Almana Limited

曼呐有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

2023 Annual Report

Contents

Characteristics of GEM of The Stock Exchange of Hong Kong Limited

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the board (the "Board") of directors (the "Directors") of Almana Limited (the "Company") collectively and individually accept full responsibility, includes particulars in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there is no other matter the omission of which would make any statement in this report misleading.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

JIN Guangwu
CHAN Ho Yee

Independent Non-Executive Directors

PANG King Sze, Rufina
HONG Bingxian
HUANG Zhe

AUDIT COMMITTEE

PANG King Sze, Rufina
HONG Bingxian
HUANG Zhe

NOMINATION COMMITTEE

PANG King Sze, Rufina
HONG Bingxian
HUANG Zhe

REMUNERATION COMMITTEE

PANG King Sze, Rufina
HONG Bingxian
HUANG Zhe

COMPLIANCE OFFICER

CHAN Ho Yee

COMPANY SECRETARY

LEUNG Ka Ho

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

35/F, Two Pacific Place
88 Queensway
Admiralty, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton, HM 11, Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Ltd.
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK CODE

08186

WEBSITE ADDRESS

www.mfpy.com.hk

Management Discussion and Analysis

FINANCIAL PERFORMANCE

During the year ended 31 December 2023, the revenue of the Group increased by 20.6% to HK$26.9 million (2022: HK$22.3 million). The Group's gross profit and gross profit margin increased to HK$4.9 million (2022: HK$2.6 million) and 18.1% (2022: 11.7%) due to provision of higher value added household and accessory products and the decrease in raw material costs. The consolidated loss attributable to owners of the Company of HK$1.6 million (2022: profit of HK$49.3 million) was much narrowed from the loss of HK$6.4 million (excluding the one-off gain on derecognition of liabilities under the scheme of arrangement) in 2022.

BUSINESS REVIEW

The Group is principally engaged in the household business, plantation business and accessory business. It will continue to make efforts to diversify its product portfolio in order to improve market differentiation and increase market penetration. On the other hand, despite its financial services business having become inactive in the past couple of years, the Company has been making efforts to explore opportunities to re-activate this business segment, especially in view of the government's initiatives to strengthen Hong Kong's competitiveness as an international financial centre. In light of the uncertain and challenging global business outlook in 2024 and beyond, while the Group will stay vigilant and focus on the development of its principal businesses, it will pursue appropriate business opportunities to expand into those businesses which would have synergy with its principal businesses or would enable it to achieve sustainability.

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the year ended 31 December 2023, the Group's net cash used in operating activities amounted to HK$3.5 million (2022: HK$0.06 million) and net cash generated from investing activities amounted to HK$0.2 million (2022: outflow of HK$0.04 million) and net cash generated from financing activities amounted to HK$16.5 million (2022: HK$3.2 million). As a result, the Group recorded a net cash inflow of HK$13.2 million (2022: HK$3.1 million). As at 31 December 2023, the Group had total assets of HK$27.0 million (2022: HK$22.2 million) and total liabilities of HK$5.6 million (2022: HK$17.0 million) i.e. the Group had net assets of HK$21.4 million (2022: HK$5.2 million) and net asset value per share of HK$0.19 (2022: HK$0.18). The Group's current assets amounted to HK$21.9 million (2022: HK$16.7 million), of which HK$18.2 million (2022: HK$5.0 million) was cash and bank balances, and its current liabilities amounted to HK$5.6 million (2022: HK$17.0 million). The Group had no borrowing as at 31 December 2023 (2022: Nil).

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 31 December 2023, the total number of issued shares and the issued share capital of the Company were 113,868,640 (2022: 28,467,160) and HK$9,109,000 (2022: HK$2,277,000) respectively. Such increases were resulted from the issue of 85,401,480 rights shares at the subscription price of HK$0.22 pursuant to the rights issue conducted during the year. The Group did not conduct any other equity fund raising activity in 2023. The net proceeds raised from the rights issue amounted to HK$18 million and is intended to apply as to (i) HK$7.5 million for repayment/fulfilment of advance from customers; (ii) HK$5 million for acquisition of operating assets; and (iii) the remaining balance for working capital of business operations and general corporate and administrative expenses. During the year ended 31 December 2023, HK$7.5 million and HK$1 million has been utilised for repayment/fulfilment of advance and general corporate and administrative expenses.

