no less exacting terms than the Model Code for securities transactions by the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance with the Employees Written Guidelines by the relevant employees during the Year was noted by the Company.

BOARD OF DIRECTORS

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

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

Board Composition

The Board currently comprises the following Directors:

Executive Directors

Mr. Siu Muk Lung (*Chairman of the Board and Chairman of the Nomination Committee*)

Mr. Chung Chi Fai (*General Manager and Chairman of the Environmental, Social and Governance Committee*)

Non-executive Directors

Mr. Ritchie Ma (*Member of the Remuneration Committee*)

Mr. Lam Kin Lun Davie (*Member of the Audit Committee*)

Independent Non-executive Directors

Mr. Lee Kwan Ho, Vincent Marshall (*Member of the Nomination Committee*)

Mr. Kwok Wai Leung, Stanley

(*Member of the Audit Committee, Remuneration Committee and Nomination Committee*)

Mr. Fok Kam Chau

(*Chairman of the Audit Committee and Member of the Remuneration Committee and Nomination Committee*)

Mr. Shiao Hei Lok Herod

(*Chairman of the Remuneration Committee and Member of the Audit Committee and Nomination Committee*)

The biographical information of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 8 to 12 of this annual report.

None of the members of the Board is related to one another.



Chairman and Chief Executive

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The positions of Chairman and Chief Executive of the Company are held by Mr. Siu Muk Lung and Mr. Chung Chi Fai respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Year, the Board at all times met the requirements of Rules 3.10(1), 3.10A and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 27 September 2018 (the "**Listing Date**") and thereafter be continuous unless and until terminated by either party by giving to the other party not less than three months' prior notice in writing, or by payment of three months' fixed salary in lieu of notice subject to the provision of retirement and rotation of Directors under the Articles of Association of the Company (the "**Articles**").

Each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company for a period of two years commencing from 27 September 2022 subject to the provision of retirement and rotation of Directors under the Articles.

According to the Articles, one-third of the Directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("**AGM**") provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors should be eligible for re-election at the relevant AGM. In addition, any new Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

Corporate Governance Report (continued)

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

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

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

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

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

During the Year, (i) four out of eight Directors were independent non-executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three independent non-executive directors and must appoint independent non-executive directors representing at least one-third of the Board; (ii) the independent non-executive Directors participated in board committees (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent contribution, advice and views on significant issues relating to the Company's strategy, policy, financial performance; and (iii) the chairman of the Board met with independent non-executive Directors without the presence of the executive Directors and non-executive Directors. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.



During the Year, all Directors have completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory. The Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Continuous Professional Development of Directors

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

Every newly appointed Director shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. The Company has arranged internally-facilitated briefings for its Directors and provided them with reading material on relevant topics where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The training records of the Directors for the year ended 31 March 2024 are summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
Mr. Siu Muk Lung	A, B
Mr. Chung Chi Fai	B
Non-executive Directors	
Mr. Ritchie Ma	B
Mr. Lam Kin Lun Davie	A, B
Independent Non-executive Directors	
Mr. Lee Kwan Ho, Vincent Marshall	A, B
Mr. Kwok Wai Leung, Stanley	B
Mr. Fok Kam Chau	A, B
Mr. Shiao Hei Lok Herod	A, B

Notes:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

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

Corporate Governance Report (continued)

BOARD COMMITTEES

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

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee consists of one non-executive Director, namely Mr. Lam Kin Lun Davie, and three independent non-executive Directors, namely Mr. Kwok Wai Leung, Stanley, Mr. Fok Kam Chau and Mr. Shiao Hei Lok Herod. Mr. Fok Kam Chau is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the existing external auditor of the Company, HLB Hodgson Impey Cheng Limited.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and materials, and provide advice in respect of financial reporting, and oversee the risk management and internal control systems of the Company.

During the Year, the Audit Committee held three meetings and its main work involved the following:

- reviewing the unaudited interim results and financial report for the six months ended 30 September 2023;
- reviewing the audited annual results and financial report for the year ended 31 March 2024;
- reviewing and considering auditor's audit report, or interim review report, including the key audit matters;
- reviewing the effectiveness of risk management and internal control systems, reporting processes, and internal audit and making recommendations to the Board; and
- reviewing the independence and objectivity, performance and fees of auditor, and recommend on their re-appointment.

During the Year, the Audit Committee also met the external auditors without the presence of the executive Directors.



Remuneration Committee

The Remuneration Committee consists of one non-executive Director, namely Mr. Ritchie Ma, and three independent non-executive Directors, namely Mr. Kwok Wai Leung, Stanley, Mr. Fok Kam Chau and Mr. Shiao Hei Lok Herod. Mr. Shiao Hei Lok Herod is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendation to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of the Group, reviewing performance-based remuneration and ensuring that no Director will determine his/her own remuneration.

During the Year, two Remuneration Committee meetings were held to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management.

Pursuant to code provision E.1.5 of the CG Code, the details of the remuneration of the senior management by band are set out in note 11 to the consolidated financial statements for the year ended 31 March 2024.

Nomination Committee

The Nomination Committee consists of one executive Director, namely Mr. Siu Muk Lung, and four independent non-executive Directors, namely Mr. Lee Kwan Ho, Vincent Marshall, Mr. Kwok Wai Leung, Stanley, Mr. Fok Kam Chau and Mr. Shiao Hei Lok Herod. Mr. Siu Muk Lung is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually and making recommendation to the Board on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified as potential Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive Directors, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the Chairman.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

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

During the Year, one Nomination Committee meeting was held to review the structure, size and composition of the Board, to consider the re-election of retiring Directors and make recommendation, and to review the independence of the independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Report (continued)

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Nomination Committee will use its best endeavors and on suitable basis, before 31 December 2024, to identify and recommend at least one female candidate to our Board for its consideration on appointment of a Director with the goal to have at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its Shareholders as a whole when considering the appointment.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

In addition, as at 31 March 2024, the Group had 47 employees, of which the number of male and female employees are 14 and 33, respectively (accounting for 29.8% and 70.2% respectively). The overall headcount remained stable. The majority of our retail operational staff are female. The Company considers that the gender diversity in the workforce is satisfactory and will continue to evaluate its gender diversity.



Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

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

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

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

Corporate Governance Report (continued)

Nomination Process

(a) Appointment of New Director

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

(b) Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

During the Year, there was no change in the composition of the Board.

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



Environmental, Social and Governance Committee

The Environmental, Social and Governance (“**ESG**”) Committee consists of Mr. Chung Chi Fai, an executive Director and the general manager of the Company, Mr. Chan Him Alfred, the company secretary of the Company, and Ms. Chau Pui Cheung, human resources officer of the Company. Mr. Chung Chi Fai is the chairman of the ESG Committee.

The main purpose of the ESG Committee is to assist and advise the Board in defining the Company’s strategy relating to ESG matters, in reviewing the practices and initiatives of the Company relating to ESG matters to ensure they remain effective and up to date, in fulfilling its oversight responsibilities in the aspects of ESG, and in guiding and supervising the development and implementation of ESG works of the Company.

During the Year, one ESG Committee meeting was held to reviewed the Group’s overall ESG performance, reviewed the implementation progress of the Group’s ESG objectives, reported the important trends affecting the Group’s ESG strategies, assessed the impact of ESG risks and opportunities on the Group, guided and reviewed the Group’s ESG materiality analysis, and reviewed and reported to the Board the 2023 ESG Report of the Company.

