On Real International Holdings Limited
安悅國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8245

2022
ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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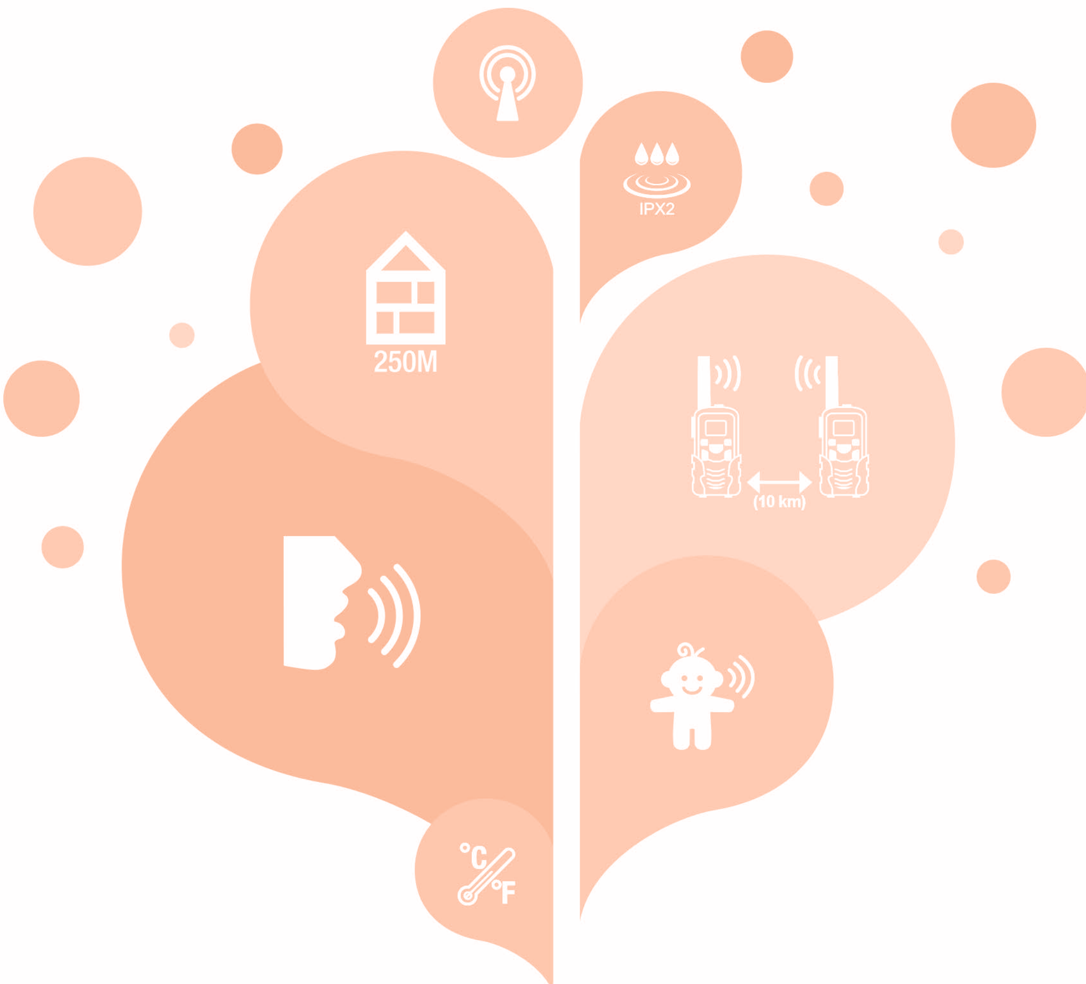

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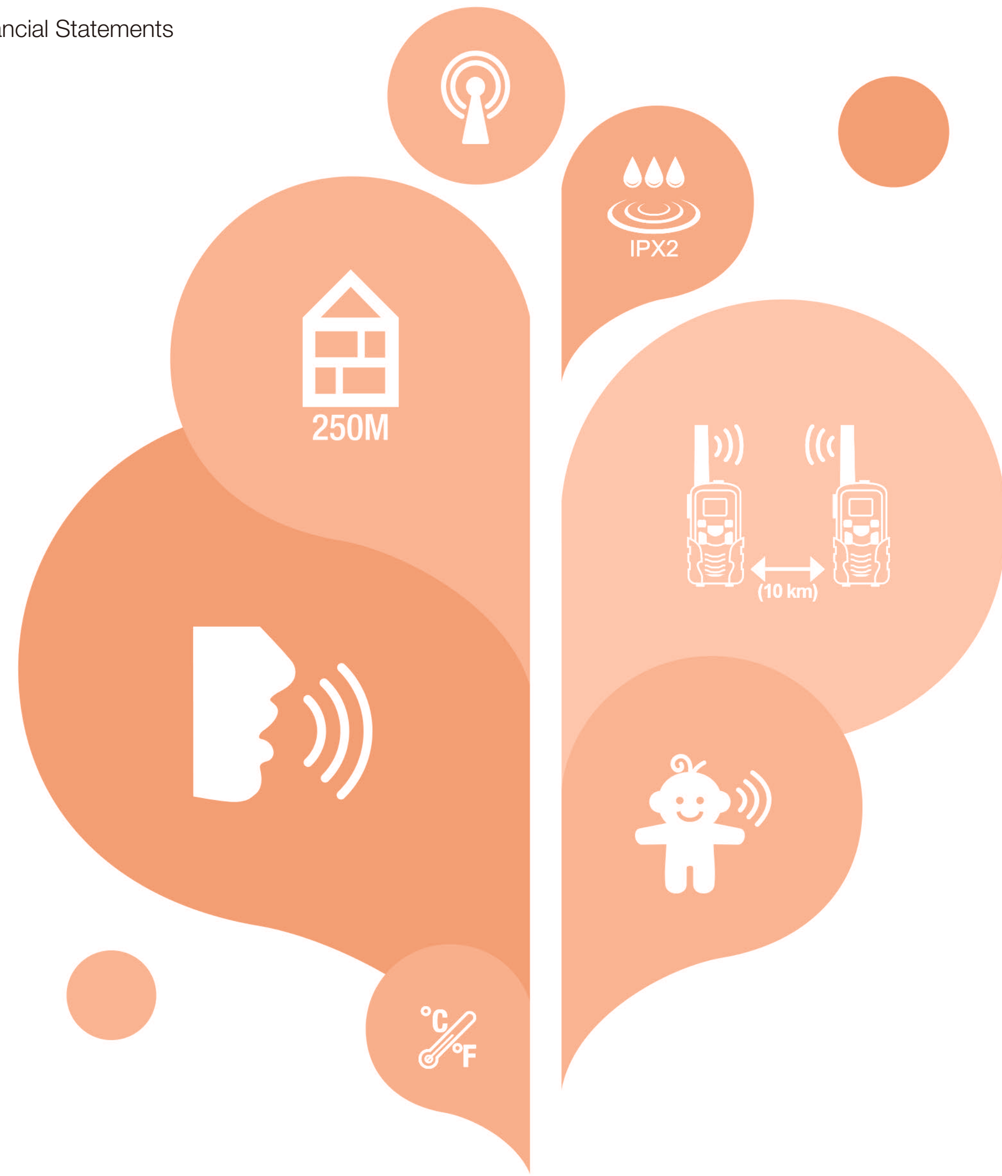

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. Chan Lung Ming *(Resigned on 1 April 2022)*
Mr. Yeung Shing Wai
Ms. Sin Pui Ying *(Resigned on 30 April 2022)*
Mr. Au Yeung Yiu Chung *(Appointed on 3 May 2022)*
Ms. Zhu Xiu Zhi *(Re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*

Non-executive Director:

Mr. Tao Hong Ming *(Resigned on 1 June 2022)*

Independent Non-executive Directors:

Mr. Chan Shiu Man
Mr. Wong Ching Wan *(Resigned on 22 April 2022)*
Mr. Cheng Chai Fu *(Resigned on 30 April 2022)*
Ms. Zhu Xiu Zhi *(Appointed on 11 April 2022 and re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*
Mr. Choi Pun Lap *(Appointed on 21 April 2022)*
Mr. Sheng Wei *(Appointed on 16 May 2022)*

AUDIT COMMITTEE

Mr. Choi Pun Lap *(Chairman) (Appointed on 21 April 2022)*
Mr. Wong Ching Wan *(Chairman) (Resigned on 22 April 2022)*
Mr. Cheng Chai Fu *(Resigned on 30 April 2022)*
Mr. Chan Shiu Man
Mr. Sheng Wei *(Appointed on 16 May 2022)*
Ms. Zhu Xiu Zhi *(Appointed on 11 April 2022 and re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*

REMUNERATION COMMITTEE

Mr. Chan Shiu Man *(Chairman)*
Mr. Wong Ching Wan *(Resigned on 22 April 2022)*
Mr. Cheng Chai Fu *(Resigned on 30 April 2022)*
Mr. Choi Pun Lap *(Appointed on 21 April 2022)*
Mr. Sheng Wei *(Appointed on 16 May 2022)*
Ms. Zhu Xiu Zhi *(Appointed on 11 April 2022 and re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*

NOMINATION COMMITTEE

Mr. Choi Pun Lap *(Chairman) (Appointed on 21 April 2022)*
Mr. Cheng Chai Fu *(Chairman) (Resigned on 30 April 2022)*
Mr. Chan Shiu Man
Mr. Sheng Wei *(Appointed on 16 May 2022)*
Ms. Zhu Xiu Zhi *(Appointed on 11 April 2022 and re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*

COMPANY SECRETARY

Ms. Wu Man Ki Maggie *(Resigned on 4 May 2021)*
Mr. Lee Cheuk Man *(Appointed on 4 May 2021 and Resigned on 1 April 2022)*
Mr. Lo Cheuk Fei Jeffrey *(Appointed on 1 April 2022)*

COMPLIANCE OFFICER

Mr. Yeung Shing Wai

AUTHORISED REPRESENTATIVES

Mr. Yeung Shing Wai
Mr. Lee Cheuk Man *(Resigned on 1 April 2022)*
Mr. Lo Cheuk Fei Jeffrey *(Appointed on 1 April 2022)*

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

G/F., 200 Hennessy Road
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F.
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITOR

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

STOCK CODE

8245

COMPANY'S WEBSITE

www.on-real.com

STATEMENT FROM THE BOARD OF DIRECTORS

Dear shareholders,

On behalf of the board of Directors (the "**Board**") of On Real International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**"), I am pleased to present to our shareholders the audited annual report of the Group for the financial year ended 31 March 2022 (hereafter referred as the "**Financial Year**").

OVERVIEW

During the financial year, the outbreak of Novel Coronavirus ("**COVID-19**") and the trade war between People's Republic of China ("**PRC**") and United States ("**US**") (the "**trade war**") have caused worldwide economic downturn and have brought significant operating pressure to the Group. These events have caused significant impact on the Group's production and profitability since early 2020. The number of purchase orders received from our customers has decreased significantly due to diminished demand for two-way radio products caused by the worldwide economic downturn. It has led to a decrease in revenue by approximately 49.7% from approximately HK$250.6 million for the year ended 31 March 2021 to approximately HK$126.2 million for the year ended 31 March 2022.

In order to mitigate the impact of the trade war, the Group has put considerable effort into diversifying part of its manufacturing process from PRC to Vietnam and Malaysia through subcontracting to mitigate the impact of additional tariff. The Group also hired consultancy service provider to manage the overseas production to optimize its business management processes.

However, the gross margins of our products have been affected due to the increase in manufacturing, logistics and related service costs caused by the transportation and travel restrictions imposed by the Chinese Government since the outbreak of COVID-19. In order to mitigate the effect of the impact, the Group will continuously put more effort into securing business opportunities that are less affected by the trade war and the Group aims to re-allocate majority of its production back to PRC instead of overseas in the future.

The Board will continuously evaluate the current business strategies of the Group and aims to streamline the Group's business and to improve its overall performance. The Group will continuously focus on research and development of products to strengthen its products portfolio, enhancing the information and management system and enhancing its marketing efforts. The Group will continuously seek for opportunities to progressively migrate its fixed overhead cost to variable overhead cost in order to increase the flexibility of business operations in the future.