CAPITAL COMMITMENT, CONTINGENT LIABILITY, SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

As at 31 December 2023, save as disclosed in this report, the Group did not have any capital commitment or contingent liability outstanding and there was no material asset pledged. The Group had no significant investment and material acquisition and disposal in 2023.

FUTURE PROSPECTS

Looking ahead, the outlook for the global economy is still uncertain. The challenges arising from the continuing Sino-United States conflict, the war in Ukraine, high interest rates and the global tightening of monetary policies will continue to adversely impact on the business activities worldwide including the Group's business operation. The Company's experience in past years has shown that prompt response to changes in the business landscape and prudent financial and liquidity management are key factors in withstanding major disruptions and uncertainties. The Group will proactively respond to the evolving market dynamics by taking on appropriate business opportunities. Given its improved profitability and financial position following completion of the scheme of arrangement and the rights issue in 2023, the Group is in a good position to continue to strengthen its business foundation in widening product coverage, customer reach and revenue stream for delivering solid and profitable performance in the years to come.

RISKS FACTORS

If there is a decline in the prices of its products, the profitability of the Group will be adversely affected. The prices of the Group's products are subject to various factors, such as consumer behaviour, elasticity of demand, economic conditions and image of the Group. The Group has been taking steps in dealing with such material factors affecting its pricing strategies including reducing production costs, lengthening/re-designing product life cycle, increasing product differentiation and improving after sale services. The Company, after completion of the scheme in early 2023, has also been making efforts to enhance its corporate image.

If the Group fails to respond to changes in market conditions and the market demand for its products, its financial performance will be adversely affected. The Group's products are subject to price competition, consumer preferences and availability of substitution. The Group, after completion of the rights issue conducted in the fourth quarter of 2023, has been devoting more resources for product improvement with an emphasis on product quality, addition of new features and improvement of existing features and value proposition through customer services, logistical support, information systems and product branding.

The Group is exposed to credit risk on trade receivables from counter-parties. To mitigate such risk, the Group has established trade credit policies in 2023, particularly the procedures and guidelines in monitoring such exposure and customers' settlement patterns on an on-going basis. As a result, the Group's provision for an expected credit loss on trade receivables was substantially reduced from approximately HK$1 million in 2022 to only HK$155,000 in 2023.

The Group's cash flow from operations and its assets and liabilities are mainly denominated either in Hong Kong dollars, United States dollars or Renminbi. The Group currently does not have a foreign currency hedging policy but will monitor the foreign exchange exposure and apply appropriate measures if required.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Jin Guangwu, aged 52, has 25 years of management experience in the consumer industry including strategic planning, resources integration, business development and customer relationship management for domestic and overseas markets. Mr. Jin founded his own business focusing on new consumer and household industries in 2008 and was awarded as an Extraordinary Leading Person of Trustworthy Enterprises in 2021 and appointed as an honorary chairperson of the Ambassador for Chinese Cultural Exchange in 2022. Mr. Jin holds a bachelor's degree in medicine from Fujian Medical University, China. Mr. Jin was appointed as an executive director on 19 December 2023.

Ms. Chan Ho Yee, aged 28, is experienced in business arrangement and project management and has established connections in Hong Kong and the overseas market. She is responsible for the Group's product design and production planning and exploring business opportunities in the overseas markets. Ms. Chan holds a master's degree in arts and has been appointed as an executive director since 2022.

Independent Non-executive Directors

Ms. Pang King Sze, Rufina, aged 49, has more than 20 years of experience in the areas of audit, financial management and internal control. Ms. Pang is the co-founder and a partner of a certified public accountants' firm in Hong Kong. Ms. Pang is a member of the Hong Kong Institute of Certified Public Accountants and a member of the New Zealand Institute of Chartered Accountants. Ms. Pang holds a bachelor's degree in business and has been appointed as an independent non-executive director since 2014.

Mr. Hong Bingxian, aged 56, has 30 years of experience in production and international trade with substantial knowledge in logistics management and production process. Mr. Hong is the founder and the managing director of a household manufacturing group and an education group in China. Mr. Hong has been appointed as an independent non-executive director since 2012.