Corporate Governance Functions

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

During the Year, the Board had reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and the Written Employee Guidelines, and the Company’s compliance with the CG Code and the disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. The Company will schedule Board meetings to be held regularly every year in compliance with code provision C.5.1 of the CG Code. Apart from regular Board meetings, the Chairman will also hold meeting(s) with independent non-executive Directors without the presence of other Directors at least annually.

During the Year, seven Board meetings, three Audit Committee meetings, two Remuneration Committee meetings, one Nomination Committee meeting, one ESG Committee meeting and one AGM were held.

Corporate Governance Report (continued)

The attendance record of each Director at these meetings is set out in the table below:

Name of Director	Board	Attendance/Number of Meetings held					AGM
		Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee*		
Mr. Siu Muk Lung	7/7	N/A	N/A	1/1	N/A	1/1	
Mr. Chung Chi Fai	7/7	N/A	N/A	N/A	1/1	1/1	
Mr. Ritchie Ma	7/7	N/A	2/2	N/A	N/A	1/1	
Mr. Lam Kin Lun Davie	7/7	3/3	N/A	N/A	N/A	1/1	
Mr. Lee Kwan Ho, Vincent Marshall	7/7	N/A	N/A	1/1	N/A	1/1	
Mr. Kwok Wai Leung, Stanley	7/7	3/3	2/2	1/1	N/A	1/1	
Mr. Fok Kam Chau	7/7	3/3	2/2	1/1	N/A	1/1	
Mr. Shiao Hei Lok Herod	7/7	3/3	2/2	1/1	N/A	1/1	

* During the Year, Mr. Chan Him Alfred and Ms. Chau Pui Cheung, being the other members of the ESG Committee also attended the ESG Committee meeting.

The Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors during the Year.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

The Company has implemented various policies and procedures to ensure effective risk management in each aspect of the operations, financial reporting and recording, fund management, and compliance with applicable laws and regulations of Hong Kong. The Directors and senior management assume the overall responsibilities for overseeing the implementation of the internal control and risk management procedures and other measures throughout the Group.

The Group conducts regular review(s) at least annually to identify risks that would adversely affect the achievement of the Group's objectives, and assess and prioritise the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant. The Group has engaged an independent professional advisor to perform periodic review on the risk management and internal control systems. It is intended to examine key issues in relation to the accounting practices, all material controls and business processes and to report findings and propose recommendations for improvement to the senior management of the Company. Internal audit report to be produced by the independent professional advisor will be submitted to the Audit Committee at least once a year.



The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; the communications with the Board in relation to result of risk management and internal control review; significant risks, failures or weaknesses identified and their related implications; and status of compliance with the laws and regulations that are applicable to the Group. The Board considers the Group's risk management and internal control systems were effective and adequate during the Year.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Year.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Year, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

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

The Company has developed its disclosure policy which provides a general guide to the Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

With respect to the procedures and internal controls for the handling and dissemination of inside information: (i) the Company conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission; (ii) the Board and senior management are responsible for identifying and assessing inside information; (iii) the Board, senior management and any relevant persons who might have access to inside information must take reasonable due care for safeguarding the confidentiality of unpublished inside information; and (iv) the Board is responsible for ensuring timely, fair and comprehensive dissemination of inside information and may seek independent professional advice if and when appropriate to ensure that the Company can timely comply with the disclosure requirements.

The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary.

Corporate Governance Report (continued)

ANTI-CORRUPTION

The Company has established policies and system that promote and support anti-corruption laws and regulations. During the Year, the Group was not aware of any significant non-compliance cases in relation to applicable laws and regulations on corruption.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 41 to 45 of this annual report.

AUDITORS' REMUNERATION

The remuneration paid to the external auditor of the Company in respect of audit services for the Year amounted to HK\$570,000. The external auditor of the Company did not provide any non-audit services for the Year.

COMPANY SECRETARY

Mr. Chan Him, Alfred ("**Mr. Chan**"), the Chief Financial Officer of the Company, is the company secretary of the Company.

For the Year, Mr. Chan has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

According to article 58 of the Articles, any one or more 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, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.



Putting Forward Proposals at General Meetings

If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, pursuant to article 85 of the Articles, such person shall be nominated by a notice in writing by a Shareholder (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the secretary of the Company within the seven-day period commencing on and including the day after the despatch of the notice of the meeting (or such other period as may be determined by the Directors from time to time). The notice of nomination shall be accompanied by a notice signed by the proposed candidate indicating his willingness to be appointed or re-appointed.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: 24th Floor, Chun Wo Commercial Centre, 23 Wing Wo Street, Sheung Wan, Hong Kong
(For the attention of the Board of Directors)

Email: ir@hkasiaholdings.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents during the year ended 31 March 2024.

Corporate Governance Report (continued)

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") which aims to set out the provisions with the objective of ensuring that Shareholders and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. This policy will be reviewed annually to ensure its effectiveness. The Board has reviewed the Shareholders' Communication Policy for the year ended 31 March 2024 and is of the view that the policy is effective and adequately implemented.

To promote effective and on-going communication, the Company makes up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hkasiaholdings.com) for public access.

Shareholders should direct their inquiries about their shareholdings to the Company or Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong. Investors may at any time make a request for the Company's information to the extent such information is publicly available.

Having considered the multiple channels of communication in place as described above, the Company considers the implementation of the Shareholders' communication policy during the Year was effective.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval. Further details of the Dividend Policy have been set out in the section headed "Report of Directors".



The Board is pleased to present to the Shareholders its report and the audited consolidated financial statements of the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 5 May 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The Group is principally engaged in wholesale and retail sales of the Pre-paid Products. Details of the principal activities of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

BUSINESS REVIEW AND OUTLOOK

A fair review of the Group's business during the Year, any significant events after the reporting period and a discussion about the Group's future business development, and an analysis of the Group's performance using financial key performance indicators are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Summary" in this annual report and a discussion of the principal risks and uncertainties facing the Group is included in this section and note 32 of the consolidated financial statements. The review forms part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following lists out the key risks and uncertainties facing the Group.

Concentration of Customers

The Group has a concentration of customers and any decrease or loss of business from these major customers could adversely and substantially affect the operations and financial conditions of the Group.

Concentration of Suppliers

The Group has a concentration of suppliers and any decrease or loss of business from these major suppliers could adversely and substantially affect the operations and financial conditions of the Group.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out on page 46 of this annual report.

A special dividend of HK\$0.15 per ordinary share of the Company was declared by the Board on 17 August 2023 and was paid on 18 September 2023.

The Board did not recommend the payment of a final dividend for the Year.

Report of Directors (continued)

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends on 14 January 2019 and shall take into account the following factors of the Group when considering the declaration and payment of dividends:–

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any legal restrictions;
- any loan or other agreement that may enter into; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the provisions of the Articles and all applicable laws and regulations and the factors set out above. Any final dividend for a financial year will be subject to the Shareholders' approval.

SUBSIDIARIES

Details of the subsidiaries of the Company as at 31 March 2024 are set out in note 15 to the consolidated financial statements.



PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 27 to the consolidated financial statements.

CLOSURE OF THE REGISTER OF MEMBERS FOR AGM

For the purposes of determining the Shareholders' eligibility to attend and vote at the forthcoming AGM to be held on Thursday, 5 September 2024, the register of members of the Company will be closed from Monday, 2 September 2024 to Thursday, 5 September 2024, both days inclusive. In order to be eligible to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 30 August 2024.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Shares during the Year.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the distributable reserves of the Company, including the share premium account, calculated in accordance with the applicable laws of the Cayman Islands, amounted to HK\$65,815,000 (2023: HK\$65,950,000).