PROSPECT

Our business objectives are to grow our existing business by strengthening our product portfolio, enhancing our information management system and enhancing our marketing efforts. We will continue to look for opportunities to diversify our revenue stream, search for new product and to leverage our developed sales channels and network for distributing related products.

The Group will continue to invest in research and development on new product line and seek for new customers and sales channels. We will also continue to subcontract partial of our manufacturing and operation activities to reduce the fix overhead and to enhance the flexibility in terms of fixed cost commitment. We will continue to invest in developing new model of our products and diversify our revenue streams which are expected to bring growth potential for turnover to the Group and returns to the shareholders of the Company (the "**Shareholders**"). The Group will enhance our business revenue and profitability by introducing new product categories and/or leveraging our research and development capability to provide design engineering service to our customers. The Group will look for and consider potential investment business opportunities from time to time.

The economic downturn caused by impact of COVID-19 and the effect of trade war have brought about additional uncertainties to the Group's operating environment and may impact the Group's operations and financial position. The Group will continue to keep track of development of the COVID-19 and trade war and to evaluate their impacts on the Group's financial position, cash flows and operating results. The Group holds a positive and optimistic attitude to react proactively to its possible impact on Group's performance.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to all Shareholders, investors and business partners for their continuous support to the Group. I would also like to express my appreciation to all fellow Directors, management and staff for their contributions to the Group.

Yeung Shing Wai
Executive Director

Hong Kong
30 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a two-way radio product designer and manufacturer established in 2001. We derive revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis.

The Group's revenue decreased from approximately HK$250.6 million for the year ended 31 March 2021 to approximately HK$126.2 million for the year ended 31 March 2022, representing a decrease of approximately 49.7%. Such decrease was mainly due to decrease of number of purchase orders from customers for two-way radios during the year ended 31 March 2022.

The Group's revenue of two-way radios decreased by approximately 50.4% from approximately HK$187.4 million for the year ended 31 March 2021 to approximately HK$92.9 million for the year ended 31 March 2022 mainly due to the decrease of number of purchase orders from customers.

The Group's revenue of baby monitors decreased by approximately 69.0% from approximately HK$3.3 million for the year ended 31 March 2021 to approximately HK$1.0 million for the year ended 31 March 2022 mainly due to the decrease in demand of our audio baby monitor products.

The Group's revenue of servicing business decreased by 100% from approximately HK$7.7 million for the year ended 31 March 2021 to approximately HK$Nil for the year ended 31 March 2022 mainly due to no electronic manufacturing servicing business provided during the year.

The Group's revenue of other communication devices decreased by approximately 38.2% from approximately HK$52.1 million for the year ended 31 March 2021 to approximately HK$32.2 million for the year ended 31 March 2022 mainly due to the decrease in demand and decrease of number of purchase orders from our other products.

The following table sets forth the breakdown of the revenue of the Group by product/service categories for the year ended 31 March 2022 and 2021:

	For the year ended 31 March					
	2022		2021		Increase (Decrease)	
	HK$'000	**%**	HK$'000	%	HK$'000	%
Two-way radios	**92,930**	**73.7**	187,442	74.8	(94,512)	(50.4)
Baby monitors	**1,031**	**0.8**	3,327	1.3	(2,296)	(69.0)
Servicing business	**—**	**—**	7,713	3.1	(7,713)	(100)
Other communication devices	**32,220**	**25.5**	52,117	20.8	(19,897)	(38.2)
Total	**126,181**	**100**	250,599	100	(124,418)	(49.7)

FINANCIAL REVIEW

Cost of Sales and Gross Loss

The majority of the Group's cost of sales comprised of raw material cost, direct labour costs and subcontracting fees. The cost of sales decreased by approximately 39.6% from approximately HK$244.8 million for the year ended 31 March 2021 to approximately HK$147.9 million for the year ended 31 March 2022. The gross profit margin decreased from approximately 2.3% for the year ended 31 March 2021 to approximately negative 17.2% for the year ended 31 March 2022, which was mainly due to the profit margin dropped for the products of two-way radios and other products and increase in direct labour cost during the year ended 31 March 2022.

Selling and Distribution Expenses

The selling and distribution expenses decreased from approximately HK$3.9 million for the year ended 31 March 2021 to approximately HK$1.3 million for the year ended 31 March 2022, which was mainly due to decrease in logistics expenses.

Administrative Expenses

The administrative expenses decreased from approximately HK$33.2 million for the year ended 31 March 2021 to approximately HK$26.3 million for the year ended 31 March 2022, which was mainly due to decrease in research and development fee and consulting fee.

Loss attributable to owners of the Company

The Group recorded a loss of HK$60.4 million for the year ended 31 March 2022, compared to loss of HK$34.6 million for the year ended 31 March 2021. The increase in the loss was mainly due to the squeeze on gross margin of the two-way radios and other products, and write-down of inventories of approximately HK$5.2 million during the year.

Dividends

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

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were neither significant investment held as at 31 March 2022 nor material acquisitions and disposals of subsidiaries during the year ended 31 March 2022.

There is no plan for material investment or capital assets as at 31 March 2022.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Employees and remuneration policies

As at 31 March 2022, the Group had a total of 550 staff (2021: 150). Total staff costs (including Directors' emoluments) were approximately HK$39.2 million for the year ended 31 March 2022 (2021: approximately HK$16.4 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance. Other benefits include share option scheme, contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

Liquidity and financial resources

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 31 March 2022, we had short term borrowings and lease liabilities of approximately HK$5.9 million (as at 31 March 2021: approximately HK$15.9 million), including factoring loan for trade receivables representing a decrease of approximately HK$10.0 million as compared to that as at 31 March 2021.

Net current assets decreased from approximately HK$25.5 million for the year ended 31 March 2021 to net current liabilities of approximately HK$28.3 million for the year ended 31 March 2022, which was mainly due to decrease in the bank balances for the usage of general working capital, repayment of bank borrowing, increase in trade payables and loss incurred during the year.

The Company requires cash primarily for working capital need. As of 31 March 2022, the Company had approximately HK$7.9 million in bank balances and cash (as at 31 March 2021: approximately HK$11.8 million), representing a decrease of approximately HK$3.9 million as compared to that as at 31 March 2021.

Gearing Ratio

As at 31 March 2022, the gearing ratio of the Group was approximately negative 19.9% (as at 31 March 2021: approximately 50.2%). The gearing ratio is calculated based on the total borrowings divided by the equity attributable to owners of the company at the end of the reporting period. The decrease of the gearing ratio was mainly attributable to the loss incurred during the year.

Contingent Liabilities

On 20 January 2020, the Company received a third-party notice with legal case no. HCA1643/2019 between the Barton Eagle Limited (the "**Plaintiff**"), Lam Tak Hung (the "**Defendant**") and the Company. The Plaintiff claimed against the Defendant approximately HK$8 million under a guarantee for debts owned by the Company. The Defendant claims against the Company to be indemnified against the plaintiff's claim and the cost of this action on the grounds that the Company is the principal debtor of the alleged debt. The management of the Company is seeking the legal opinion for the above case.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the Directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's consolidated financial position, no further provision was made as at 31 March 2022.

Apart from the contingent liabilities disclosed on the above, the Company has no significant contingent liabilities.

Pledged of Assets

At the end of the reporting period, the Group's banking facilities were secured by:

(i) pledged bank deposits with carrying amount of approximately HK$Nil (2021: HK$1,158,000);

(ii) a corporate guarantee from the Company with an aggregate amount of approximately HK$Nil (2021: HK$65,000,000).

Capital Commitments

The Company had no capital commitments on acquisition of property, plant and equipment as at 31 March 2022 (as at 31 March 2021: HK$Nil).

FUND RAISING ACTIVITIES

Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue

Details of the Share Consolidation, Authorised Share Capital Increase and Right Issue was set out in the Company's announcements (the "**Announcements**") dated 24 December 2019 and 4 February 2020 and the Company's Circular (the "**Circular**") dated on 15 January 2020 and the Company's prospectus (the "**Prospectus**"). Unless otherwise defined, capitalised terms used herein shall bear the same meanings ascribed thereto in the announcements.

On 24 December 2019, the Board proposed to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of par value HK$0.00125 each into one (1) Consolidated Share of par value of HK$0.0125. The Board also proposed to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares upon the Share Consolidation having become effective.

Also, the Company proposed to increase the Company's authorised share capital (conditional on the Share Consolidation having become effective) from HK$7,800,000 divided into 624,000,000 Consolidated Shares to HK$39,000,000 divided into 3,120,000,000 Consolidated Shares by the creation of an additional 2,496,000,000 Consolidated Shares.

The Board proposed, subject to, amongst others, the Share Consolidation and the Authorised Share Capital Increase becoming effective, to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK$0.1 per Rights Share, to raise gross proceeds of approximately HK$19.95 million before expenses by way of the Rights Issue of 199,500,000 Rights Shares to the Qualifying Shareholders.

The Company provisionally allot to the Qualifying Shareholders one Rights Share in nil-paid form for every two Consolidated Shares in issue and held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders.

The net proceeds from the Rights Issue after deducting all necessary expenses were to be approximately HK$17.8 million which were intended to be applied in following manner: (i) as to approximately HK$14.1 million, being approximately 79.2%, for expansion of existing business and/or acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group should suitable opportunities arise; and (ii) remaining net proceeds of approximately HK$3.7 million, being approximately 20.8%, for general working capital of the Group.

On 4 February 2020, all the resolutions of Share Consolidation and Authorised Share Capital Increase were duly passed by the Shareholders by way of poll at the EGM. As all the conditions of the Share Consolidation have been fulfilled, the Share Consolidation and Authorised Share Capital Increased has taken effect on 6 February 2020.

On 6 March 2020, all conditions set out in the underwriting agreement relating to the Rights Issue have been fulfilled and the Rights Issue became unconditional. The gross proceeds raised from the Rights Issue are approximately HK$19.95 million before expenses.

Details of the Rights Issue and Underwriting Agreement were set out in the Announcements, Circular and Prospectus.

As at 31 March 2022, the net proceeds of the Subscription and Rights Issue had been utilised as follows:

	Actual net proceeds allocated HK$ Million	**Amount utilised up to 31 March 2022** HK$ Million	**Balance as at 31 March 2022** HK$ Million
Share Consolidation, Change in Board Lot Size, Authorised Share Capital Increase and Rights Issue *(completion on 11 March 2020)*			
Expansion of existing business and/or acquisition of and/or investment in business(es) which leverage on the competitive advantage of the Group	14.1	14.1	—
General working capital	3.7	3.7	—

Management's View on the Disclaimer of Opinion

The Board of Directors (the "**Board**") of the Company had given careful consideration to the Disclaimer of Opinion and the basis for Disclaimer of Opinion and had maintained an ongoing discussion with the auditor of the Company (the "**Auditor**") when preparing the Group's consolidated financial statements. Regarding to the basis for disclaimer of opinion related to going concern, the Board has been undertaking a number of measures to improve the Group's liquidity and financial position as at report date.

a) On 2 June 2022, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with independent third party for the acquisition of 100% issued shares of World Smarts Co. Limited at the consideration of HK$15 million to be settled by the allotment and issue of the consideration shares of the Company. The acquisition (the "**Acquisition**") was completed on 24 June 2022. For detail, please referred to the Company's announcements dated 14 June 2022 and 24 June 2022;

b) On 14 June 2022, the Company has entered into negotiations (the "**Negotiations**") with Zhao Xian Business Ecology Platform (the "**Cooperator**") in relation to the proposed cooperation to develop 5.0G sales network for Internet systems and value-added services in China. The cooperator is principally engaged in internet design and research and development, domestic and cross-border e-commerce platform, operation and sales in China;

c) On 20 June 2022, the Company entered into the Placing Agreement with the Placing Agent. The Placing Agent has agreed to place not less than six independent Placees for up to 6,000,000 new shares at a price of HK$0.230 per placing share, for and on behalf of the Company. The placing (the "**Placing**") has not been completed at the reporting date. For detail, please referred to the Company's announcement dated 20 June 2022.