Mr. Huang Zhe, aged 58, has over 30 years of experience in manufacturing, sales and marketing and brand management. He is the founder and the managing director of a manufacturing company in China and had held managerial positions in various entities in the manufacturing industry prior to founding his own business. Mr. Huang has been appointed as an independent non-executive director since 2020.

Report of the Board

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The Company is an investment holding Company and the principal activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements. An analysis of the Group's revenue and results by reportable segment and geographical location during the year ended 31 December 2023 is set out in note 6 to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS AND RESERVES

The results of the Group for 2023 and the state of the Group's (including the Company's) affairs as at the year end date are set out in the consolidated financial statements on pages 22 to 53 of this report. Movements in the reserves of the Group and the Company are set out on page 24 of this report and in note 29 to the consolidated financial statements respectively. As at 31 December 2023, the Company did not have reserves available for distribution (2022: Nil).

DIVIDEND POLICY AND DIVIDENDS

The Company has a dividend policy which allows distribution of dividends to shareholders by way of cash or shares in accordance with the Bye-laws of the Company and targets to achieve continuity, stability and sustainability. Recommendation of dividend payment is subject to the absolute discretion of the Board and payment of final dividend is subject to approval of the shareholders of the Company. In proposing a dividend payout, the Board shall take into account, *inter alia*, earnings per share, reasonable return to the shareholders, the financial conditions and business plan of the Group and the market sentiments and circumstances. The Directors do not recommend payment of dividend for the year ended 31 December 2023 (2022: Nil).

CHARITABLE DONATION

The Group did not make charitable contribution in 2023 (2022: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment in 2023 are set out in note 16 to the consolidated financial statements.

BORROWINGS

The Group had no borrowing as at 31 December 2023 (2022: Nil).

EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are set out in note 37 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report are:

Mr. Jin Guangwu (executive Director) *(appointed on 19 December 2023)*
Ms. Chan Ho Yee (executive Director)
Ms. Pang King Sze, Rufina (independent non-executive Director)
Mr. Hong Bingxian (independent non-executive Director)
Mr. Huang Zhe (independent non-executive Director)

Mr. Jin Guangwu, Mr. Hong Bingxian and Mr. Huang Zhe shall retire from the Board by rotation at the forthcoming annual general meeting. They are eligible and have offered themselves for re-election. The biographical details of Mr. Jin, Mr. Hong and Mr. Huang are set out on page 4 of this report.

There is no service contract with any Director which is not determinable by the Company within one year without payment of compensation (other than statutory compensation). The remuneration of the executive Directors and non-executive Directors is director's fee and is determined and reviewed by the remuneration committee of the Board with reference to the contribution, commitment and responsibilities of the Directors and the prevailing market conditions. Details of the Directors' emoluments in 2023 are shown in note 14 to the consolidated financial statements.

Each independent non-executive Director has confirmed his/her independence pursuant to the GEM Listing Rules. The Board considers all the independent non-executive Directors being independent.

No contract, commitment or agreement of significance in relation to the Group's businesses, to which the Group was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 31 December 2023 or during 2023. None of the directors or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had engaged in any business that would compete with those of the Group or had any other conflict of interests with the Group in 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, (i) the interest and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or were recorded pursuant to Section 352 of the SFO, or were otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules; and (ii) so far as is known to the Directors, the persons (other than a Director or the chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying rights to vote at general meetings of the Company were as follows:

Name of Director/Shareholder	Capacity of interests	Number of Shares	Number of underlying Shares	Percentage of shareholding
Mr. Jin Guangwu	Personal	33,905,456	–	29.8%
Rising Sun Investment Limited	Corporate	11,318,396	–	9.9%

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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