Report of Directors (continued)

CHARITABLE DONATIONS

During the Year, the Group did not make charitable donations (2023: approximately HK\$750,000).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, sales to the single largest customer of the Group and the five largest customers of the Group accounted for approximately 9.3% and 21.3% respectively (2023: approximately 9.3% and 21.3% respectively) of the total sales of the Year, respectively. During the Year, the Group had only two suppliers (2023: two) and the single largest supplier of the Group accounted for approximately 53.3% (2023: approximately 53.6%) of the total purchases of the year.

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

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Siu Muk Lung (*Chairman*)
Mr. Chung Chi Fai

NON-EXECUTIVE DIRECTORS

Mr. Ritchie Ma
Mr. Lam Kin Lun Davie

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Kwan Ho, Vincent Marshall
Mr. Kwok Wai Leung, Stanley
Mr. Fok Kam Chau
Mr. Shiao Hei Lok Herod

Pursuant to article 84(1) of the Articles, Mr. Chung Chi Fai, Mr. Fok Kam Chau and Mr. Shiao Hei Lok Herod will retire at the forthcoming AGM. All retiring Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.



DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 8 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and thereafter be continuous unless and until terminated by either party by giving to the other party not less than three months' prior notice in writing, or by payment of three months' fixed salary in lieu of notice (subject to retirement by rotation and re-election at an AGM in accordance with the Articles). Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a period of two years commencing from 27 September 2022 (subject to retirement by rotation and re-election in accordance with the Articles).

Apart from the foregoing, no Directors proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment or compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence. The Company considers all the independent non-executive Directors are independent.

PERMITTED INDEMNITY PROVISION

Under the Articles, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Cap. 622)) in force for the benefit of the Directors during the Year and up to the date of approval of this annual report, pursuant to which the Company shall indemnify any Director against any liability, loss suffered and expenses incurred by the Director in connection with any legal proceedings in which he/she is involved by reason of being a Director, except in any case where the matter in respect of which indemnification is sought was caused by the fraud or dishonesty of the Directors. The Company has maintained insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors arising out of corporate activities. The insurance coverage is reviewed on an annual basis. During the Year, no claims were made against the Directors.

Report of Directors (continued)

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Other than those disclosed in the section headed "Related Party Transactions" below and in note 30 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2024, the Directors and the chief executive of the Company had the following interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code to be notified to the Company and the Stock Exchange:

Long positions in the Shares of the Company

Name of Director/ Chief executive	Capacity/Nature of interest	Number of ordinary Shares held	Approximate percentage of shareholding (Note)
Mr. Siu	Beneficial owner	281,070,000	70.26%

Note:

The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 March 2024 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 31 March 2024, none of the Directors or the chief executive of the Company had any interest and/or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was 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 are taken or deemed to have under such provisions of the SFO) or which was required pursuant to section 352 of the SFO to be entered in the register referred to therein or 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 THE SHARES OR UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 March 2024, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the Shares of the Company

Number of Shareholder	Capacity/Nature of interest	Number of ordinary Shares held	Approximate percentage of shareholding <i>(Note 1)</i>
Ms. Lee Chun Yuk (" Mrs. Siu ")	Interest of spouse <i>(Note 2)</i>	281,070,000	70.26%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 March 2024 (i.e. 400,000,000 Shares).
- Mrs. Siu is the spouse of Mr. Siu. Under the SFO, Mrs. Siu is deemed to be interested in the same number of Shares which Mr. Siu is interested in.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at 31 March 2024, there was no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company under section 336 of the SFO.

NON-COMPETITION UNDERTAKINGS

Mr. Siu (the "**Covenantor**") has entered into a deed of non-competition (the "**Deed of Non-competition**") on 27 August 2018 in favor of the Company as more particularly described in the section headed "Relationship with the Controlling Shareholder" of the Prospectus. The Covenantor has confirmed and declared that, during the Year, he had strictly complied with the Deed of Non-competition without any breach thereof. All the independent non-executive Directors had reviewed the matters relating to the enforcement of the Deed of Non-competition and consider that the terms of the Deed of Non-competition have been complied with by the Covenantor during the Year.

Report of Directors (continued)

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACT OF SIGNIFICANCE

Other than those disclosed in the section headed “Related Party Transactions” below and in note 30 to the consolidated financial statements, no contract of significance (including those for provision of services to the Company or any of its subsidiaries by the controlling Shareholder) has been entered into between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries during the Year.

COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors or the controlling Shareholder or any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share Option Scheme” below, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements that enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights during the Year.

EQUITY-LINKED AGREEMENT

During the Year, other than the Share Option Scheme as set out in the section headed “Share Option Scheme” of this report, the Company has not entered into any equity-linked agreement.

SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was conditionally adopted by the Company on 27 August 2018 (the “**Adoption Date**”) and became effective on the Listing Date. The purpose of the Share Option Scheme is to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants. Pursuant to the Share Option Scheme, the Board may, at its discretion, make offer of options to any employee (full-time or part-time), Directors (including executive, non-executive or independent non-executive Directors) and any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the “**Eligible Participants**”). The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not, in aggregate, exceed 10% of the total number of Shares in issue as at the Listing Date, i.e., 40,000,000 Shares, which represents 10% of the total number of Shares in issue as at the date of this annual report, unless Shareholders' approval has been obtained.



The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the total number of Shares in issue. Any further grant of share option in excess of such limit must be separately approved by the Shareholders in general meeting.

Where options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue on the date of offer and having an aggregate value, based on the closing price of the Shares on the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Shareholders taken on a poll in general meeting.

An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, the expiry date of such period not to exceed 10 years from the date of grant of the option. Unless otherwise determined by the Board, there is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

Upon acceptance of the offer, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

The subscription price for Shares in respect of any particular option shall be determined by the Board and shall be at least the highest of:

- (a) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the date of offer of the option;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of offer of the option; and
- (c) the nominal value of a Share.

The Share Option Scheme is valid and effective for a period of ten years commencing on the Adoption Date. As at the date of this annual report, the Share Option Scheme has remaining life of approximately four years.

As at the beginning of the Year, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme was 40,000,000 Shares, representing 10% of the issued Shares as at the date of this annual report.

Report of Directors (continued)

No share option has been granted, exercised, lapsed, cancelled or outstanding under the Share Option Scheme during the Year and up to the date of this report. Therefore, as at the end of the Year, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme was 40,000,000 Shares, representing 10% of the issued Shares as at 31 March 2024 and as at the date of this annual report.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions of the Group, including the following transactions entered into or subsisting during the Year, are set out in note 30 to the consolidated financial statements.

Directors' Emoluments

Details of the Directors' emoluments, being the compensation of key management personnel referred to in note 30(b) to the consolidated financial statements, are set out in note 11 to the consolidated financial statements.

Consignment Agreement

Hong Kong Telecommunication Direct Selling Centre Limited (“**HKT Direct Selling Centre**”), a company wholly owned by Mr. Siu, and Kinson Group Company Limited (“**Kinson Group**”), a wholly owned subsidiary of the Company, entered into a consignment agreement (the “**Consignment Agreement**”) for a period of three years starting from 1 April 2021 and expiring on 31 March 2024. Pursuant to the Consignment Agreement, Kinson Group is appointed as the agent of HKT Direct Selling Centre in selling mobile phones, electronics and accessories (the “**Consigned Goods**”) and Kinson Group could obtain delivery of the Consigned Goods from HKT Direct Selling Centre from time to time on a consignment basis for the purpose of sale by Kinson Group to its customers, and HKT Direct Selling Centre shall pay Kinson Group a commission at a rate equal to 10% of the selling prices of the Consigned Goods.