In light of the abovesaid measures subsequent to the year-end date, the Board considers that the Acquisition represents a good opportunity to expand its current business and to develop product diversification. The Acquisition will also serve as a lateral expansion of the Group's business in sale, trading, distribution, and processing of branded consumer products. Considering the negotiation with the Cooperator, the Board has been actively looking for business opportunities to diversify the income source of the Group. Furthermore, following the completion of the Placing and potential fund-raising activities in the future including but not limited to issuance of convertible bond and share options, further placing arrangements and obtainment of loan facilities, the Board believes that the financial position of the Company shall be strengthened in the following year.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yeung Shing Wai (楊成偉), aged 36, is appointed as our executive Director on 21 September 2019. Mr. Yeung had over ten years of working experience in power and data cord industry. He was an executive director of China Oil Gangran Energy Group Holdings Limited (stock code: 8132) from November 2010 to December 2014. Afterwards, he makes private investments in various industries. Mr. Yeung was re-appointed as an executive director of China Oil Gangran Energy Group Holdings Limited (stock code: 8132) on 16 February 2020.

Mr. Au Yeung Yiu Chung (歐陽耀忠), aged 40, has extensive experience in corporate governance. Mr. Au Yeung holds a Master of Business Administration degree from the University of Wales, Newport and a Master of Corporate Governance degree from the Hong Kong Metropolitan University.

Ms. Zhu Xiu Zhi (朱秀芝), aged 44, holds a master's degree of accounting from The University of Sydney. She used to work in Deloitte Sydney (Australia) and Deloitte Beijing (China) office, mainly in charge of multi-national entity annual audit and IPO audit. She used to be the Project CFO of China US Bridge Capital, mainly responsible for the project due diligence, investment planning, pre IPO counseling, financial management and disclosure after listing. She used to be the Leyshon Group Financial Controller, including Leyshon Resources Ltd. (LRL-AIM and ASX listed) and Leyshon Energy Ltd. (LEN-AIM listed). She was responsible for financial management and disclosure, and investor relations. She specialized in financial analysis and evaluation on key projects to support M&A projects. She is currently the General Manager of Beijing Hai Zhi Yan Cultural Media Co., Ltd., focusing on company's overall management and strategic development, supervising the business and finance of subsidiaries. She is a member of CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Shiu Man (陳劭民), aged 55, is appointed as our independent non-executive Director on 31 August 2016. He is also as the chairman of our remuneration committee, a member of our audit committee and a member of our nomination committee. Mr. Chan is a certified public accountant in Hong Kong. He holds a master degree in finance from University of Hawaii of US. Mr. Chan has over 25 years of experience in financial control and corporate restructuring. He has worked for various companies in the US, including a NASDAQ listed company to establish financial operation in Japan, Europe, and the PRC. Mr. Chan also has experience in consulting on corporate finance, project financing and accounting issues to companies in US, Europe and the PRC. From October 2011 to April 2019, Mr. Chan was an independent non-executive director of Zhongda International Holdings Limited (stock code: 0909), whose shares delisted on the main board of the Stock Exchange on 8 March 2019. Mr. Chan was a non-executive Director of China Oil Gangran Energy Group Holdings Limited (stock code: 8132) from July 2017 to August 2018.

Mr. Choi Pun Lap (蔡本立), aged 44, is a valuation practitioner of International Association of Certified Valuation Specialists since 2019. He is a fellow member of Hong Kong Institute of Certified Public Accountants, a member of Certified Practising Accountants Australia and a member of Chartered Global Management Accountant. Mr. Choi graduated from Hong Kong Metropolitan University with a Master of Law (Chinese Business Law) in Hong Kong in 2017. He obtained a Bachelor of Business (Accounting) from Central Queensland University in Australia in 2003 and further studied Postgraduate Diploma of Accounting in Monash University in Australia in 2005.

Mr. Choi is an executive director of Aurum Pacific (China) Group Limited (stock code: 8148), Zhejiang United Investment Holdings Group Limited (stock code: 8366) and Simplicity Holding Limited (stock code: 8367), appointed on 1 June 2021, 30 September 2021 and 26 April 2022 respectively. He is an independent non-executive director and the chairman of audit committee of Sunway International Holdings Limited (stock code: 0058), which is listed on the Main Board of the Stock Exchange of Hong Kong Limited. In addition, he was a financial controller of a company which is listed on the GEM Board in 2019. Mr. Choi was a senior audit manager in the audit department of HLB Hodgson Impey Cheng Limited ("**HLB**") in Hong Kong. He has worked in HLB for more than ten years from February 2007 to December 2017.

Mr. Sheng Wei (盛煒), aged 45, graduated from Beijing University of Civil Engineering and Architecture in 2004. He was qualified as an engineer by Beijing Intermediate Specialised Technique Qualification Evaluation Committee in 2004. He used to work as the Deputy Manager of the Mechanical and Electrical Branch Company of Beijing Urban Construction and Installation Group Co., Ltd., mainly served as the electrical engineering manager of the zone 21–28 of the Kunming Changshui Airport Terminal Project, and the executive manager of the Shunyi Hospital Emergency Ward Comprehensive Building Project. He is currently the Deputy Manager of Intelligent Technology Branch Company of Beijing Urban Construction and Installation Group Co., Ltd, specialized in intelligent technology. He has extensive experience in the field of intelligent technology.

* *The English translation of the Chinese name is for information only, and should not be regarded as the official English translation of such name. Please refer to the Chinese version of this annual report for the Chinese name.*

CORPORATE GOVERNANCE REPORT

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devote considerable effort to maintain high level of business ethics and corporate governance practices.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") throughout the year. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the year ended 31 March 2022, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"). All these committees perform their distinct roles in accordance with their respective terms of reference (available on the Company's website) and assist the Board in supervising certain functions of the senior management.

DIRECTORS' SECURITIES TRANSACTIONS

The Group had adopted Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings.

Having made specific enquiry with all the Directors, all the Directors of the Company had confirmed compliance with the required standard of dealings set out in the Model Code and the code of conduct for Directors' securities transactions during the year ended 31 March 2022.

BOARD OF DIRECTORS

At present, the Board comprises six directors ("**Directors**") as follows:

Executive Directors:
Mr. Yeung Shing Wai
Mr. Au Yeung Yiu Chung
Ms. Zhu Xiu Zhi

Independent Non-executive Directors:
Mr. Chan Shiu Man
Mr. Choi Pun Lap
Mr. Sheng Wei

Biographical details of the Directors are set out in the section of "Biographical Details of Directors" on pages 12 to 13. There are no family or other material relationships among members of the Board.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to the shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

Pursuant to Code Provision C.5.1 of the CG Code, the Board is expected to meet regularly and Board meeting should be held at least four times a year at approximately quarterly intervals.

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

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General Meeting
Number of meetings held during the year	5	4	1	1	1
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**				
Executive Directors					
Mr. Chan Lung Ming *(Resigned on 1 April 2022)*	5/5	N/A	N/A	N/A	1/1
Mr. Yeung Shing Wai	5/5	N/A	N/A	N/A	1/1
Ms. Sin Pui Ying *(Resigned on 30 April 2022)*	5/5	N/A	N/A	N/A	1/1
Mr. Au Yeung Yiu Chung *(Appointed on 3 May 2022)*	N/A	N/A	N/A	N/A	N/A
Ms. Zhu Xiu Zhi *(Re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*	N/A	N/A	N/A	N/A	N/A
Non-executive Director					
Mr. Tao Hong Ming *(Resigned on 1 June 2022)*	5/5	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Chan Shiu Man	5/5	4/4	1/1	1/1	1/1
Mr. Wong Ching Wan *(Resigned on 22 April 2022)*	5/5	4/4	1/1	1/1	1/1
Mr. Cheng Chai Fu *(Resigned on 30 April 2022)*	5/5	4/4	1/1	1/1	1/1
Mr. Choi Pun Lap *(Appointed on 21 April 2022)*	N/A	N/A	N/A	N/A	N/A
Mr. Sheng Wei *(Appointed on 16 May 2022)*	N/A	N/A	N/A	N/A	N/A
Ms. Zhu Xiu Zhi *(Appointed on 11 April 2022 and re-designated from Independent Non-executive Director to Executive Director on 21 June 2022)*	N/A	N/A	N/A	N/A	N/A

Code Provision C.5.3 of the CG Code stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or audit committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are provided with details of agenda items for decisions making with reasonable notice and welcome to include matters in the agenda of each Board meeting. Directors have access to the advice and services of the company secretary of the Company ("**Company Secretary**") who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters.

Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are opened for inspection as request by Directors. During the year, the Board was given sufficient time to review and approve the minutes of Board meetings and meetings of Board committees. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company, at the expense of the Company.

If potential conflict of interest involving a substantial shareholder or a Director arises which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting. The Directors attend meetings in persons or through other means of electronic communication in accordance with the Articles of Association (the "**Articles of Association**") of the Company.

The day-to-day management, administration and operation of the Company are delegated to the Executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the Executive Directors and senior management.

All Directors assume the responsibilities owed to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three Independent Non-executive Directors ("**INED**"), at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the INED has made an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all INED meet the Independence Guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Articles of Association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

Following the resignation of Mr. Chan Lung Ming, former Chairman, on 1 April 2022, the Company had no designated Director to act as a chairman or a chief executive. The responsibility of a chairman or a chief executive rests with the board of directors of the Company and the Company fails to comply with Code Provision C.2.1 of the Code contained in Appendix 15 to the Listing Rules.

The Company has made endeavors however more time is required to identify suitable candidate to be the chairman and chief executive in order to comply with the Code. The Company will continue with such endeavors and will comply with the Code as soon as possible.

APPOINTMENT, RE-ELECTION AND REMOVAL

During the year, the Directors provided the Company and its subsidiaries with a wide range of expertise and experience. Their active participation in the Board and committee meetings brought independent judgment on issues relating to the Group's strategy, performance and management process, taking into account the interests of all shareholders of the Company. Under Code Provision B.2.2 of the CG Code, each of the Non-Executive Directors and INED has entered into a service contract with the Company for three years but subject to termination in certain circumstance as stimulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being (of if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be eligible for re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties and has adopted written terms of reference on its corporate governance functions.

The duties of the Board in respect of the corporate governance functions include:

(i) developing and reviewing the Company's policies and practices on corporate governance;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2022 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

BOARD DIVERSITY POLICY

The Company has adopted the board diversity policy. The policy sets out the approach to achieve diversity in the Board that should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and compliance with policies. The composition and diversity policies of the Board is reviewed annually and regularly. The Board should ensure that its changes in composition will not result in any undue interference. The Board members should possess appropriate professionalism, experience and trustworthiness in performing duties and functions. The Board would diversify its members according to the Company's situations and need. While participating in nomination and recommendation of director candidates during the year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company's various business development and management. The Board has to review the policy concerning diversity of Board members and to disclose the policy or a summary of the policy in the corporate governance report, including any quantitative targets and standards and its progress with policy implementation.

BOARD COMMITTEES

The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

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

AUDIT COMMITTEE

The Company has established an audit committee on 16 September 2015 with written terms of reference that set out the authorities and duties of the Audit Committee. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange. The Audit Committee performs, amongst others, the following functions:

- To review the financial information of the Group.
- To review the relationship with and terms of appointment of the external auditor.
- To review the effectiveness and adequacy of the Company's financial reporting system, internal control system and risk management system.

During the year, the Audit Committee held 4 meetings. The Audit Committee oversaw the internal control system of the Group, reviewed the consolidated financial statements of the Group for the year ended 31 March 2022, quarterly and half yearly results, the accounting principles and practices adopted by the Group, selection and appointment of the external auditor, reports to the Board on any material issues, and made recommendations to the Board. There had been no disagreement between the Board and the Audit Committee during the financial year ended 31 March 2022.

As at 31 March 2022, the Audit Committee comprises three members namely:

Mr. Wong Ching Wan *(Chairman)*
Mr. Chan Shiu Man
Mr. Cheng Chai Fu

All the members are INEDs who possess the appropriate professional qualifications, accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

REMUNERATION COMMITTEE

A remuneration committee was set up on 16 September 2015, with written terms of reference in compliance with the code provisions of the CG Code, which have been reviewed from time to time by the Board to keep them in line with the most up-to-date requirements to oversee the remuneration policy and structure for all Directors and senior management. The most up-to-date written terms of reference of the Remuneration Committee are available on the Company's website and on the website of the Stock Exchange.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and determining the remuneration packages of all Executive Directors and senior management. The Remuneration Committee is also responsible to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2022.