SHARE SCHEMES

The Company has adopted two share schemes pursuant to resolutions passed by the shareholders of the Company on 30 June 2023, namely the share option scheme and the share award scheme, which are in compliance with the requirements of the GEM Listing Rules effective from 1 January 2023. The total number of shares which may be allotted and issued upon exercise of all share options and grant of share awards under the share option scheme and the share award scheme must not in aggregate exceed 10% of the total number of shares in issue as at the adoption date on 30 June 2023, i.e. 2,846,716 shares based on the 28,467,160 shares in issue as at 30 June 2023. The Company adopted a share award scheme on 9 April 2018 and has a term of 10 years from date of adoption. The scheme had been terminated upon adoption of the new share award scheme (the principal terms of which are set out in the Company's circular dated 7 June 2023). The Company did not grant any share award to any person during the reporting period and there was no share award outstanding as at 31 December 2023. The Company may grant share options to eligible participants under the share option scheme (the principal terms of which are set out in the Company's circular dated 7 June 2023). No share option was granted during the reporting period and the Company had no share option outstanding as at 31 December 2023. Save as disclosed above, the Company had no other equity-linked agreement during the year or subsisted at end of the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

In 2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The largest and five largest customers by legal entity are attributable to 20.5% and 79.4% of the Group's revenue respectively, and the largest supplier and five largest suppliers by legal entity are attributable to 58.3% and 100% of its purchases respectively. At no time during the year had the Directors and their associates or any shareholder of the Company (whom to the Directors' knowledge owning more than 5% of the shares) held any beneficial interest in these major customers and suppliers.

BUSINESS REVIEW AND FIVE YEARS SUMMARY

Review of the businesses of the Group and discussion and analysis of the Group's performance (including key performance indicators) for 2023 and the material factors underlying its results and financial position are provided in the sub-sections headed "Financial Performance" and "Business Review" on page 3. The outlook of the Group's businesses is discussed in the sub-section headed "Recent Development and Prospects" on page 3. These statements form parts of this section. A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 54 of this report.

PRINCIPAL RISKS

The Group's operation is subject to certain risks, details of which are discussed in the sub-section headed "Risk Factors" of this report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for 2023 are set out in note 31 to the consolidated financial statements and none of them constituted any connected or continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTRACT AND EMPLOYMENT RETIREMENT BENEFITS SCHEME

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed in 2023. As at 31 December 2023, the Group had 15 (2022: 9) employees. The Group has reformed its remuneration policies which target to remunerate employees based on their performance, working experience and the prevailing market practice. Details of the Group's retirement benefits scheme for the year are set out in note 10 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2023 and discussed the auditing, internal control and financial reporting matters with the Group's auditors. The committee is of the view that the consolidated financial statements were prepared in accordance with the applicable accounting standards and requirements and that adequate disclosure has been made. There was no disagreement between the auditors and the audit committee in respect of the accounting policies adopted by the Group.

AUDITORS

The consolidated financial statements for the year ended 31 December 2023 have been audited by BDO Limited, who will retire and, being eligible, offer itself for re-appointment. A resolution for reappointment of BDO Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

CODE ON CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Board considers good corporate governance a key element in managing the businesses and affairs of the Group. In the opinion of the Board, the Company has complied with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 9 to 12 of this report.

The Group recognises the importance of compliance with legal and regulatory requirements and reviews its compliance with the existing and newly enacted/revised laws and regulations relevant to its operations from time to time. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have significant impact on the businesses and operations of the Group in 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, there is sufficient public float of more than 25% of the shares of the Company as at the date of this report.

OUR APPRECIATION

Taking this opportunity, we would like to express our sincere gratitude to our shareholders, creditors and business partners for your wonderful contributions, support and commitment, particularly during our difficult time in the past couple of years. We will treasure the turn-around opportunity you have given us and strive for growth. We look forward to your continuing support and trust in the years to come.

By order of the Board
Chan Ho Yee
Executive Director

Hong Kong, 15 March 2024

INTRODUCTION

The Board believes that good and effective corporate governance practices are key to maintaining management quality, promoting sound internal control and enhancing the relationship with all stakeholders, which are essential for encouraging accountability and transparency. During 2023, the Company has been committed to achieving a high standard of corporate governance and continued to apply the principles and code provisions in the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices.

THE BOARD OF DIRECTORS

Responsibilities

The Board has the responsibility for leadership and monitoring of the Company, promoting success of the Group and giving directions to the Group's affairs for development of its businesses and enhancement of shareholders' value. The Directors carry out their duties in good faith and in compliance with applicable laws and regulations, make decisions objectively and act in the interests of the Company and its shareholders. The Board delegates the daily operational matters to the management of the Group.