Chun Wo Tenancy Agreement

During the Year, Lung Shun Holdings Limited, a company owned as to 50% by Mr. Siu and 50% by Mrs. Siu, as landlord and Hong Kong Mobile Phone Limited, a wholly owned subsidiary of the Company, as tenant entered into a written tenancy agreement with respect to the tenancy of the premises situated at Office A and Office B, 24/F., Chun Wo Commercial Centre, 25 Wing Wo Street, Hong Kong for the term of one year starting from 1 September 2023 up to and including 31 August 2024 at a monthly rental of HK\$80,400 exclusive of rates, management fees, air-conditioning charges and utilities.

All the related party transactions above constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules but are fully exempt from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.95 of the Listing Rules or the de minimis exemption under Rule 14A.76(1) of the Listing Rules.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

No purchase, sale or redemption of any of the Company's listed securities (including sale of treasury shares) was made by the Company or any of its subsidiaries during the Year. No treasury shares were held by the Company as at 31 March 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 108 of this annual report.

AUDIT COMMITTEE

The Audit Committee has discussed with the management of the Group and reviewed this report and the audited consolidated financial results of the Group for the Year, including the accounting principles and practices adopted by the Group and discussed financial related matters.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with all applicable code provisions set out in the CG Code during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules during the Year and up to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the Year and up to the date of this report.

Report of Directors (continued)

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has compliance and risk management policies and procedures in place, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. During the Year, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group. Discussions on the Group's environmental policies and performance and compliance with all relevant laws and regulations that have a significant impact on the Group will be provided in the 2024 ESG Report to be available on the websites of the Stock Exchange and the Company respectively.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted annually based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation. The Group provides periodical trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organisations.

The Group understands the importance of maintaining a good relationship with its business partners, including the customers, suppliers, bankers and other financial institutions. The Group believes that a healthy relationship can be built up by providing enhanced services to the customers, maintaining an effective communication channel to the employees and our business partners.

AUDITOR

The consolidated financial statements for the Year have been audited by HLB Hodgson Impey Cheng Limited (“**HLB**”). A resolution will be submitted to the forthcoming AGM to re-appoint HLB as auditor of the Company.

By order of the Board

Siu Muk Lung

Chairman and Executive Director

Hong Kong, 27 June 2024



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF HK ASIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of HK Asia Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 46 to 107, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditors' Report (continued)

Key audit matter

Net realisable value ("NRV") assessment of inventories

We identified the NRV assessment of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with estimation uncertainty associated with determining the allowances of inventories.

The Group makes allowance for inventories if the NRV of inventories is lower than the cost of inventories. In determining the NRV of the Group's inventories, the management takes into consideration the fluctuations in price, the inventory level, the conditions, aging and expiry dates of inventories.

As disclosed in Note 19 to the consolidated financial statements, the carrying amount of the Group's inventories was HK\$45,759,000 as at 31 March 2024 and no allowance for inventories has been made for the year.

How our audit addressed the key audit matter

Our procedures in relation to the NRV assessment of inventories included:

- Obtaining an understanding of how allowance for inventories is estimated by the management;
- Discuss with the management and evaluated the basis of identification of aged or obsolete inventories by the management and assessing the reasonableness of allowance for inventories, based on the fluctuations in price, the inventory level, the conditions, aging and expiry dates of inventories;
- Testing the aging analysis of inventories, on a sample basis, to the goods received notes; and
- Checking the subsequent selling price of inventories, on a sample basis, to the sales invoices.

Conclusion

We found that the estimates of management in relation to NRV assessment for inventories were supportable by available evidence.



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 auditors' report thereon (the **"Other Information"**).

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 THE AUDIT COMMITTEE 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 intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report (continued)

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, 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 HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.



AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Ng Ka Wah

Practising Certificate Number: P06417

Hong Kong, 27 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024 (in HK Dollars)

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	6	252,383	204,568
Cost of sales		(190,736)	(159,264)
Gross profit		61,647	45,304
Other income and loss	7	2,525	3,117
Selling and distribution expenses		(23,417)	(22,529)
Administrative expenses		(23,086)	(21,188)
Finance cost	8	(395)	(254)
Profit before taxation	9	17,274	4,450
Taxation	12	(2,432)	(510)
Profit and total comprehensive income for the year		14,842	3,940
Profit for the year attributable to owners of the Company		14,842	3,940
Total comprehensive income for the year attributable to the owners of the Company		14,842	3,940
Earnings per share			
Basic and diluted (HK cents)	13	3.71	0.99

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2024 (in HK Dollars)

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	10,699	1,631
Right-of-use assets	17	5,846	4,283
Financial assets at fair value through profit or loss	18	1,750	2,188
Deposits	21	922	–
		19,217	8,102
Current assets			
Inventories	19	45,759	59,754
Trade receivables	20	1,966	1,456
Deposits, prepayments and other receivables	21	5,747	9,077
Amount due from a related company	25	480	18
Tax recoverable		–	3,561
Cash and cash equivalents	22	65,575	97,080
		119,527	170,946
Liabilities			
Current liabilities			
Trade payables	23	441	–
Accrual and other payables	24	5,354	4,983
Lease liabilities	26	4,505	2,660
Tax payable		2,398	–
		12,698	7,643
Net current assets		106,829	163,303
Total assets less current liabilities		126,046	171,405
Non-current liabilities			
Lease liabilities	26	1,507	1,708
Net assets		124,539	169,697
Equity			
Share capital	27	4,000	4,000
Reserves		120,539	165,697
Total equity		124,539	169,697

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 June 2024.

Mr. Siu Muk Lung
Director

Mr. Chung Chi Fai
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 March 2024 (in HK Dollars)

	Share capital HK'000	Share premium HK'000	Other reserve HK'000 (note a)	Retained earnings HK'000	Total HK'000
At 1 April 2022	4,000	65,556	670	95,531	165,757
Profit and total comprehensive income for the year	–	–	–	3,940	3,940
At 31 March 2023 and 1 April 2023	4,000	65,556	670	99,471	169,697
Profit and total comprehensive income for the year	–	–	–	14,842	14,842
2024 Special Dividend	–	–	–	(60,000)	(60,000)
At 31 March 2024	4,000	65,556	670	54,313	124,539

Notes:

- (a) Other reserve represents the difference between the share capital of Hong Kong Mobile Phone Limited (“**HK Mobile**”), Harvest Triple Holdings Limited (“**Harvest Triple**”), Golden Bright Holdings Limited (“**Golden Bright**”), Hong Kong Asia Telecom Limited (“**HK Asia Telecom**”), Kinson Group Company Limited (“**Kinson Group**”), Mobile Phone Direct Selling Centre Limited (“**MP Direct Selling Centre**”) and HK Asia Mobile Communications Limited (“**HK Asia Mobile**”).

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024 (in HK Dollars)



	Notes	2024 HK\$'000	2023 HK\$'000
Operating activities			
Profit before taxation		17,274	4,450
Adjustment for:			
Depreciation of property, plant and equipment	9	822	610
Depreciation of right-of-use assets	9	5,201	5,022
Fair value loss/(gain) on financial assets at fair value through profit or loss	7	438	(21)
Finance cost	8	395	254
		24,130	10,315
Decrease in inventories		13,995	36,965
Increase in trade receivables		(510)	(1,237)
Decrease/(increase) in deposits, prepayments and other receivables		2,408	(15)
Increase in trade payables		441	–
Increase in accruals and other payables		371	213
Increase in amount due from a related company		(462)	(18)
Decrease in amount due to a related company		–	(175)
		40,373	46,048
Cash generated from operations		40,373	46,048
Income tax refund/(paid)		3,527	(5,170)
		43,900	40,878
Net cash generated from operating activities			
Cash flows from investing activity			
Purchases of property, plant and equipment		(9,890)	(934)
		(9,890)	(934)
Net cash used in investing activity			
Cash flows from financing activities			
Dividend paid		(60,000)	–
Interest element of lease rentals paid		(395)	(254)
Capital element of lease rentals paid		(5,120)	(5,038)
		(65,515)	(5,292)
Net cash used in financing activities			
		(31,505)	34,652
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		97,080	62,428
		65,575	97,080

The accompanying notes form an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended 31 March 2024 (in HK Dollars)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 May 2016 as an exempted company with limited liability under the Companies Law, Cap.22 (law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 27 September 2018. The ultimate controlling party of the Company is Mr. Siu Muk Lung (“**Mr. Siu**”).