The Remuneration Committee held 1 meeting during the year. The members reviewed the remuneration package of Directors and the senior management of the Company.

As at 31 March 2022, the Remuneration Committee comprises three members namely:

Mr. Chan Shiu Man *(Chairman)*
Mr. Wong Ching Wan
Mr. Cheng Chai Fu

All the members are INEDs.

In addition, pursuant to Code Provision E.1.8 of the CG Code, the number of non-director senior management whose annual remuneration by band during the year ended 31 March 2022 is set out below, details of the Directors remuneration are set out in note 14:

	2022
Nil to HK$1,000,000	1
HK$1,500,001 to HK$2,000,000	2

NOMINATION COMMITTEE

The Company has established a nomination committee on 16 September 2015 for making recommendations to the Board on appointment of Directors and succession planning for the directors.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, reviewing and recommending for the Board's approval of the proposed resolution for re-election of the retiring Directors at 2022 AGM, reviewing the structure, size, composition and diversity of the Board and assessing the independence of each INED.

In considering the appointment of new directors, the Nomination Committee assessed the relevant candidates on criteria such as integrity, independent mindedness, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively etc., and made recommendation to the Board for approval.

In accordance with the Articles of Association, Mr. Yeung Shing Wai and Mr. Chan Shiu Man shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Nomination Committee will meet as and when necessary in accordance with its terms of reference and may also deal with matters by way of circulation. The Nomination Committee held 1 meeting during the year. The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

As at 31 March 2022, the Nomination Committee comprises three members namely:

Mr. Cheng Chai Fu *(Chairman)*
Mr. Chan Shiu Man
Mr. Wong Ching Wan

Majority of the members are INEDs.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for each financial year which gives a true and fair view. In preparing the consolidated financial statements, the accounting principles generally accepted in Hong Kong have been adopted and the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance were complied with. The Directors believe that they have selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable and have ensured that the consolidated financial statements are prepared on a going concern basis.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control systems in order to safeguard the Group's assets and shareholders' interests and review and monitor the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate. The Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls. The Company also has a process for identifying, evaluating and managing the significant risks to the achievement of its operational objective. This process is subject to continuous improvement and was in place throughout the year and up to the date of this report. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board. The Company carries out reviews on the effectiveness of the internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

The Directors are of the view that given the size, nature and complexity of the business of the Group, the Group uses internal resources to comply with internal audit function to perform the review on risk management and internal control systems of the Group. The risk management and internal control systems are reviewed and assessed on an on-going basis by the Audit Committee and the Board, and will be further reviewed and assessed at least once each year by the Board.

During the year, the Board and Audit Committee have conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. Such review covered the financial, compliance and operational controls as well as risk management mechanisms and assessment which was made by discussions with the management of the Company and its external auditor. The Board believes that the existing internal control system is adequate and effective.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

Elite Partners CPA Limited ("**Elite**") was re-appointed as the external auditor for the financial year ending 31 March 2022. The statement of Elite in respect of its reporting responsibilities and opinion on the Group's consolidated financial statements for the year ended 31 March 2022 is set out in the section headed "Independent Auditor's Report" in this annual report.

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

The fees paid/payable to Elite during the year ended 31 March 2022 are set out as follows:

	Fee paid/payable HK$'000
Audit services	420,000

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures are followed and facilitating communications among Directors as well as with shareholders and management.

From 1 April 2021 to 4 May 2021, the Company Secretary was Ms. Wu Man Ki Maggie. On 4 May 2021, Ms. Wu Man Ki Maggie resigned as the Company Secretary and Mr. Lee Cheuk Man was appointed as the Company Secretary. On 1 April 2022, Mr. Lee Cheuk Man resigned as the Company Secretary and Mr. Lo Cheuk Fei Jeffrey has been appointed as the Company Secretary. During the year ended 31 March 2022, Ms. Wu Man Ki Maggie and Mr. Lee Cheuk Man had undertaken no less than 15 hours of relevant professional training to update their skill and knowledge.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports. The corporate website of the Company (www.on-real.com) has provided an effective communication platform to the public and the shareholders.

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed director receives formal, comprehensive and tailored 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 GEM Listing Rules and relevant statutory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. Directors participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. All Directors had provided the Company their training records for the year under review and the Company will continue to arrange the training in accordance with Code Provision C.1.4 of the CG Code. The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

SHAREHOLDER COMMUNICATION

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. The annual general meeting and other general meetings of the Company are primary forums for communication between the Company and its shareholders. The Company provides shareholders with relevant information on the resolution(s) proposed at general meetings in a timely manner in accordance with the GEM Listing Rules. The information provided is reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). All the resolutions proposed to be approved at the general meetings will be taken by poll and poll voting results will be published on the websites of the Stock Exchange and the Company after the meetings.

CONSTITUTIONAL DOCUMENTS

The Company has no significant changes in the Company's constitutional documents during the year. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

MANAGEMENT OF INSIDE INFORMATION

In order to promote transparency, accountability and responsibility in respect of the operation of a listed company, and for the maintenance of good corporate governance, the Company would notify the Stock Exchange and make relevant disclosure to the public as soon as practicable of any inside information of the Company pursuant to the GEM Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 58 of the Articles of Association which provides that extraordinary general meetings should be convened on the requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If the Board fails to proceed to convene an extraordinary general meeting within 21 days of the deposit of the requisition, the requisitionist(s) may convene an extraordinary general meeting himself/themselves, 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.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a director of the Company are laid down in Article 85 of the Articles of Association. No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the principal place of business in Hong Kong or at the Hong Kong Branch Share Registrar. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of company secretary, by email: enquiry@on-real.com, or by post to G/F., 200 Hennessy Road, Wan Chai, Hong Kong.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the GEM Listing Rules and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

CONCLUSION

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

REPORT OF THE DIRECTORS

The Board has the pleasure in presenting the annual report of the Company together with the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 35 to the consolidated financial statements. An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated financial statements on pages 34 to 95 of this annual report.

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

BUSINESS REVIEW

A review of the Group's business during the year and analysis of the Group's performance using financial key performance indicators and prospects of the Group's business are provided in the sections headed "Statement from the Board of Directors" on pages 4 to 5 and "Management Discussion and Analysis" on pages 6 to 11 of the annual report. The discussion forms part of this Director's report.

SHARE CAPITAL

Details of the shares capital of the Company for the year ended 31 March 2022 are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2022, calculated under Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands, amounted to approximately HK$Nil (2021: approximately HK$16,851,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "**Articles of Association**") or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 96 of the annual report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year, except for the share option schemes of the Company.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Scheme**") was adopted pursuant to a resolution passed by the Company's shareholders on 16 September 2015 for the primary purpose is to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. Eligible participants of the Scheme include any employees, any executives, Non-executive Directors (including Independent Non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further share options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarised in the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus.

No share options had been granted, agreed to be granted, exercised, cancelled, expired or lapsed under the Scheme for the year ended 31 March 2022. The Company did not have any outstanding share options, warrants and convertible instruments into shares as at 31 March 2022 and the date of this report. The total number of shares of the Company which may be issued upon the exercise of all options to be granted under the Scheme was 26,880,000 shares (adjusted as a result of share consolidation effected on 6 February 2020) of the Company, representing approximately 4.5% of the issued share capital of the Company as at 31 March 2022 and the date of this report.

PROPERTY, PLANT AND EQUIPMENT

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

BORROWINGS

Details of movements during the year in borrowings regarding bank borrowings and lease liabilities of the Group are set out in notes 23 and 25 to the consolidated financial statements respectively.

DIRECTORS

The directors of the Company (the "**Director(s)**") during the year and up to the date of this report were:

Executive Directors:
Mr. Chan Lung Ming *(Resigned on 1 April 2022)*
Mr. Yeung Shing Wai
Ms. Sin Pui Ying *(Resigned on 30 April 2022)*
Mr. Au Yeung Yiu Chung *(Appointed on 3 May 2022)*
Ms. Zhu Xiu Zhi *(Re-designated from Independent Non-executive Director on 21 June 2022)*

Non-executive Director:
Mr. Tao Hong Ming *(Resigned on 1 June 2022)*

Independent Non-executive Directors:
Mr. Chan Shiu Man
Mr. Wong Ching Wan *(Resigned on 22 April 2022)*
Mr. Cheng Chai Fu *(Resigned on 30 April 2022)*
Ms. Zhu Xiu Zhi *(Appointed on 11 April 2022 and re-designated to Executive Director on 21 June 2022)*
Mr. Choi Pun Lap *(Appointed on 21 April 2022)*
Mr. Sheng Wei *(Appointed on 16 May 2022)*

In accordance with Article 84 of the Articles of Association, Mr. Yeung Shing Wai and Mr. Chan Shiu Man will retire by rotation and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting of the Company ("**AGM**").

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors of the Company are set out on pages 12 to 13 of this annual report.

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2022, none of the directors or the chief executive of the Company had, nor were they taken to or deemed to have under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

At no time during the year ended 31 March 2022 was the Company or any of its subsidiaries, a party to any arrangements to enable the directors or chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 March 2022, so far as known to the Directors, the following substantial shareholders had, or were deemed to have, interests or short positions, in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity	Number of shares	Percentage of shareholding
Solution Smart Holdings Limited ("**Solution Smart**") *(Note 1)*	Beneficial owner	112,589,600	18.81%
Mr. Chung Wai Sum ("**Mr. Chung**") *(Note 1)*	Interest in a controlled corporation	112,589,600	18.81%
SMK Investment Company Limited ("**SMK**") *(Note 2)*	Beneficial owner	90,997,600	15.20%
Mr. Kor Sing Mung Michael *(Note 2)*	Interest in a controlled corporation	90,997,600	15.20%

Notes:

1. Mr. Chung Wai Sum is the sole beneficial shareholder of Solution Smart. Therefore, Mr. Chung is deemed to be interested in 112,589,600 shares of the Company held by Solution Smart under the SFO.

2. Mr. Kor Sing Mung Michael, is the sole beneficial shareholder of SMK. Therefore, Mr. Kor Sing Mung Michael is deemed to be interested in 90,997,600 shares of the Company held by SMK under the SFO.

3. All interests stated above represent long positions.

Save as disclosed above, the Directors are not aware of any other person who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 March 2022.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

	Percentage of the Group's total purchases
The largest supplier	19.2%
Five largest suppliers in aggregate	41.5%

	Percentage of the Group's total sales
The largest customer	67.3%
Five largest customers in aggregate	96.5%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in these major supplier and customers.

DONATIONS

No charitable donations and other donation has been made during the year (2021: HK$Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The possible business risks and uncertainties, interest rate risk and foreign exchange rate risk facing by the Group are set out in section headed "Management Discussion and Analysis" on pages 6 to 11. The financial risk management objectives and policies of the Group are set out in note 31 to the consolidated financial statement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Further discussion on the Group's environmental policy and our relationship with various stakeholders are covered by a separate Environmental, Social and Governance Report which will be available at the Group's website and the website of the Stock Exchange no later than five months after the end of the financial year.

CONNECTED TRANSACTIONS

A summary of the related transactions entered into by the Group during the year ended 31 March 2022 is contained in note 32 to the consolidated financial statements. Certain related party transactions also constituted continuing connected transactions, but are exempted from the reporting, announcement or independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is a sufficient public float of at least 25% of the Company's issued shares at the latest practicable date prior to issue of this report under the GEM Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

Apart from the transactions disclosed under the heading "Related Party Transactions" as set out in note 32 of this annual report, there were no other contracts of significance in relation to the Group's business to which the Group was a party and which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

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

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association 164(1) provides that every Director, Company Secretary and other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against any actions, cost, charges, losses, damages and expenses, as a result of any act done, concurred in or omitted in or about the execution of their duty. The Company has also maintained the Directors and officers liability insurance during the year.