Board Composition

The Board currently comprises five Directors, of whom two are executive Directors and three are independent non-executive Directors, having diversified skills and experience in business operation, corporate management and financial management. Details of the Directors' background are set out in the section headed "Biographical Details of the Directors" of this report. In 2023, the Company had been in compliance with Rules 5.05(1) and (2) of the GEM Listing Rules and Ms. Pang King Sze Rufina, an independent non-executive Director, possesses professional qualifications in accounting and financial management expertise. There is no financial, business, family or other material or relevant relationship between members of the Board.

Diversity, Nomination and Continuing Professional Development of Directors

The Company seeks to achieve Board diversity in a number of aspects such as gender, age, cultural and educational background, professional qualifications, work experience, skills, knowledge and length of service as well as other factors based on its own business development and specific needs from time to time. As such, in assessing and selecting a director candidate, the criteria to be considered including but not limited to (i) qualifications (including professional qualifications, skills, knowledge and experience); (ii) commitment to devoting time and efforts to the duties and activities of the Board; (iii) requirement for the Board to have sufficient number of independent Directors and whether the candidate for independent non-executive Director would be considered independent in accordance with the GEM Listing Rules; and (iv) such other perspectives that are appropriate to the Company's business and succession plan from time to time. During the year, the nomination committee of the Board has reviewed and considered that the diversity policy of the Board had been achieved.

The Board recognises the importance of continuing professional development and knowledge enhancement of the Directors for their continuous contribution to the Company. In 2023, the Directors had acquired relevant materials and had attended training courses on topics relating to the market and regulatory matters. The Company also provided training (including introduction to the Group and other regulatory requirements) for the Directors newly appointed in 2023.

Term of Appointment and Re-election

Pursuant to the Bye-Laws of the Company, one third of the Directors (except the chairperson or managing director of the Company) shall retire from office by rotation and are subject to re-election at the annual general meetings of the Company. Further, all Directors appointed to fill casual vacancies shall hold office only until the next annual general meeting and shall the be eligible for re-election at the meeting.

Chairperson and Chief Executive

To ensure a balance of power and authority, a clear division of the responsibilities of the chairperson of the Board and the chief executive has been set out in the Company's policies. The chairperson is mainly responsible for providing leadership to the Board, encouraging all Directors to make full and active contributions to the Board's affairs and ensuring that the Board acts in the best interest of the Group, as well as matters relating to the Company's corporate governance and communication with shareholders. The chief executive is responsible for implementation of the Group's strategies and policies adopted by the Board in achieving the overall commercial objectives and assumes full accountability to the Board for the operation of the Group. During the year, the office of the chief executive was vacated. The Board will continue to identify a suitable candidate with appropriate knowledge, skill and experience.

Company Secretary

The Company Secretary is appointed by the Board and reports to the Board. The Company Secretary assists the Board in discharging its obligations pursuant to the GEM Listing Rules and the Bye-laws of the Company and supports the Board and its committees by ensuring information flow within the Board and that Board policies and procedures are followed. He also assists the chairperson of the Board in preparing the agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are observed. Mr. Leung Ka Ho is currently the Company Secretary. He is a member of the Hong Kong Institute of Certified Public Accountants and has taken no less than 15 hours of relevant professional training during the year.

Board Meetings

All Directors have access to the relevant materials and are provided with adequate information which enables the Board to make informed decision on the matters proposed and considered at Board meetings. Details of the Board meetings and general meetings held in 2023 are as follows:

		Board meetings	General meetings
Mr. Jin Guangwu	*(appointed on 19 December 2023)*	0/0	0/0
Ms. Chan Ho Yee		5/5	2/2
Ms. Pang King Sze, Rufina		5/5	2/2
Mr. Hong Bingxian		5/5	2/2
Mr. Huang Zhe		5/5	2/2

DELEGATION BY THE BOARD

The Board is responsible for making decision on the overall strategic development of the Group's businesses. Responsibilities in relation to the daily operations and execution of the strategic business plans are delegated to management. The audit committee, the remuneration committee and the nomination committee of the Board have their terms of reference which define their power and responsibilities. All committees are required to report to the Board in relation to their decisions, findings and/or recommendations, and in certain situations, to seek the Board's approval before taking any action. The Board from time to time reviews and adjusts its delegations to ensure that the delegations are appropriate.