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the Company’s principal place of business is at 24/F, Chun Wo Commercial Centre, 23-29 Wing Wo Street, Sheung Wan, Hong Kong. The Company is an investment holding company. The Group is principally engaged in wholesale and retail sales of the pre-paid products (i.e. SIM card and top-up voucher) (the “**Pre-paid Products**”) in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK\$’000) except when otherwise stated.

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

New and amendments to HKFRSs that are mandatorily effective for the current year and changes in accounting policy

In the current year, the Group has applied the following new and 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 or after 1 April 2024 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, application of the new and 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.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



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

New and amendments to HKFRSs that are mandatorily effective for the current year and changes in accounting policy (Continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund — Long Service Payment offsetting mechanism in Hong Kong

In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“Amendment Ordinance”), which will come into effect from 1 May 2025 (“Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

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

New and amendments to HKFRSs that are mandatorily effective for the current year and changes in accounting policy (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund — Long Service Payment offsetting mechanism in Hong Kong (Continued)

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and no material impact on the consolidated financial statements.

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Basis of preparation of consolidated financial statements

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

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

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

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.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Basis of preparation of consolidated financial statements (Continued)

Basis of consolidation

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information

Revenue from contracts with customers

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

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance complete to date.

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Revenue from contracts with customers (Continued)

Sale of goods

Revenue from wholesale and retail sales of pre-paid products (i.e. SIM card and voucher) operation are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 0 to 21 days upon delivery. Payment in advance is required for some contracts.

Consignment commission income

Consignment commission income from customer is recognised upon performance of sales services.

Promotion income

Promotion income from customer is recognised upon performance of promotion services.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Principal versus agent

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

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Lease

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 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 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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

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

Short-term leases and leases of low-value assets

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Lease (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 other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

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

Refundable rental deposits

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Lease (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

The lease payments include:

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Lease (Continued)

The Group as a lessee (Continued)

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

Covid-19-related rent concessions

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Lease (Continued)

The Group as a lessee (Continued)

Covid-19-related rent concessions (Continued)

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit/(loss) before tax" 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.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

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 bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary 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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Taxation (Continued)

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, ultimate costs incurred for provisions for decommissioning and restoration the Group applies HKAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

The estimated useful lives for the current and comparative periods are as follows:

Furniture and office equipment	20% per annum
Motor vehicles	20% per annum
Leasehold improvement	20% per annum
Owner-occupied of properties	30 years

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Impairment on property, plant and equipment and right-of-use assets

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Impairment on property, plant and equipment and right-of-use assets (Continued)

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs accessory to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provision

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 the 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dividend

Dividend to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when the 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 receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (“**FVTPL**”) are recognised 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.

Financial assets

Classification and measurement of financial assets at amortised cost

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

All other financial assets are subsequently measured at FVTPL, except that at 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 FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

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

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 revenue” line item.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairments assessment under expected credit losses (“**ECL**”) model on financial assets (including trade receivables, other receivables, amount due from a related party and cash and cash equivalents). The amount of ECL is updated at 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 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 reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

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, in which case 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.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting 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.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

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

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

Credit-impaired financial assets

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

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



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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. 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.

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 and 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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.

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

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

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

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 and other receivables where the corresponding adjustment is recognised through a loss allowance account.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 definitions of a financial liability and an equity instrument.

Equity instruments

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables, lease liabilities, bank borrowing, bank overdraft and amount due to a related company) 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 the profit or loss.

Employee benefits

Retirement benefit costs

The Group's contributions to the defined contribution retirement benefit plans are charged to profit or loss in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

For LSP and severance payment obligation, the Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed using the projected unit credit method at the end of each annual reporting period.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Employee benefits (Continued)

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.

Share-based payments

Equity-settled share-based payments transactions

Share options granted to employees

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

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

When the 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 still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY (CONTINUED)

Material Accounting Policy Information (Continued)

Share-based payments (Continued)

Equity-settled share-based payments transactions (Continued)

Share options granted to suppliers/consultants

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

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

(a) Net realisable value of inventories

The Group makes provision for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of slow-moving stock and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

(b) Principal versus agent consideration (agent)

The Group is considered as an agent for its contracts with customers relating to the online sales of Pre-paid Products as the Group did not obtain the control over Pre-paid Products before passing on to customers taking into consideration indicators such as the Group is not primarily responsible for fulfilling the promise and not exposed to inventory risk. When the Group satisfies the performance obligation, the Group recognises a commission revenue in the amount it expects to be entitled as specified in the contracts, which amounted to 60% to 75% of the gross amount of consideration as specified in the contracts.

During the year ended 31 March 2024, the Group recognised commission revenue relating to online sales of Pre-paid Products amounted to HK\$3,654,000 (2023: HK\$Nil).

(c) Principal versus agent consideration (principal)

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

During the year ended 31 March 2024, the Group recognised revenue relating to retails and wholesales of Pre-paid Products amounted to HK\$248,729,000 (2023: HK\$204,568,000).

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



5. OPERATING SEGMENT

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the years ended 31 March 2024 and 2023, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial results of the Group as a whole reported under HKFRSs.

The Group currently has one operating segment which is revenue from sale of the Pre-paid Products (i.e. SIM Cards and top-up vouchers). Accordingly, the Group does not have separate reportable segments.

Geographical information

As all the Group's operations and non-current assets are located in Hong Kong, no geographical analysis is presented.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

5. OPERATING SEGMENT (CONTINUED)

Geographical information (Continued)

Information about major customers

Revenue from major customers, contributing over 10% or more of the total sales of the Group during the years ended 31 March 2024 and 2023 are as follow:

	2024 HK\$'000	2023 HK\$'000
Customer A	24,247	N/A*
Customer B	N/A*	20,583

* The customer contributed less than 10% of the total revenue of the Group.

6. REVENUE

Revenue, which is also the Group's turnover, represents the income generated by sale of Pre-paid Products during the years ended 31 March 2024 and 2023.

All of the Group's revenue from contracts with customers is generated in Hong Kong, based on where goods are sold. All revenue contracts are for a period of one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2024 HK\$'000	2023 HK\$'000
Revenue:		
Sales of Pre-paid Products recognised at point in time	252,383	204,568

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



7. OTHER INCOME AND LOSS

	2024 HK\$'000	2023 HK\$'000
Promotion income	780	780
Consignment income	460	556
Sundry income	12	105
Rent concession	–	321
Bank interest income	1,711	382
Government grants (<i>note</i>)	–	952
Fair value (loss)/gain on financial assets at fair value through profit or loss	(438)	21
	2,525	3,117

note:

During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$952,000 in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong Government.