AUDITOR

The consolidated financial statements have been audited by Elite and a resolution for the re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Yeung Shing Wai
Executive Director

30 June 2022

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE MEMBERS OF ON REAL INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of On Real International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 34 to 95, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION
MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately HK$60,447,000 for the year ended 31 March 2022 and as of that date, the Group had net current liabilities and net liabilities of approximately HK$28,270,000 and HK$28,051,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These conditions, together with other matters described in note 3 to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, which are set out in note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of those measures, which are subject to multiple uncertainties. As of the date of our report, we were unable to obtain sufficient appropriate evidence from the management to assess the appropriateness and reasonableness for their underlying assumptions including but not limited to (i) whether positive cash flows can be successfully generated from it's new operation; (ii) whether the Group can be successfully negotiate with the cooperator in relation to the proposed cooperation to develop 5.0G sales network for Internet systems and value-added services in China and any positive cash flows could be generated from the cooperation; and (iii) whether the Group can be successfully raising additional funds through placing, issuance of convertible bond and share options. As a result of these limitation of audit scope, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

BASIS FOR DISCLAIMER OF OPINION

MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN (CONTINUED)

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

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

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

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

The directors of the Company are assisted by the those charged with governance in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

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

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

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

30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Revenue	5	**126,181**	250,599
Cost of sales		**(147,937)**	(244,786)
Gross (loss)/profit		**(21,756)**	5,813
Other income	7	**645**	8,170
Other gains and losses	8	**(428)**	(4,958)
Impairment losses under expected credit loss model, net of reversal	9	**(10,887)**	(4,370)
Selling and distribution expenses		**(1,328)**	(3,896)
Administrative expenses		**(26,315)**	(33,173)
Finance costs	10	**(378)**	(2,003)
Loss before tax		**(60,447)**	(34,417)
Income tax expense	11	**—**	(169)
Loss for the year	12	**(60,447)**	(34,586)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,339**	2,125
Other comprehensive income for the year		**1,339**	2,125
Total comprehensive expense for the year		**(59,108)**	(32,461)
Loss for the year attributable to:			
Owners of the Company		**(60,447)**	(34,581)
Non-controlling interests		**—**	(5)
		(60,447)	(34,586)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(59,108)**	(32,456)
Non-controlling interests		**—**	(5)
		(59,108)	(32,461)
Loss per share (HK cents)	13		
Basic and diluted		**(10.10)**	(5.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	16	**94**	—
Right-of-use assets	17	**125**	313
Investment deposit		**—**	5,400
Deposit and prepayment	20	**—**	136
		219	5,849
Current assets			
Inventories	19	**18,637**	24,398
Trade and other receivables	20	**29,476**	43,942
Pledged bank deposits	21	**—**	1,158
Bank balances and cash	21	**7,949**	11,815
		56,062	81,313
Current liabilities			
Trade and other payables	22	**73,704**	37,590
Borrowings	23	**5,600**	15,560
Amount due to a related company	24	**4,712**	2,281
Lease liabilities	25	**316**	359
		84,332	55,790
Net current (liabilities)/assets		**(28,270)**	25,523
Total assets less current liabilities		**(28,051)**	31,372
Non-current liabilities			
Lease liabilities	25	**—**	315
Net (liabilities)/assets		**(28,051)**	31,057

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital	26	**7,481**	7,481
Reserves		**(35,595)**	23,513
Equity attributable to owners of the Company		**(28,114)**	30,994
Non-controlling interests		**63**	63
Total equity		**(28,051)**	31,057

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

Mr. Au Yeung Yiu Chung	**Mr. Yeung Shing Wai**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note (a))*	PRC statutory reserve HK$'000 *(Note (b))*	Exchange reserve HK$'000 *(Note (c))*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 April 2020	7,481	93,897	1,465	2,670	909	(42,972)	63,450	68	63,518
Loss for the year	–	–	–	–	–	(34,581)	(34,581)	(5)	(34,586)
Other comprehensive income for the year									
Exchange difference arising on translation of foreign operations	–	–	–	–	2,125	–	2,125	–	2,125
Total comprehensive income/(expense) for the year	–	–	–	–	2,125	(34,581)	(32,456)	(5)	(32,461)
As at 31 March 2021 and as at 1 April 2021	7,481	93,897	1,465	2,670	3,034	(77,553)	30,994	63	31,057
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(60,447)**	**(60,447)**	**–**	**(60,447)**
Other comprehensive income for the year									
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**1,339**	**–**	**1,339**	**–**	**1,339**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**–**	**1,339**	**(60,447)**	**(59,108)**	**–**	**(59,108)**
As at 31 March 2022	**7,481**	**93,897**	**1,465**	**2,670**	**4,373**	**(138,000)**	**(28,114)**	**63**	**(28,051)**

Notes:

(a) The capital reserve represents the aggregate par value of shares which have been repurchased and cancelled.

(b) According to the People's Republic of China (the "**PRC**") Company Law, companies in the PRC are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(60,447)**	(34,417)
Adjustments for:		
Bank interest income	**(143)**	(184)
Gain on disposal of a subsidiary	**—**	(49)
Finance costs	**378**	2,003
Depreciation of property, plant and equipment	**7**	1,234
Depreciation of right-of-use assets	**183**	242
Amortisation of intangible assets	**—**	611
Gain on disposal of property, plant and equipment	**(134)**	(18)
Impairment loss on intangible assets	**—**	50
Impairment loss on property, plant and equipment	**—**	2,566
Impairment loss on right-of-use assets	**—**	328
Write down of inventories	**5,176**	3,099
Overprovision of expenses in prior years	**—**	(4,596)
Impairment losses under expected credit loss model, net of reversal	**10,887**	4,370
Operating cash flows before movements in working capital	**(44,093)**	(24,761)
Decrease/(increase) in inventories	**432**	(1,442)
Decrease in trade and other receivables	**11,178**	57,535
Increase/(decrease) in trade and other payables	**35,794**	(19,406)
Cash generated from operation	**3,311**	11,926
Tax refunded	**—**	873
NET CASH GENERATED FROM OPERATING ACTIVITIES	**3,311**	12,799

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(98)**	(1,742)
Proceed from disposal of property, plant and equipment	**134**	50
Investment deposit paid	**(2,200)**	(5,400)
Net cash outflow from disposal of a subsidiary	**—**	(399)
Interest received	**143**	184
NET CASH USED IN INVESTING ACTIVITIES	**(2,021)**	(7,307)
FINANCING ACTIVITIES		
Interest paid	**(378)**	(3,228)
Proceeds from borrowings	**9,894**	139,859
Repayment of borrowings	**(19,854)**	(177,542)
Repayment of lease liabilities	**(354)**	(214)
Advance from a related company	**2,369**	971
Decrease/(increase) in pledged bank deposits	**1,158**	(73)
NET CASH USED IN FINANCING ACTIVITIES	**(7,165)**	(40,227)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,875)**	(34,735)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**11,815**	46,811
EFFECT ON FOREIGN EXCHANGE RATES CHANGES	**2,009**	(261)
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**7,949**	11,815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

On Real International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company acts as an investment holding company and the principal activities of its subsidiaries are engaged in designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The functional currency of the Company is Hong Kong dollar ("**HK$**"). The consolidated financial statements are presented in HK$ as the directors consider that HK$ is appropriate presentation currency for the users of the Group's consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19 — Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRS	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

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

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

Basis of preparation of consolidated financial statements

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

Going concern basis

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its recurring losses incurred and net current liabilities position as at 31 March 2022. The Group incurred a consolidated net loss from operations of approximately HK$60,447,000 for the year ended 31 March 2022. As at 31 March 2022, the Group had net current liabilities and net liabilities of approximately HK$28,270,000 and HK$28,051,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are taking measures to improve the liquidity and solvency position of the Group. These measures include:

a) On 2 June 2022, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with independent third party for the acquisition of 100% issued shares of World Smarts Co. Limited at the consideration of HK$15 million to be settled by the allotment and issue of the consideration shares of the Company. The acquisition (the "**Acquisition**") was completed on 24 June 2022. For detail, please referred to the Company's announcements dated 14 June 2022 and 24 June 2022;

b) On 14 June 2022, the Company has entered into negotiations (the "**Negotiations**") with Zhao Xian Business Ecology Platform (the "**Cooperator**") in relation to the proposed cooperation to develop 5.0G sales network for Internet systems and value-added services in China. The cooperator is principally engaged in internet design and research and development, domestic and cross-border e-commerce platform, operation and sales in China;

c) On 20 June 2022, the Company entered into the Placing Agreement with the Placing Agent. The Placing Agent has agreed to place not less than six independent Placees for up to 6,000,000 new shares at a price of HK$0.230 per placing share, for and on behalf of the Company. The placing (the "**Placing**") has not been completed at the reporting date.

In light of the abovesaid measures subsequent to the year-end date, the Board considers that the Acquisition represents a good opportunity to expand its current business and to develop product diversification. The Acquisition will also serve as a lateral expansion of the Group's business in sale, trading, distribution, and processing of branded consumer products. Considering the negotiation with the Cooperator, the Board has been actively looking for business opportunities to diversify the income source of the Group. Furthermore, following the completion of the Placing and potential fund-raising activities in the future including but not limited to issuance of convertible bond and share options, further placing arrangements and obtainment of loan facilities, the Board believes that the financial position of the Company shall be strengthened in the following year.

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

Basis of preparation of consolidated financial statements (Continued)

As at the date of approval of these consolidated financial statements, these measures had not yet been concluded or implemented. The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the measures taken by the directors of the Company.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

The consolidated financial statements have been prepared under the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

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

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

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

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

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

The principal accounting policies are set out below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (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 owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in a subsidiary is presented separately from the Group's equity therein, which represent ownership interests entitling their holders to a proportionate share of net assets of the subsidiary upon liquidation.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

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

Property, plant and equipment

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

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

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

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

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Inventories

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

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

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

Financial instruments

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

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

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

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

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

(i) Amortised cost and interest income

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

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

Financial instruments (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables (excluded prepayment and value-added tax receivables), loan receivable, pledged bank deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed using a provision matrix with appropriate groupings. Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

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

(i) *Significant increase in credit risk*

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

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

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

Financial instruments (Continued)

Impairment of financial assets (Continued)

(i) *Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 6 months 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.

(ii) *Definition of default*

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

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

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

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

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

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

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

(iv) *Write-off policy*

The gross carrying amount of a financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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

Financial instruments (Continued)

Impairment of financial assets (Continued)

(v) *Measurement and recognition of ECL*

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

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

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

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

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade 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.

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

Financial instruments (Continued)

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 Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables (excluded provision and contract liabilities), borrowings, 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 profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives 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, right-of-use assets and intangible 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 (the "**CGU**") to which the asset belongs.

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

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

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

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

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

Revenue from contracts with customers

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

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

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

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

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

Revenue from contracts with customers (Continued)

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

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Principal versus agent

When another party is involved in providing goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods itself (i.e. the Group is a principal) or to arrange for those goods 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 before that good is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good by another party. In this case, the Group does not control the specified good provided by another party before that good 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 to be provided by the other party.

Revenue from sales of goods

Revenue from sales of goods is recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers. The normal credit term is up to 90 days upon delivery.

Revenue from servicing income

The Group provides various services to the customers mainly comprised of assembly services and testing services. Servicing income is recognised as revenue at a point in time when such service is completed. The normal credit term is up to 90 days upon service rendered.

Leases

Definition of a lease

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

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

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

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component on the basis of their relative standalone prices.

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Lease liabilities

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

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

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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

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

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

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

Government grants

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

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

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

Employee benefits

Retirement benefit costs

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

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

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme vest immediately and there were no forfeited contributions of the MPF Scheme during both years. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 March 2022, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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 end of the reporting period. 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.

Taxation

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

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

Taxation (Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "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.

Deferred tax

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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss.

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

Provisions

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

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

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.

Segment reporting

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

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

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

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

Foreign currencies

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

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

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

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

Related party transactions

A party is considered to be related to the Group if:

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

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

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

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

   (i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

   (iii) both entities are joint ventures of the same third party;

   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

   (vi) the entity is controlled or jointly controlled by a person identified in (a);

   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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.

Critical judgments in applying accounting policies

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

Principal versus agent consideration

The Group engages in sales of two-way radios, baby monitors and other products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk. 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 2022, the Group recognised revenue relating to sales of two-way radios, baby monitors and other communication devices amounted to approximately HK$126,181,000 (2021: HK$250,599,000).