Audit Committee

The audit committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The audit committee's primary duties include making recommendation to the Board in relation to the appointment, re-appointment and removal of external auditors, reviewing the Group's financial statements, annual, interim and quarterly reports and the independent auditor's report to ensure presentation of a true and balanced assessment of the Group's financial position (including major judgmental areas, compliance with accounting principles and standards, compliance with GEM Listing Rules and financial reporting requirements), reviewing the Group's financial information and reporting procedures, internal controls and risk management policies and systems, effectiveness of the internal audit functions, audit plans and relationship with external auditors and reviewing the Group's financial and accounting policies and practices. The audit committee has discharged its responsibilities by reviewing the quarterly, interim and annual results of the Group for the year ended 31 December 2023 and the relevant statements and reports prior to the approval by the Board; discussion with the external auditor and its findings on the work performed and the related internal control issues; reviewing significant financial reporting judgments in accounting policies; reviewing and approving the external auditor's terms of engagement (including audit fee). In 2023, there were four meetings of the audit committee in which all members had attended. The committee has been provided with resources enabling it to discharge its duties.

Remuneration Committee

The remuneration committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The responsibilities of the remuneration committee include making recommendations to the Board on the policies and structures for the remuneration of Directors and senior management of the Group, assessing performance of the Directors as well as reviewing and making recommendations on the Company's share option/award schemes, bonus structure, provident fund and other compensation-related issues with reference to factors such as size of the Group's operation, duties and responsibilities of the Directors and prevailing market condition. The remuneration committee has reviewed the emoluments of Directors and senior management and considered that they are fair and reasonable. In 2023, there were two meetings of the remuneration committee in which all the members had attended. The committee has been provided with resources enabling it to discharge its duties.

Nomination Committee

The nomination committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The nomination committee is responsible for establishing nomination policies, reviewing and assessing composition of the Board and the independence of the independent non-executive Directors, and making recommendation to the Board on nomination and appointment of Director and Board succession planning. In assessing the suitability of a proposed candidate for Director, the nomination committee may consider the educational background, qualifications, skills, knowledge and experience of the proposed candidate, the impact of the proposed appointment on the composition, diversity and structure of the Board, and other perspectives appropriate to the Board and the Group's businesses. The nomination committee had reviewed the policies for the nomination and appointment of Directors, the Board's nomination and diversity policies and assessed the independence of the independent non-executive Directors. During the year, there was one meeting of the nomination committee in which all members had attended. The committee has been provided with sufficient resources to enable it to discharge its duties.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the required standards on dealings under the GEM Listing Rules as its code of conduct regarding securities transactions by the Directors. Each of the Directors has confirmed that he/she had complied with the required standards in 2023.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation and the true and fair presentation of the consolidated financial statements of the Group in accordance with Hong Kong Accounting Standards and the disclosure requirements of the GEM Listing Rules. In preparing the consolidated financial statements for 2023, the Group has adopted suitable accounting policies and applied them consistently. A statement by the auditor of the Company about its responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises that well-managed internal controls enables effective and efficient operations, ensures the reliability of internal and external reporting and assist in compliance with applicable laws and regulations while the ever-changing business environment call for periodic review of the system of risk management and internal controls. The Board and the audit committee take responsibility for (i) assessing and identifying the risks the Group may encounter; (ii) designing the Group's risk management and internal control policies and systems (including the environmental, social and governance aspects of the Group); and (iii) overseeing and reviewing its effectiveness. While the Group's management is primarily responsible for implementing the policies and procedures of risk management and internal controls. The Company's internal audit function is performed by the finance department, which reports directly to the Directors and has direct access to the chairperson of the audit committee. The finance department has unrestricted access to review all aspects of the Group's business activities and its tasks in respect of its internal audit functions include: (i) reviewing and reporting on internal and operational controls; (ii) following-up on the suggestions made by external auditors; and (iii) reviewing the areas of concern identified by senior management. The Board considers that the risk management and internal control systems of the Group, which are subject to review by the Board at least once a year, are effective and adequate.