8. FINANCE COST

	2024 HK\$'000	2023 HK\$'000
Interest expenses on		
– lease liabilities	395	250
– bank overdraft	–	4
	395	254

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

9. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
Auditors' remuneration	570	570
Cost of inventories recognised as an expense	190,736	159,264
Depreciation of property, plant and equipment (Note 16)	822	610
Depreciation of right-of-use assets (Note 17)	5,201	5,022
Employee benefit expenses (including Directors' emoluments) (Note 10)	24,665	21,813
Expenses relating to short-term leases	7,948	7,968
Advertising and promotion expenses	2,463	2,212
	24,665	21,813

10. EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2024 HK\$'000	2023 HK\$'000
Directors' fees	1,080	1,080
Salaries, allowances and benefits in kind	16,244	14,885
Performance-related bonus	6,350	4,930
Retirement benefit scheme contributions	991	918
	24,665	21,813

The Group operates defined contribution schemes in Hong Kong which comply with the requirements under the Mandatory Provident Fund ("MPF") Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	2024 HK\$'000	2023 HK\$'000
Directors' fees	1,080	1,080
Salaries, allowances and benefits in kind	2,627	3,018
Performance-related bonus	6,350	4,930
Retirement benefit scheme contributions	36	36
	10,093	9,064

The remuneration of each director for the years ended 31 March 2024 and 2023 are set out below:

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance- related bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2024					
<i>Executive directors</i>					
Mr. Siu (note a)	–	2,000	6,150	18	8,168
Mr. Chung Chi Fai (note a)	–	627	200	18	845
<i>Non-executive directors</i>					
Mr. Ritchie Ma	180	–	–	–	180
Mr. Lam Kin Lun Davie	180	–	–	–	180
<i>Independent non-executive directors</i>					
Mr. Lee Kwan Ho, Vincent Marshall	180	–	–	–	180
Mr. Kwok Wai Leung, Stanley	180	–	–	–	180
Mr. Fok Kam Chau	180	–	–	–	180
Mr. Shiao Hei Lok Herod	180	–	–	–	180
Total emoluments	1,080	2,627	6,350	36	10,093

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

	Directors' fee	Salaries, allowances and benefits in kind	Performance- related bonus	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March 2023					
<i>Executive directors</i>					
Mr. Siu (note a)	–	2,368	4,730	18	7,116
Mr. Chung Chi Fai (note a)	–	650	200	18	868
<i>Non-executive directors</i>					
Mr. Ritchie Ma	180	–	–	–	180
Mr. Lam Kin Lun Davie	180	–	–	–	180
<i>Independent non-executive directors</i>					
Mr. Lee Kwan Ho, Vincent Marshall	180	–	–	–	180
Mr. Kwok Wai Leung, Stanley	180	–	–	–	180
Mr. Fok Kam Chau	180	–	–	–	180
Mr. Shiao Hei Lok Herod	180	–	–	–	180
Total emoluments	1,080	3,018	4,930	36	9,064

Notes:

- a) Certain executive directors of the Company are entitled to bonus payments which are determined based on a percentage of the Group's profit after tax for the past year.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five highest paid employees during the year ended 31 March 2024 included two (2023: two) directors of the Company, details of whose emoluments are set out above in Note 11(a). Details of the emoluments for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	2,290	2,162
Retirement benefit scheme contributions	54	54
	2,344	2,216

The number of the highest paid individuals who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	No. of individuals	
	2024	2023
Nil to HK\$1,000,000	3	3

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)**(c) Senior management of the Group**

The emoluments of senior management are within the following band:

	No. of senior management	
	2024	2023
Nil to HK\$1,000,000	4	4
HK\$7,000,001 – HK\$7,500,000	1	1
	5	5

During the year ended 31 March 2024, no emoluments were paid by the Group to the above highest paid individuals and the directors as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2023: Nil).

None of the directors, highest paid individuals and senior management personnel waived or agreed to waive any emoluments during the years ended 31 March 2024 and 2023.

12. TAXATION

	2024 HK\$'000	2023 HK\$'000
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current year	2,432	510

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



12. TAXATION (CONTINUED)

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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

A reconciliation of the tax expense applicable to profit before taxation using the statutory rates is as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before taxation	17,274	4,450
Tax at the Hong Kong Profit Tax rate of 16.5% (2023: 16.5%)	2,850	734
Tax relief of 8.25% on first HK\$2 million assessable profits	(165)	(165)
Tax effect of expenses that are not deductible for tax purpose	277	101
Tax effect of income that are not taxable for tax purpose	(392)	(366)
Utilisation of tax losses previously not recognised	(228)	–
Tax effect of tax losses not recognised	96	218
Statutory tax concession	(6)	(12)
Taxation	2,432	510

At the end of the reporting period, the Group has unused tax losses of approximately HK\$1,698,000 (2023: HK\$2,501,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

13. EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Earnings:		
Earning for the purpose of calculation of basic earnings per share		
– Profit for the year attributable to owners of the Company	<u>14,842</u>	<u>3,940</u>
	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares in issue	<u>400,000</u>	<u>400,000</u>

Diluted earnings per share for the years ended 31 March 2024 and 2023 were the same as the basic earnings per share as there were no potential dilutive ordinary shares existing during the reporting period.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



14. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividends for shareholders of the Company recognized as distribution during the year:		
Special dividend of HK\$0.15 per ordinary share	60,000	—

A special dividend of HK\$0.15 per ordinary share of the Company was declared by the Board on 17 August 2023 and was paid on 18 September 2023.

The Board did not recommend the payment for final dividend for the years ended 31 March 2024 and 2023.

15. PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2024 and 2023:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital	Percentage of interest held
HK Asia Mobile	the BVI	Investment holding	Ordinary share US\$1	100% (direct)
HK Mobile	Hong Kong	Wholesale and retail sales of the Pre-paid Products	Ordinary share HK\$20,000	100% (indirect)
HK Asia Telecom	Hong Kong	Retail sales of the Pre-paid Products	Ordinary share HK\$1	100% (indirect)
Kinson Group	Hong Kong	Retail sales of the Pre-paid Products and consignment sales	Ordinary share HK\$1	100% (indirect)

The above table lists the subsidiaries of the Company, which in the opinion of directors, principally attribute the results or assets of the Group. To give details of other subsidiaries would, in the opinion of directors, result in particulars of excessive lengths.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

16. PROPERTY, PLANT AND EQUIPMENT

	Owner-occupied properties HK\$'000	Leasehold improvement HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2022	–	3,574	4,953	333	8,860
Additions	–	–	9	925	934
At 31 March 2023 and 1 April 2023	–	3,574	4,962	1,258	9,794
Additions	9,270	–	620	–	9,890
At 31 March 2024	9,270	3,574	5,582	1,258	19,684
Accumulate depreciation					
At 1 April 2022	–	2,921	4,299	333	7,553
Charge for the year	–	242	276	92	610
At 31 March 2023 and 1 April 2023	–	3,163	4,575	425	8,163
Charge for the year	206	145	286	185	822
At 31 March 2024	206	3,308	4,861	610	8,985
Net book values:					
At 31 March 2024	9,064	266	721	648	10,699
At 31 March 2023	–	411	387	833	1,631

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



17. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000
As at 1 April 2022	3,544
Additions	5,761
Depreciation provided for the year	<u>(5,022)</u>
As at 31 March 2023 and 1 April 2023	4,283
Additions	6,764
Depreciation provided for the year	<u>(5,201)</u>
As at 31 March 2024	<u>5,846</u>

Details of total cash outflow of leases is set out in the consolidated cash flow statements.