Key sources of estimation uncertainty

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

Provision of ECL for trade and other receivables

Trade and other receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables which are individually insignificant. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in note 20 to the consolidated financial statements.

Estimated allowance for inventories

The management of the Group reviews an aging analysis of inventories at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices, the costs necessary to make the sale and current market conditions.

5. REVENUE

Revenue represents revenue from sales of two-way radios, sales of baby monitors, servicing business and sales of other communication devices, net of sales related tax where applicable. An analysis of the Group's revenue for the year is as follows:

	2022 **HK$'000**	2021 HK$'000
Revenue comprises:		
Two-way radios	**92,930**	187,442
Baby monitors	**1,031**	3,327
Servicing business	**—**	7,713
Other communication devices	**32,220**	52,117
Revenue from contracts with customers	**126,181**	250,599

All of the Group's revenue are recognised at a point in time.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contract for two-way radios, baby monitors and other products and servicing contract for the above products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for sales of two-way radios, baby monitors and other products and servicing contract for the above products that had an original expected duration of one year or less.

6. SEGMENT INFORMATION

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

The Group is principally engaged in the designing, trading and manufacturing of two-way radios, baby monitors, other communicating devices and servicing business of the above products.

The CODM have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of two-way radios, baby monitors, servicing business and other communication devices based on gross profit arising in the course of the ordinary activities of a recurring nature.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results

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

For the year ended 31 March 2022

	Two-way radios HK$'000	Baby monitors HK$'000	Servicing business HK$'000	Other communication devices HK$'000	Total HK$'000
Revenue from contracts with customers	92,930	1,031	–	32,220	126,181
Segment loss	(14,567)	(70)	–	(7,119)	(21,756)
Unallocated operating income and other gains and losses					217
Impairment losses under expected credit loss model, net of reversal					(10,887)
Selling and distribution expenses					(1,328)
Administrative expenses					(26,315)
Finance costs					(378)
Loss before tax					(60,447)

For the year ended 31 March 2021

	Two-way radios HK$'000	Baby monitors HK$'000	Servicing business HK$'000	Other communication devices HK$'000	Total HK$'000
Revenue from contracts with customers	187,442	3,327	7,713	52,117	250,599
Segment profit/(loss)	3,017	(11)	146	2,661	5,813
Unallocated operating income and other gains and losses					3,212
Impairment losses under expected credit loss model, net of reversal					(4,370)
Selling and distribution expenses					(3,896)
Administrative expenses					(33,173)
Finance costs					(2,003)
Loss before tax					(34,417)

6. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/(loss) represents the profit earned/(loss suffered) from each segment without allocation of selling and distribution expenses, administrative expenses, impairment losses under expected credit loss models, net of reversal, other income, other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Geographical information

All analysis of the Group's revenue presented based on the location of the operations is detailed below:

	Revenue from external customers	
	2022	2021
	HK$'000	HK$'000
The United States of America	**–**	72,846
Germany	**–**	46,172
Europe *(Note (i))*	**7,056**	9,996
Asia *(Note (ii))*	**119,125**	111,431
The Netherlands	**–**	3,540
The United Kingdom ("**UK**")	**–**	4,962
Others *(Note (iii))*	**–**	1,652
	126,181	250,599

Notes:

(i) Europe includes but is not limited to France, Italy and Belgium but excludes the UK, Germany and the Netherlands.

(ii) Asia includes but is not limited to the PRC and Hong Kong.

(iii) Others include but is not limited to Brazil, Canada and Russia. Revenue is allocated based on the shipping destination.

Since over 90% of the Group's non-current assets were located in the PRC, no geographical location of non-current assets is presented.

6. SEGMENT INFORMATION (CONTINUED)

(c) Information about major customers

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

	2022 HK$'000	2021 HK$'000
Customer A[1]	**N/A**	114,565
Customer B[2]	**N/A**	26,271
Customer C[1]	**N/A**	40,950
Customer D[2]	**14,962**	26,164
Customer E[1]	**84,913**	N/A

1 Revenue from two-way radios segment.

2 Revenue from other communication devices segment.

N/A: Revenue derived from during the year customer did not contribute over 10% of total revenue of the Group.

Except disclosed above, no other customer contributed 10% or more to the Group's revenue for both years.

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Bank interest income	**143**	184
Government grants	**—**	429
Management service income	**—**	720
Over provision of expense in prior years	**—**	4,596
Repair and maintenance income	**—**	161
Sales of scrap materials	**32**	503
Sundry income	**470**	1,577
	645	8,170

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

8. OTHER GAINS AND LOSSES

	2022 **HK$'000**	2021 HK$'000
Exchange loss, net	**(562)**	(2,081)
Gain on disposal of property, plant and equipment	**134**	18
Gain on disposal of a subsidiary *(Note 33)*	**—**	49
Impairment loss on intangible assets	**—**	(50)
Impairment loss on property, plant and equipment	**—**	(2,566)
Impairment loss on right-of-use assets	**—**	(328)
	(428)	(4,958)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2022 **HK$'000**	2021 HK$'000
Impairment losses recognised on:		
— trade receivables, net	**3,634**	3,815
— other receivables, net *(Note)*	**7,253**	555
	10,887	4,370

Note: Included impairment of investment deposit of HK$7,600,000.

10. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Interest on:		
— borrowings	**345**	1,986
— lease liabilities	**33**	17
	378	2,003

11. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")	–	169

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

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

No provision for Hong Kong Profits Tax has been made for both years as the Group's did not have any assessable profits arising in or derived from Hong Kong.

(ii) Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

	2022 HK$'000	2021 HK$'000
Loss before tax	(60,447)	(34,417)
Tax at domestic income tax rate	(10,912)	(6,575)
Tax effect of expense not deductible for tax purposes	2,089	2,692
Tax effect of income not taxable for tax purpose	(9)	(54)
Tax effect of temporary differences not recognised	–	44
Tax effect of estimated tax loss not recognised	8,832	4,062
Income tax expense for the year	–	169

As at 31 March 2022, the Group has unused estimated tax losses of approximately HK$83,405,000 (2021: HK$29,880,000). No deferred tax asset had been recognised in respect of unrecognised due to the unpredictability of future profit streams. Except for unrecognised tax losses of the Group of approximately HK$24,449,000 (2021: HK$5,323,000) for the year ended 31 March 2022 which will be expired in 2027 (2021: 2026), other unrecognised tax losses will be carried forward indefinitely.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. LOSS FOR THE YEAR

	2022 **HK$'000**	2021 HK$'000
Loss for the year has been arrived at after charging:		
Directors' emoluments *(Note 14)*	**1,356**	1,356
Salaries, allowances and benefits in kind	**36,611**	13,801
Retirement benefit schemes contributions (excluding directors)	**1,274**	1,233
Total staff costs	**39,241**	16,390
Auditor's remuneration		
— audit services	**420**	477
Amortisation of intangible assets (included in cost of sales)	**—**	611
Depreciation of property, plant and equipment	**7**	1,234
Depreciation of right-of-use assets	**183**	242
Cost of inventories sold recognised as an expense	**110,040**	200,555
Research and development costs recognised as an expense	**—**	4,385
Expenses relating to short-term leases	**2,430**	2,321
Write down of inventories (included in cost of sales)	**5,176**	3,099

13. LOSS PER SHARE

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

	2022 **HK$'000**	2021 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(60,447)**	(34,581)

	2022 **'000**	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**598,500**	598,500

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

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

	Year ended 31 March 2022				
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Chan Lung Ming *(Note 1)*	–	240	–	12	252
Ms. Sin Pui Ying *(Note 2)*	–	240	–	12	252
Mr. Yeung Shing Wai	–	240	–	12	252
Non-executive director:					
Mr. Tao Hong Ming *(Note 3)*	240	–	–	–	240
Independent non-executive directors:					
Mr. Chan Shiu Man	120	–	–	–	120
Mr. Wong Ching Wan *(Note 4)*	120	–	–	–	120
Mr. Cheng Chai Fu *(Note 5)*	120	–	–	–	120
	600	720	–	36	1,356

Notes:

(1) Mr. Chan Lung Ming has resigned as an executive director and the Chairman of the Company effected from 1 April 2022.

(2) Ms. Sin Pui Ying has resigned as an executive director of the Company effected from 30 April 2022.

(3) Mr. Tao Hong Ming has resigned as a non-executive director of the Company effected from 1 June 2022.

(4) Mr. Wong Ching Wan has resigned as an independent non-executive director of the Company effected from 22 April 2022.

(5) Mr. Cheng Chai Fu has resigned as an independent non-executive director of the Company effected from 30 April 2022.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

	Year ended 31 March 2021				
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Chan Lung Ming	–	240	–	12	252
Ms. Sin Pui Ying	–	240	–	12	252
Mr. Yeung Shing Wai	–	240	–	12	252
Non-executive director:					
Mr. Tao Hong Ming	240	–	–	–	240
Independent non-executive directors:					
Mr. Chan Shiu Man	120	–	–	–	120
Mr. Wong Ching Wan	120	–	–	–	120
Mr. Cheng Chai Fu	120	–	–	–	120
	600	720	–	36	1,356

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

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

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

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

Except for disclosed in note 32, no other transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2021: one) were directors for the year ended 31 March 2022. The emoluments of the director is included in the disclosures in note 14(a) above. The emoluments of the remaining three (2021: four) individuals, who are not directors of the Group were as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries, allowances and benefits in kind	**4,211**	4,641
Retirement benefit scheme contributions	**74**	59
	4,285	4,700

The aggregated emoluments of each of the remaining highest paid individuals fell within the following band:

	Number of individuals	
	2022	2021
Nil to HK$1,000,000	**1**	2
HK$1,500,001 to HK$2,000,000	**2**	2

During the years ended 31 March 2022 and 2021, no emoluments were paid or payable by the Group to the five highest paid individuals as inducements to join or upon joining the Group or as a compensation for loss of office. None of the five highest paid individuals waived or agreed to waive any emoluments in both years.

15. DIVIDENDS

No final dividend was paid or proposed during the year, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2021: nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
As at 1 April 2020	387	10	203	11,527	1,232	13,359
Additions	–	–	–	1,742	–	1,742
Disposal and written off	–	–	–	(98)	–	(98)
Exchange realignment	31	1	10	945	39	1,026
As at 31 March 2021 and as at 1 April 2021	**418**	**11**	**213**	**14,116**	**1,271**	**16,029**
Additions	**–**	**–**	**–**	**98**	**–**	**98**
Disposal and written off	**–**	**–**	**–**	**(134)**	**–**	**(134)**
Exchange realignment	**12**	**1**	**3**	**397**	**17**	**430**
As at 31 March 2022	**430**	**12**	**216**	**14,477**	**1,288**	**16,423**
ACCUMULATED DEPRECIATION						
As at 1 April 2020	283	10	144	9,893	1,039	11,369
Charged for the year	69	–	29	994	142	1,234
Eliminated on disposal and written off	–	–	–	(66)	–	(66)
Impairment	40	–	32	2,438	56	2,566
Exchange realignment	26	1	8	857	34	926
As at 31 March 2021 and as at 1 April 2021	**418**	**11**	**213**	**14,116**	**1,271**	**16,029**
Charged for the year	**–**	**–**	**–**	**7**	**–**	**7**
Eliminated on disposal and written off	**–**	**–**	**–**	**(134)**	**–**	**(134)**
Exchange realignment	**12**	**1**	**3**	**394**	**17**	**427**
As at 31 March 2022	**430**	**12**	**216**	**14,383**	**1,288**	**16,329**
CARRYING AMOUNTS						
As at 31 March 2022	**–**	**–**	**–**	**94**	**–**	**94**
As at 31 March 2021	–	–	–	–	–	–

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Leasehold improvement	Over the shorter of term of the lease or 5 years
Furniture and fixtures	20%
Office equipment	20%
Plant and machinery	20% to 33%
Motor vehicles	20%

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 31 March 2022	
Carrying amount	**125**
At 31 March 2021	
Carrying amount	313
For the year ended 31 March 2022	
Depreciation charge	**183**
For the year ended 31 March 2021	
Depreciation charge	242

	2022 **HK$'000**	2021 HK$'000
Expense relating to short-term leases	**2,430**	2,321
Total cash outflow for lease (Remark)	**2,817**	2,552
Additions to right-of-use assets	**–**	735
Impairment	**–**	328

Remark: Amount included payments of principal and interest portion of lease liabilities and short-term leases.