AUDITOR'S REMUNERATION

BDO Limited is the external auditor of the Company for the year ended 31 December 2023 and the fees (excluding disbursements) for audit and non-audit services are HK$1,100,000 and HK$250,000 (relating to the rights issue conducted during the year) respectively.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Company aims to provide a high standard of disclosure and transparency to its shareholders and investors. The Company has a number of channels to communicate with shareholders and potential investors on the performance of the Company, including (i) publication of quarterly, interim and annual reports; (ii) holding of annual general meetings and special general meetings which provide a forum for shareholders to raise comments and exchange views with the Board; (iii) making available information required to be disclosed pursuant to the GEM Listing Rules and publication of the key information of the Group on the website of the Company; and (iv) engaging the Company's share registrar in Hong Kong to serve the shareholders on all share registration matters. Shareholders are encouraged to attend the general meetings of the Company in which the Directors are available to answer shareholders' questions on the Group's businesses and affairs at the meetings.

CONSTITUTIONAL DOCUMENTS

The amendments to the Bye-Laws of the Company were approved by the shareholders in the annual general meeting on 30 June 2023.

Environmental, Social and Governance Report

INTRODUCTION

It is the Company's vision that sustainability can be achieved by operating a profitable business without compromising the well-being of both the society and the environment and a sustainable business model integrating a balance between profitability, plant and people is the foundation for long term development. In the year ended 31 December 2023, the Group had redefined its mission in sustainability performance in areas relevant to its operations, including employment and labour practices, environmental protection, social community and corporate governance. This report summarises the environmental, social and governance ("ESG") initiatives, plans and performance of the Group during the year.

BOARD STATEMENT

2023 was a year of transition for the Group and has seen the Group's financial position restoring to normality (following completion of the debt restructuring by way of scheme of arrangement and raising funds from a rights issue) as well as the increasing global challenges from pandemic recovery to monetary and fiscal tightening measures and once in a generation geopolitical uncertainties. Along with these internal changes and external challenges, 2023 was also a defining year in the Group's approach to ESG actions, in which the Board established the ESG Workgroup comprising an executive director and an independent non-executive director. The key responsibilities of the ESG Workgroup are to make recommendations to the Board on the Group's ESG goals, objectives and strategies. It oversees, reviews and evaluates actions taken by the Group to progress its ESG priorities and goals. The workgroup also reviews and reports to the Board on sustainability risks and opportunities, and assesses emerging sustainability issues and trends that could impact the Group's business operations and performance. Moreover, it considers the impact of the Group's sustainability initiatives on its stakeholders. The Board has oversight and ultimate accountability for ESG strategies of the Group, as well as its management, performance and reporting with the support of the Audit Committee and the ESG Workgroup which play complementary roles. Directors are charged with the task of promoting long term sustainable success of the Group and making decisions in the interests of the Group with due regard to sustainability consideration. The Board examines and approves ESG goals, objectives, policies and frameworks and reviews their implementation progress and achievement, while ensuring alignment with the Group's business strategies. The Audit Committee and the ESG Workgroup report to the Board on ESG risks, opportunities and assurance as well as their impact on business strategies.

ESG STRATEGIES

As mentioned above, the Board exercises significant responsibility over ESG matters, which include integrating factors such as ESG governance, strategies and reporting into decision-making processes and overseeing ESG-related risks and opportunities. In order to ensure the effectiveness of the Group's ESG risk management and internal control mechanism in compliance with the relevant laws and regulations and in meeting its business needs and stakeholders' expectations, the Board liaises with the management on an on-going basis to assess relevant ESG data, identify and prioritise the Group's ESG issues, discuss and review the Group's ESG-related risks and opportunities, policies and performance. In the opinion of the Board, the Group's ESG strategies have incorporated environmental, social and governance elements in its daily operations and management.

The Group is cognisant that its actions in 2023 are part of a bigger picture and is beyond the impact of its own operations. More broadly, with customers increasingly signaling their preferences for more sustainable products and services, the opportunity to help customers to achieve their sustainability goals is seen as a key strategic area for the Group.