During the current year, the Group leased office and retail stores for its operation. Lease contracts are entered into for fixed term of one to two years (2023: one to two years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for retail stores. For the year ended 31 March 2024, the total cash outflow for the short-term lease was HK\$7,948,000 (2023: HK\$7,968,000).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK'000	2023 HK'000
Financial assets at fair value through profit or loss – Club debentures	<u>1,750</u>	<u>2,188</u>

19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Pre-paid Products	<u>45,759</u>	<u>59,754</u>

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

20. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	<u>1,966</u>	<u>1,456</u>

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 to 21 days (2023: 0 to 21 days) to its customers.

For the Group's sale which conducted by electronic payments, the settlement period is normally within 1 month.

The following table sets forth the ageing analysis of trade receivables, based on invoice date, as at the dates indicated:

	2024 HK\$'000	2023 HK\$'000
0-21 days	1,250	483
Over 21 days	<u>716</u>	<u>973</u>
	<u>1,966</u>	<u>1,456</u>

As at 31 March 2024 and 2023, the Group's policy for allowance for expected credit losses on trade receivable is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balance and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balance.

The Group applies with simplified approach to provide for expected credit losses presented by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and expected credit loss. This considers available reasonable and supportive forwarding-looking information.

For the details of impairment assessment, please refer to Note 32(c).

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



21. DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Deposits	5,197	5,195
Prepayment	1,118	3,518
Other receivables	354	364
	6,669	9,077
Less: current portion	(5,747)	(9,077)
Non-current portion	922	–

As at 31 March 2024, the non-current portion of deposits represent the refundable rental deposit of approximately HK\$922,000. The carrying amounts of refundable rental deposit approximate to their fair values.

22. CASH AND CASH EQUIVALENTS

	2024 HK'000	2023 HK'000
Bank balance and cash	19,575	97,080
Fixed deposits with original maturity within three months	46,000	–
	65,575	–

Notes:

- (a) The cash and cash equivalents are denominated in HK\$ as at 31 March 2024 and 2023.
- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (c) As at 31 March 2024, the fixed deposits with original maturity within three months carry fixed interest rates range from 4.00% to 4.20% per annum.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

23. TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	<u>441</u>	<u>–</u>

The credit period from suppliers is within 1 month. The following is an aged analysis of trade payables, presented based on the invoice dates at the end of the reporting period:

The following tables sets forth the ageing analysis of trade payables, base on invoice date or date of provision of goods and services:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	<u>441</u>	<u>–</u>

24. ACCRUALS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accruals	1,932	1,801
Other payables (<i>Note</i>)	<u>3,422</u>	<u>3,182</u>
	<u>5,354</u>	<u>4,983</u>

Note: As at 31 March 2024, included in other payables mainly comprised of provision for severance payment of approximately HK\$3,419,000 (2023: HK\$3,179,000).

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



25. AMOUNT DUE FROM A RELATED COMPANY

	2024 HK\$'000	2023 HK\$'000
Related party: Hong Kong Telecommunication Direct Selling Centre Limited ("HKT Direct Selling Centre") (note)	480	18

Note: HKT Direct Selling Centre is a limited liability company incorporated in Hong Kong that is wholly owned by Mr. Siu.

26. LEASE LIABILITIES

At 31 March 2024 and 2023, the Group had lease liabilities repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payables:		
Within one year	4,505	2,660
More than one year but not later than two years	1,507	1,708
More than two years but not later than five years	—	—
	6,012	4,368
Less: Amount due for settlement within 12 months shown under current liabilities	(4,505)	(2,660)
Amount due for settlement after 12 months shown under non-current liabilities	1,507	1,708

The Group entered into lease arrangements with independent third parties in relation to certain properties. The lease terms ranged from 1-2 years (2023: 1-2 years). The weighted average incremental borrowing rate applied to lease liabilities was 5.36% (2023: 3.67%).

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

27. SHARE CAPITAL

	As at 31 March 2024		As at 31 March 2023	
	Number of shares	Nominal value HK'000	Number of shares	Nominal value HK'000
Authorised:				
At the beginning and the end of year of nominal value of HK\$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At the beginning and the end of year of nominal value of HK\$0.01 each	400,000,000	4,000	400,000,000	4,000

28. SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was conditionally adopted by the Company on 27 August 2018 (the “**Adoption Date**”) and became effective on the Listing Date. The purpose of the Share Option Scheme is to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants. Pursuant to the Share Option Scheme, the Board may, at its discretion, make offer of options to any employee (full-time or part-time), Directors (including executive, non-executive or independent non-executive Directors) and any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the “**Eligible Participants**”). The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not, in aggregate, exceed 10% of the total number of shares in issue as at the Listing Date, i.e. 40,000,000 shares, which represents 10% of the total number of Shares in issue as at the date of this annual report unless Shareholders’ approval has been obtained.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



28. SHARE OPTION SCHEME (CONTINUED)

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not exceed 30% of the total number of shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the total number of shares in issue. Any further grant of share option in excess of such limit must be separately approved by the Shareholders in general meeting.

Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of shares in issue on the date of offer and having an aggregate value, based on the closing price of the shares on the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Shareholders taken on a poll in general meeting.

An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, the expiry date of such period not to exceed 10 years from the date of grant of the option. Unless otherwise determined by the Board, there is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

Upon acceptance of the offer, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

The subscription price for Shares in respect of any particular option shall be determined by the Board and shall be at least the highest of:–

- (a) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on the date of offer of the option;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of offer of the option; and
- (c) the nominal value of a Share.

The Share Option Scheme is valid and effective for a period of ten years commencing on 27 August 2018 (being the Adoption Date).

During the years ended 31 March 2024 and 2023, the Company did not grant any share option under the share option scheme.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

29. RETIREMENT BENEFIT PLANS AND OBLIGATIONS

Defined contribution scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer’s monthly contributions are calculated at 5% of the employee’s monthly salaries or up to a maximum of HK\$1,500 (the “**mandatory contributions**”). The employees are entitled to 100% of the employer’s mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

During the years ended 31 March 2024 and 2023, the Group had no forfeited contributions under the MPF Scheme utilised to reduce the existing levels of contributions. As at 31 March 2024 and 2023, there was no forfeited contribution under the MPF Scheme which may be used by the Group to reduce the contribution payable in the future years.

The contributions paid and payable to the schemes by the Group are disclosed in Note 10 to the consolidated financial statements.

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

Name	Relationship
Mr. Siu	Ultimate owner of the Company
Lung Shun Holdings Ltd (“ Lung Shun ”)	50% owned by Mr. Siu and 50% owned by Mrs. Siu
HKT Direct Selling Centre	Wholly owned by Mr. Siu

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



30. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

The directors of the Company are identified as key management members of the Group and their compensation during the reporting period is set out in Note 11 to the consolidated financial statements.

(c) Significant transactions with related party

Other than the transactions and balances disclosed elsewhere in the consolidated financial statement, the Group had the following transactions with related parties during the reporting period:

	2024 HK\$'000	2023 HK\$'000
Consignment income received from HKT Direct Selling Centre	<u>460</u>	<u>556</u>
	2024 HK\$'000	2023 HK\$'000
Short-term leases (<i>note i</i>)	<u>963</u>	<u>960</u>

note:

- (i) The Group entered into a lease with Lung Shun with fixed term of 1 year. During the year ended 31 March 2024, the expenses relating to short-term leases are HK\$963,000 (2023: HK\$960,000).

31. CAPITAL COMMITMENT

As at 31 March 2024, the Group did not have any capital commitments (31 March 2023: HK\$197,000) in respect of acquisition of property, plant and equipment.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

32. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close cooperation with the board of directors. Overall objectives in managing financial risks focus on securing the Group's short-to medium-term cash flows by minimizing its exposure to financial markets.