For both years, the Group leases office for its operations. Lease contracts are entered into for fixed term 2 years (2021: 2 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 lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

	Product development costs HK$'000
COST	
As at 1 April 2020	10,951
Exchange realignment	163
As at 31 March 2021, as at 1 April 2021 and as at 31 March 2022	**11,114**
ACCUMULATED AMORTISATION	
As at 1 April 2020	10,324
Provided for the year	611
Impairment	50
Exchange realignment	129
As at 31 March 2021, as at 1 April 2021 and as at 31 March 2022	**11,114**
CARRYING AMOUNT	
As at 31 March 2022	**–**
As at 31 March 2021	–

Product development costs are internally generated.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over three years.

19. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials	**11,584**	13,558
Work in progress	**5,989**	9,337
Finished goods	**1,064**	1,503
	18,637	24,398

20. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables from contracts with customers	**28,265**	37,252
Less: Allowance for credit losses	**(13,332)**	(9,698)
	14,933	27,554
Prepayment	**616**	755
Value-added tax receivables	**13,256**	13,578
Deposits	**82**	143
Other receivables	**8,758**	2,964
Less: Allowance for credit losses	**(8,169)**	(916)
	14,543	16,524
Total trade and other receivables	**29,476**	44,078
Less: Non-current portion deposit and prepayment	**—**	(136)
Current portion	**29,476**	43,942

The Group generally allows a credit period of 30 days to 90 days to its trade customers. The Group does not hold any collateral over these balances.

During the year ended 31 March 2020, the Company entered into assignment of debt agreement with the lender to factor trade receivable with the gross carrying amount of USD1,008,900 (equivalent to approximately HK$7,809,000) to lender with recourse associated with secured other borrowings. The trade receivable and the other borrowing has not settled during the year ended 31 March 2022.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

The aging analysis of the trade receivables, net of credit allowance for credit losses based on invoice date which approximates the respective revenue recognition dates were as follows:

	2022 **HK$'000**	2021 HK$'000
1 to 30 days	**11,878**	11,361
31 to 60 days	**20**	3,626
61 to 90 days	**203**	5,476
91 to 180 days	**2,003**	6,973
Over 180 days	**829**	118
	14,933	27,554

As at 31 March 2022, included in the Group's trade receivables (net of allowance for credit losses) balance are debtors with aggregates carrying amounts of approximately HK$3,055,000 (2021: HK$16,193,000) which are past due at the end of the reporting period. Out of the past due balances, HK$2,575,000 (2021: HK$6,068,000) (net of allowance for credit losses) has been past due 90 days or more and is not considered as in default because of no recent history of default and the directors are in opinion of these balances are still considered as collectible.

The following table shows the movement in lifetime ECL of trade receivables that has been recognised under the simplified approach:

	Lifetime ECL (not credit-impaired) HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
As at 1 April 2020	5,883	—	5,883
Impairment loss recognised	—	6,352	6,352
Transfer to lifetime ECL (credit impaired)	(3,111)	3,111	—
Impairment loss reversed	(2,537)	—	(2,537)
As at 31 March 2021 and as at 1 April 2021	235	9,463	9,698
Impairment loss recognised	**66**	**3,568**	**3,634**
Transfer to lifetime ECL (credit impaired)	**(119)**	**119**	**—**
Impairment loss reversed	**—**	**—**	**—**
As at 31 March 2022	**182**	**13,150**	**13,332**

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	12m ECL HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 April 2020	61	300	361
Impairment loss recognised	46	509	555
Transfer to Lifetime ECL (credit-impaired)	(50)	50	—
As at 31 March 2021 and as at 1 April 2021	57	859	916
Impairment loss recognised	**—**	**7,600**	**7,600**
Impairment loss reversed	**—**	**(347)**	**(347)**
Transfer to Lifetime ECL (credit-impaired)	**(48)**	**48**	**—**
As at 31 March 2022	**9**	**8,160**	**8,169**

Included in trade and other receivables (excluded prepayment and value-add tax receivables) are the following amounts denominated in a currency other than the functional currency of relevant group entities:

	2022 HK$'000	2021 HK$'000
USD	**7,062**	12,236

Details of impairment assessment are set out in note 30.

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances represented short-term deposits with a maturity of three months or less. As at 31 March 2022, bank balances carried at interest at floating rates and placed with creditworthy banks with no recent history of default. As at 31 March 2022, the pledged bank deposits carry fixed interest rate at nil per annum (2021: 0.50% per annum) and mature within nil days (2021: 92 days) from the placement dates.

Pledged bank deposits have been pledged to secure banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

As at 31 March 2022, the Group's pledged bank deposits and bank balances and cash denominated in USD, Renminbi ("**RMB**") and Euro ("**EUR**") other than the functional currency of relevant group entities: are approximately HK$nil (2021: HK$2,065,000), HK$nil (2021: HK$1,173,000) and HK$nil (2021: HK$9,000) respectively.

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (CONTINUED)

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

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

22. TRADE AND OTHER PAYABLES

	2022 **HK$'000**	2021 HK$'000
Trade payables	**43,113**	27,441
Accrued expenses	**16,271**	5,196
Other payables	**14,320**	4,953
	30,591	10,149
	73,704	37,590

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

	2022 **HK$'000**	2021 HK$'000
Within 30 days	**12,090**	4,387
31 to 60 days	**4,644**	393
61 to 90 days	**5,696**	21,171
More than 90 days	**20,683**	1,490
	43,113	27,441

The credit period on purchases of goods is 90 days.

22. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's trade and other payables (excluded contract liabilities) that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2022 **HK$'000**	2021 HK$'000
RMB	**97**	97
USD	**5,874**	3,310

23. BORROWINGS

	2022 **HK$'000**	2021 HK$'000
Secured bank borrowings	**–**	9,960
Secured other borrowings	**5,600**	5,600
	5,600	15,560

Carrying amounts repayable (based on scheduled repayment dates set out in loan agreements):

	2022 **HK$'000**	2021 HK$'000
Within one year	**5,600**	15,560

(a) Secured bank borrowings are interest bearing at London Interbank Offered Rate ("**LIBOR**") over a spread or minus a spread as appropriate as at 31 March 2021 were secured by the Group's pledged bank deposits and guarantee provided by the Company as appropriate. Details are shown in note 31.

(b) On 16 July 2019, the Company entered into assignment of debt agreement with the lender to factor trade receivable with the gross carrying amount of approximately HK$7,809,000 to lender with recourse. Subsequent to entered into assignment of debt agreement, the secured other borrowings were interest-free and will be settled upon settlement of factored trade receivable with the amounts of HK$7,308,000 (net of allowance for credit losses).

23. BORROWINGS (CONTINUED)

(c) The effective interest rates (per annum) at the end of the respective reporting period are as follows:

	2022 **HK$'000**	2021 HK$'000
Variable-rate bank borrowings effective interest rate	**–**	3.17% to 3.23%

(d) The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2022 **HK$'000**	2021 HK$'000
Borrowings		
— USD	**–**	9,960

(e) The Group has the following undrawn borrowings facilities:

	2022 **HK$'000**	2021 HK$'000
Variable-rate borrowings	**–**	77,540

24. AMOUNT DUE TO A RELATED COMPANY

Name of company	2022 HK$'000	2021 HK$'000
Xinxing On Time Electronics Limited *(Note)*	**4,712**	2,281

The amount is unsecured, interest-free and repayable on demand.

Note: Mr. Tam Wing Ki, the ex-director and ex-chairman of the Company, has direct interest in the relevant party. Subsequent to the resignation of the director and chairman of the Company, Mr. Tam Wing Ki is still acting as director of certain subsidiaries and one of the key management personnel of the Group.

25. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**316**	359
Within a period of more than one year but not exceeding two years	**–**	315
	316	674
Less: Amount due for settlement with 12 months shown under current liabilities	**(316)**	(359)
Amounts due for settlement after 12 months shown under non-current liabilities	**–**	315

The incremental borrowing rate applied to lease liabilities range was 9.53% (2021: 4.15% to 9.53%).

26. SHARE CAPITAL

	Number of shares		Amount	
	2022 '000	2021 '000	2022 HK$'000	2021 HK$'000
Ordinary shares of HK$0.0125 each				
Authorised:				
At the beginning of the reporting period and at the end of the reporting period	**3,120,000**	3,120,000	**39,000**	39,000
Issued and fully paid:				
At the beginning of the reporting period and at the end of the reporting period	**598,500**	598,500	**7,481**	7,481

All the issued shares rank pari passu in all respects including all rights as to dividends, voting rights and return of capital.

27. RETIREMENT BENEFIT SCHEMES

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

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

The total expense recognised in consolidated profit or loss of approximately HK$1,310,000 (2021: HK$1,269,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans during the year ended 31 March 2022.

28. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts which include borrowings and lease liabilities, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The directors review the capital structure periodically. As part of the review, the directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors, the Group will balance its overall capital structure through issue of new shares or redemption of existing shares as well as issue of new debt or redemption of existing debts.

The Group is not subject to any external imposed capital requirements.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
Financial assets at amortised cost	**23,553**	48,118
Financial liabilities		
Financial liabilities at amortised cost	**84,016**	55,431

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables (excluded prepayment and value-added tax receivables), loan receivable, pledged bank deposits, bank balances and cash, trade and other payables (excluded contract liabilities), borrowings and amount due to a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no material change to the Group's exposure to financial risk or the manner in which it manages and measures the risk.

Market risk

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuation arise. The Group's assets are mainly HK$ denominated assets. In addition, the Group has certain assets denominated in RMB, USD and EUR.

The HK$ is pegged to USD and thus foreign currency exposure is considerate as minimal and is not hedged.

The carrying amounts of the Group's monetary assets and liabilities denominated in RMB and EUR at the end of the reporting period as follows:

	Assets		Liabilities	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**—**	1,173	**97**	97
EUR	**9**	9	**—**	—

The transactions and monetary assets denominated in EUR is minimal, the Group considers there has no material foreign exchange risk exposure in respect of EUR. Therefore, EUR are excluded from the analysis below.

In this respect, the Group considers its exposure to foreign currency risk is primarily in the fluctuation of HK$ against RMB.

The Group currently does not have a foreign currency hedging policy. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency risk of RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in exchange rates of the relevant foreign currencies against the respective reporting entity's functional currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax loss/a decrease in post-tax loss where the respective functional currencies of the reporting entity strengthen 5% against the relevant foreign currencies. For a 5% weakening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the loss, and the balances below would be negative. The analysis is performed on the same basis for the years ended 31 March 2022 and 2021.

	2022 **HK$'000**	2021 HK$'000
RMB	**–**	(54)

Management considered the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of each reporting period does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits (Note 21), fixed-rate borrowings (Note 23) and lease liabilities (Note 25). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 21) and variable-rate bank borrowings (Note 23). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and LIBOR arising from the Group's bank borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank balances and variable-rate borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2022 would increase/decrease by approximately HK$nil (2021: decrease/increase in post-tax loss HK$54,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables, deposits, pledged bank deposits and bank balances. As at 31 March 2022, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group deposited pledged bank deposits and bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to pledged bank deposits and bank balances held to be delayed or limited. The directors monitor the credit rating of these banks on an ongoing basis, and consider that the Group's exposure to credit risk as at 31 March 2022 and 2021 were minimal.

For other receivables and deposits, the directors make periodic individual assessment on the recoverability of other receivables and based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors believe that there is no significant increase in credit risk of the Group's outstanding balances of other receivables deposits since initial recognition and the Group provide impairment based on 12m ECL. Based on the assessment, impairment of other receivables (net of reversal) with the amounts of approximately HK$7,253,000 (2021: HK$555,000) was recognised in profit or loss during the year ended 31 March 2022.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

The Group has concentration of credit risk as 27% (2021: 29%) and 97% (2021: 90%) of the trade receivables was due from the Group's largest customer and five largest customers respectively.