(a) Categories of financial assets and liabilities

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at fair value through profit or loss	1,750	2,188
At amortised costs		
– Trade receivables	1,966	1,456
– Deposits and other receivables	5,551	5,559
– Amount due from a related company	480	18
– Cash and cash equivalents	65,575	97,080
	75,322	106,301
Financial liabilities		
At amortised costs		
– Trade payables	441	–
– Accrual and other payables	5,354	1,804
– Lease liabilities	6,012	4,368
	11,807	6,172

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank balances. The Group does not have a formulated policy to manage the interest rate risk but will closely monitor the interest rate risk exposure in the future.

At 31 March 2024 and 2023, the Group assesses the exposure to interest rate risk of bank balances is insignificant and thus no sensitivity analysis is presented.

Foreign currency risk

The Group carries on its trading transactions mainly in HK\$. The Company is mainly operated in its local jurisdiction with most of the transactions settled in its functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange risk. The exposure of foreign currency risk is insignificant to the Group. Accordingly, no sensitivity analysis is presented.

(c) Credit risk

In respect of trade receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay length of the overdue period and whether disputes with the relevant debtors and take into account information specific to the customer.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to trade receivables because these customers consist with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Trade receivables are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). The estimated loss rates are 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. As the estimated loss rate is minimal, the director are of the opinion that no provision are made for lifetime ECL.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

The Group has concentration risk on trade receivables from Customer A, the major customer of the Group for the year ended 31 March 2024 and 2023. During the year ended 31 March 2024, 82% of the trade receivables were from Customer A (2023: 98%). Customer A has no significant defaults in the past. Based on the Group's historical experience and forward-looking elements in collection of trade receivables, the Group assessed the ECL for trade receiving from Customer A is insignificant and thus no loss allowance is recognized.

The credit risk for cash and bank balances is considered minimal as such amounts are placed in banks with good credit ratings assigned by international credit rating agencies. Based on the average loss rate, the 12-month ECL on bank balances is considered to be insignificant, therefore no loss allowance was recognised.

For other receivables, deposits and amount due from a related company, the management of the Group makes periodic collective as well as individual assessment on the recoverability based on historical settlement records and past experience with available reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

For the year ended 31 March 2024 and 2023, the Group assessed the ECL for other receivables, deposits and amounts due from a related company are insignificant and thus no loss allowance is recognised.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The management of the Group has built a liquidity risk management framework for managing the Group's short and medium-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining bank facilities and by continuously monitoring forecasted and actual cash flows and the maturity profiles of its financial liabilities.

	Weighted average effective interest rate %	On demand or within 1 year HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Non-derivative financial liabilities						
At 31 March 2024						
Trade payables		441	-	-	441	441
Accruals and other payables	-	5,354	-	-	5,354	5,354
Lease liabilities	5.36	4,710	1,550	-	6,260	6,012
		<u>10,505</u>	<u>1,550</u>	<u>-</u>	<u>12,055</u>	<u>11,807</u>
At 31 March 2023						
Accruals and other payables	-	1,804	-	-	1,804	1,804
Lease liabilities	3.67	2,788	1,750	-	4,538	4,368
		<u>4,592</u>	<u>1,750</u>	<u>-</u>	<u>6,342</u>	<u>6,172</u>

(e) Fair values measurements of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values measurements of financial instruments (Continued)

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

For financial reporting purpose, 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 input to the fair value measurements in its entirety.

The table below gives the information about how the fair value of these financial assets and financial liabilities that are measured at fair value on a recurring basis are determined (in particular, the valuation technique(s) and inputs used).

The different levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value at 31 March 2023 HK\$'000	Fair value at 31 March 2024 HK\$'000	Fair value hierarchy	Valuation technique and key input(s)
Club debentures	1,750	1,936	Level 2	Market approach – reference to saleable price of club debentures

There was no transfer between Level 1 and Level 2 during the years ended 31 March 2024 and 2023.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The above table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's consolidated statements of financial position approximate of their fair values.

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's statement of cash flows from financing activities.

	Lease liabilities HK\$'000	Bank overdraft HK\$'000	Total HK\$'000
At 1 April 2022	3,645	–	3,645
Changes from financing cash flows:			
Interest paid	–	(4)	(4)
Interest element of lease rentals paid	(250)	–	(250)
Capital element of lease rentals paid	(5,038)	–	(5,038)
Total changes from financing cash flows	(5,288)	(4)	(5,292)
Other changes:			
Interest expenses	250	4	254
Additions	5,761	–	5,761
Total other changes	6,011	4	6,015
At 31 March 2023 and 1 April 2023	4,368	–	4,368
Changes from financing cash flows:			
Interest element of lease rentals paid	(395)	–	(395)
Capital element of lease rentals paid	(5,120)	–	(5,120)
Total changes from financing cash flows	(5,515)	–	(5,515)
Other changes:			
Interest expenses	395	–	395
Additions	6,764	–	6,764
Total other changes	7,159	–	7,159
At 31 March 2024	6,012	–	6,012

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)

33. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY**(a) Statement of Financial Position**

	2024 HK\$'000	2023 HK\$'000
Current assets		
Deposits and prepayments	26	26
Amounts due from subsidiaries	70,393	69,067
Cash and cash equivalents	796	2,143
	<u>71,215</u>	<u>71,236</u>
Current liabilities		
Other payables	1,400	1,286
	<u>1,400</u>	<u>1,286</u>
Net current assets	<u>69,815</u>	69,950
Net assets	<u>69,815</u>	<u>69,950</u>
Equity		
Share capital	4,000	4,000
Reserves	65,815	65,950
Total equity	<u>69,815</u>	<u>69,950</u>

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2024 and are signed on its behalf by:

Mr. Siu Muk Lung
Director

Mr. Chung Chi Fai
Director

Notes to Consolidated Financial Statements (continued)

For the year ended 31 March 2024 (in HK Dollars)



33. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVE OF THE COMPANY (CONTINUED)

(b) Reserve of the Company

	Share premium HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2022	65,556	483	66,039
Loss and total comprehensive expense for the year	–	(89)	(89)
At 31 March 2023 and 1 April 2023	65,556	394	65,950
Profit and total comprehensive income for the year	–	59,865	59,865
2024 Special Dividend	–	(60,000)	(60,000)
At 31 March 2024	65,556	259	65,815

Note:

- i) At 31 March 2024, the Company had HK\$65,815,000 (2023: HK\$65,950,000) distribution reserve available for distribution to the shareholders.

34. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as bank borrowing and bank overdraft net of cash and cash equivalent. In order to maintain or adjust the ratio, the Group may adjust the amounts of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2024.

Financial Summary

The following is a summary of the consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the Prospectus and the published audited financial statements of the Group. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	252,383	204,568	183,003	136,005	199,994
GROSS PROFIT	61,647	45,304	59,218	45,724	66,779
PROFIT BEFORE TAXATION	17,274	4,450	23,296	12,421	31,791
TAXATION	(2,432)	(510)	(3,838)	(1,663)	(5,214)
PROFIT FOR THE YEAR	14,842	3,940	19,458	10,758	26,577

ASSETS AND LIABILITIES

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS	19,217	8,102	7,018	11,273	8,434
CURRENT ASSETS	119,527	170,946	168,428	171,231	177,665
TOTAL ASSETS	138,744	179,048	175,446	182,504	186,099
CURRENT LIABILITIES	12,698	7,643	9,185	33,547	48,579
NON-CURRENT LIABILITIES	1,507	1,708	504	2,658	1,979
TOTAL LIABILITIES	14,205	9,351	9,689	36,205	50,558
NET ASSETS	124,539	169,697	165,757	146,299	135,541