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

Trade receivables are assessed based on provision matrix. Impairment allowance of HK$13,150,000 (2021: HK$9,463,000) were made on credit-impaired debtors. The Group performed impairment assessment for the trade receivables equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk for trade receivables which are assessed collectively based on provision matrix except for those who are assessed individually or credit-impaired:

	Expected loss %	**Gross carrying amounts HK$'000**	**Loss allowance HK$'000**
As at 31 March 2022			
Current (not past due)	**0.10**	**11,890**	**12**
1 to 30 days past due	**—**	**20**	**—**
31 to 60 days past due	**0.49**	**204**	**1**
61 to 90 days past due	**1.40**	**299**	**42**
91 to 180 days past due	**4.70**	**2,702**	**127**
Over 180 days past due	**—**	**—**	**—**
		15,115	**182**

	Expected loss %	Gross carrying amounts HK$'000	Loss allowance HK$'000
As at 31 March 2021			
Current (not past due)	0.83	11,458	97
1 to 30 days past due	0.84	3,656	30
31 to 60 days past due	0.84	5,522	46
61 to 90 days past due	0.84	1,032	9
91 to 180 days past due	0.86	6,120	52
Over 180 days past due	100	1	1
		27,789	235

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. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (Continued)

During the year ended 31 March 2022, the Group recognised impairment amounts of approximately HK$3,634,000 and HK$7,253,000 (2021: HK$3,815,000 and HK$555,000) for trade receivables and other receivables respectively.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted cashflows on interest are estimated based on interest rates at the end of the reporting period, and therefore subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

	As at 31 March 2022			
	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Trade and other payables	73,704	–	73,704	73,704
Borrowings	5,600	–	5,600	5,600
Amount due to a related company	4,712	–	4,712	4,712
Lease liabilities	325	–	325	316
	84,341	–	84,341	84,332

	As at 31 March 2021			
	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities				
Trade and other payables	37,590	–	37,590	37,590
Borrowings	15,587	–	15,587	15,560
Amount due to a related company	2,281	–	2,281	2,281
Lease liabilities	393	301	694	674
	55,851	301	56,152	56,105

Fair value of financial assets and financial liabilities carried at other than fair value

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

31. PLEDGE OF ASSETS

At the end of the reporting period, the Group's banking facilities were secured by:

(i) pledged bank deposits with carrying amount of approximately HK$nil (2021: HK$1,158,000); and

(ii) a corporate guarantee provided by the Company with an aggregate amount of approximately HK$nil (2021: HK$65,000,000).

32. RELATED PARTY TRANSACTIONS

The Group has entered into the following significant transactions with related parties during the year.

(a) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 March 2022 and 2021 are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	**4,451**	4,381
Retirement benefit schemes contributions	**86**	77
	4,537	4,458

The remuneration of the directors and key management personnel is determined by the board of directors regarding to the performance of individuals and market trends.

(b) In addition to the balances detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

Name of company	**Nature of transactions**	*Notes*	**2022 HK$'000**	2021 HK$'000
Xinxing On Time Electronics Limited	Rental and utilities expenses	(i)	**1,813**	1,856

Note:

(i) Mr. Tam Wing Ki, the ex-director and ex-chairman of the Company, has direct interest in the relevant party. Subsequent to the resignation of the director and chairman of the Company, Mr. Tam Wing Ki is still acting as director of certain subsidiaries and as key management personnel of the Group. Rental and utilities expenses constitute as continuing connected transaction under Chapter 20 of GEM Listing Rules, but are exempted from the reporting, announcement or independent shareholders' approval requirement.

33. DISPOSAL OF SUBSIDIARIES

On 19 August 2020, the Group completed to dispose the entire equity interest in Ortech Company Limited which principally engaged in trading of baby monitors at total consideration of HK$50,000. The net liabilities of Ortech Company Limited, at the date of disposal were as follow:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Trade and other receivables	5,066
Bank balances and cash	449
Trade and other payables	(798)
Amounts due to the Group companies	(4,716)
Net assets disposed of	1

Gain on disposal of Ortech Company Limited:

	HK$'000
Cash consideration received	50
Net assets disposed of	(1)
Gain on disposal of Ortech Company Limited	49

Net cash outflow arising on disposal of Ortech Company Limited:

	HK$'000
Cash consideration received	50
Less: cash and cash equivalents disposed of	(449)
Net cash outflow	(399)

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Non-current asset		
Investment in a subsidiary	–	22,204
Current assets		
Prepayment and other receivables	235	201
Amounts due from subsidiaries	–	8,456
Bank balances and cash	50	3,543
	285	12,200
Current liabilities		
Other payables and accruals	6,285	4,397
Amounts due to subsidiaries	65	75
Other borrowings	5,600	5,600
	11,950	10,072
Net current (liabilities)/assets	(11,665)	2,128
Net (liabilities)/assets	(11,665)	24,332
Capital and reserves		
Share capital	7,481	7,481
Reserves *(Note)*	(19,146)	16,851
Total equity	(11,665)	24,332

Signed on its behalf by:

Mr. Au Yeung Yiu Chung
Director

Mr. Yeung Shing Wai
Director

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

Reserves of the Company

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2020	93,897	(63,905)	29,992
Loss for the year and total comprehensive expense for the year	–	(13,141)	(13,141)
As at 31 March 2021 and as at 1 April 2021	**93,897**	**(77,046)**	**16,851**
Loss for the year and total comprehensive expense for the year	**–**	**(35,997)**	**(35,997)**
As at 31 March 2022	**93,897**	**(113,043)**	**(19,146)**

35. SUBSIDIARIES OF THE COMPANY

At the end of the reporting period, the Company has the following subsidiaries:

Name of Company	Place/country of incorporation or establishment/operation	Issued and fully paid share capital/registered capital	Proportion ownership interest and voting power held by the Company				Principal activities
			Direct		Indirect		
			2022	2021	**2022**	2021	
On Real (BVI) Limited	BVI/BVI	Ordinary shares USD2	**100%**	100%	**–**	–	Investment holding
On Real Limited	Hong Kong/PRC	Ordinary shares HK$2,000,000	**–**	–	**100%**	100%	Trading of two-way radios and servicing business
Onward Technology Development Limited	Hong Kong/PRC	Ordinary shares HK$10,000	**–**	–	**100%**	100%	Trading of plastic covers to On Real Limited and its subsidiaries
Xinxing Great Success Plastic Limited* *(Note)*	PRC/PRC	Paid up capital HK$8,000,000	**–**	–	**100%**	100%	Design and manufacture of two-way radios and baby monitors
On Real I.O.T Group Limited	Hong Kong/PRC	Ordinary shares HK$100	**–**	–	**51%**	51%	Technology development
Real Shine Investment Development Limited	BVI/BVI	Ordinary shares USD10,000	**100%**	100%	**–**	–	Investment holding
Empire Profit Limited	Hong Kong/Hong Kong	Ordinary shares HK$100	**–**	–	**100%**	100%	Investment holding
Shenzhen Great Success Electronics Technology Limited*	PRC/PRC	Paid up capital RMB1,000,000	**–**	–	**100%**	100%	Design and trading of two-way radios and baby monitors

All companies now comprising the Group, except for Xinxing Great Success Plastic Limited* and Shenzhen Great Success Electronics Technology Limited* which have adopted 31 December as the financial year end date, have adopted 31 March as the financial year end date.

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

All of the subsidiaries are private companies with limited liabilities.

The directors consider that the Group's non-controlling interests were insignificant to the Group and thus are not separately presented in these consolidated financial statements for both years. In addition, no separate financial information of this non-wholly owned subsidiary is required to be presented.

Note: Wholly foreign owned enterprise.

* *For identification purpose only*

36. 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 flows were, or future cash flows will be, classified in the consolidated statement of cash flows as financing activities.

	Interest payables HK$'000	**Borrowings** HK$'000	**Amount due to a related company** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
As at 1 April 2020	1,225	53,243	1,188	155	55,811
Financing cash flows	—	(37,683)	971	(214)	(36,926)
Interest paid	(3,211)	—	—	(17)	(3,228)
Non-cash changes:					
Addition	—	—	—	735	735
Interest expense recognised *(Note 10)*	1,986	—	—	17	2,003
Exchange realignment	—	—	122	(2)	120
As at 31 March 2021	**—**	**15,560**	**2,281**	**674**	**18,515**
Financing cash flows	**—**	**(9,960)**	**2,369**	**(354)**	**(7,945)**
Interest paid	**(345)**	**—**	**—**	**(33)**	**(378)**
Non-cash changes:					
Interest expense recognised *(Note 10)*	**345**	**—**	**—**	**33**	**378**
Exchange realignment	**—**	**—**	**62**	**(4)**	**58**
As at 31 March 2022	**—**	**5,600**	**4,712**	**316**	**10,628**

37. TRANSFERS OF FINANCIAL ASSETS

The following was the Group's financial assets as at 31 March 2022 that were transferred to lender by endorsing these receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to this receivable, it continues to recognise the full carrying amounts of trade receivables and has recognised the relevant borrowings (Note 23). These financial assets are carried at amortised cost, net of allowance for credit losses, in the Group's consolidated statement of financial position.

	2022 **HK$'000**	2021 HK$'000
Carrying amounts of transferred assets — trade receivables (net of allowance for credit losses)	**—**	—
Carrying amounts of associated liabilities — borrowings	**(5,600)**	(5,600)
Net position	**(5,600)**	(5,600)

38. CONTINGENT LIABILITIES

On 20 January 2020, the Company received a third-party notice with legal case no. HCA1643/2019 between the Barton Eagle Limited (the "**Plaintiff**"), Lam Tak Hung (the "**Defendant**") and the Company. The Plaintiff claimed against the Defendant approximately HK$8 million under a guarantee for debts own by the Company. The Defendant claims against the Company to be indemnified against the plaintiff's claim and the cost of this action on the grounds that the Company are the principal debtor of the alleged debt. The management of the Company is seeking the legal opinion for the above case.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's consolidated statement of financial position, no provision was made as at 31 March 2022.

Apart from the contingent liabilities disclosed on the above, the Group has no other significant contingent liabilities.

39. EVENTS AFTER THE REPORTING PERIOD

a) On 2 June 2022, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with independent third party for the acquisition of 100% issued shares of World Smarts Co. Limited at the consideration of HK$15 million to be settled by the allotment and issue of the consideration shares of the Company. The acquisition was completed on 24 June 2022. For detail, please referred to the Company's announcements dated 14 June 2022 and 24 June 2022.

b) On 20 June 2022, the Company entered into the Placing Agreement with the Placing Agent. The Placing Agent has agreed to place not less than six independent Placees for up to 6,000,000 new shares at a price of HK$0.230 per placing share, for and on behalf of the Company. The placing has not been completed at the reporting date. For detail, please referred to the Company's announcement dated 20 June 2022.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2022.

FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

RESULTS

	Years ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**126,181**	250,599	334,586	323,506	297,131
(Loss)/profit before tax	**(60,447)**	(34,417)	(18,344)	(8,327)	3,218
Income tax expense	**—**	(169)	(1,133)	(1,386)	(2,333)
(Loss)/profit for the year	**(60,447)**	(34,586)	(19,477)	(9,713)	885
Attributable to:					
Owners of the Company	**(60,447)**	(34,581)	(19,474)	(9,789)	890
Non-controlling interest	**—**	(5)	(3)	76	(5)
	(60,447)	(34,586)	(19,477)	(9,713)	885

ASSETS, EQUITY AND LIABILITIES

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Non-current assets	**219**	5,849	3,123	20,513	27,687
Current assets	**56,062**	81,313	181,430	183,675	174,094
Total assets	**56,281**	87,162	184,553	204,188	201,781
EQUITY AND LIABILITIES					
Total equity	**(28,051)**	31,057	63,518	63,352	73,977
Non-current liabilities	**—**	315	—	—	7,934
Current liabilities	**84,332**	55,790	121,035	140,836	119,870
Total liabilities	**84,332**	56,105	121,035	140,836	127,804
Total equity and liabilities	**56,281**	87,162	184,553	204,188	201,781