REPORTING PRINCIPLES

The preparation of this report follows the Environmental, Social and Governance Reporting Guide set out in Appendix 20 of the GEM Listing Rules. Information relating to the Group's corporate governance is set out in the Corporate Governance Report of this annual report. The information presented in this report is based on the principles of materiality, quantity, balance and consistency detailed as follows:

Materiality: The topics covered in this report have reflected the considerable effects of the Group on the economy, environment and society. The material issues are identified and determined by internal materiality assessments.

Quantitative: In addition to the disclosure of the standards and methodologies used in the calculation of relevant data in this report and the applicable assumptions, the key performance indicators are supplemented by explanatory notes to establish benchmarks where applicable.

Balance: The Group objectively reports the overall sustainability performance in terms of environmental, social and governance areas.

Consistency: The Group has adopted consistent methodologies to allow for meaningful comparison of its ESG performance. Any material change in methodologies and reporting scopes is explained as notes in this report.

STAKEHOLDER ENGAGEMENT

The Group appreciates the opinion of its principal stakeholders (including employees, customers and suppliers, investors and shareholders, business partners and alliances, government and regulators, and the community) and values that the stakeholders' contribution in aiding it in improving potentially overlooked ESG performance. The Group communicates with its stakeholders through the following channels:

Stakeholders	Communication Channels	Expectations
Employees	• Employee performance evaluation • On-the-job coaching • Training and briefing • Exit interviews	• Employees' remunerations, rights and welfares • Equal opportunities • Training and development • Occupational health and safety
Shareholders and investors	• Announcements, circulars and financial reports • Shareholders' meetings • Company's website	• Corporate governance • Financial performance • Sustainable business development
Customers	• Feedback from customers • Direct communications • Business meetings and discussion	• Product and service quality • Customer information security • Business ethics
Suppliers	• Feedback from suppliers • Direct communications • Business meetings and discussion	• Fair competition • Origin and stability of supplies • Business ethics and reputation
Government and regulatory authorities	• Responses to enquiries • Publications on the websites of the Stock Exchange and the Company • Official and verbal correspondence	• Compliance with relevant laws and regulations • Prevention of corruption behaviors
Media and the public	• Financial reports and announcements • ESG reports • Company's website	• Contribution to community • Environmental protection • Operation compliance

MATERIALITY ASSESSMENT

As concerns and expectations of its stakeholders may change over time, the Group has conducted a materiality assessment in 2023 to prioritise the different ESG issues that may impact its businesses as follows:

Category	Issue	Materiality Level
Environmental Protection	• Waste management	Medium
	• Efficient use of resources	Medium
	• Climate change	Medium
	• Enhancing environmental protection consciousness of staff	Low
Operating Practices	• Corporate Governance	High
	• Compliance with relevant laws and regulations	High
	• Anti-corruption	High
Product and Service Quality	• Product and service quality	High
	• Technology development	High
	• Customer privacy	High

Employment and Labour Practices	• Remuneration and welfare of employees	High
	• Career development	High
	• Safe and healthy working environment	Medium
	• Employee diversity and inclusion	Medium
Community	• Community development	Low
	• Encouraging employees to contribution to society	Low

ENVIRONMENTAL ASPECTS

General

Although its business operations do not generate significant emission, water pollutants and hazardous wastes, the Group appreciates global warming concerns and importance of environmental protection and has been exploring operational procedures/models for less adverse impact on the environment. In 2023, the Group mainly focused on the environmental impact of its office operations in Hong Kong and the measures to minimise greenhouse gas emissions and non-hazardous wastes generated from operations. During the year, the Group has complied with Air Pollution Control Ordinance, Waste Disposal Ordinance and Water Pollution Control Ordinance and was not aware of any non-compliance with the laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Greenhouse Gas Emissions

The Group's business operation does not lead to significant direct emission of air pollutants and greenhouse gases and electricity consumption is its largest source of greenhouse emission. Accordingly, the Group did not have any significant direct greenhouse emission (Scope 1) for both 2022 and 2023 and its indirect greenhouse emission (Scope 2) amounted to 8.7 tonnes (carbon dioxide equivalent) in 2023 (2022: 8.0 tonnes). Greenhouse emissions are calculated with reference to "Appendix 2: Reporting Guidance on Environmental KPIs" to "How to prepare an ESG Report" released by the Stock Exchange in March 2020. The Group has implemented a number of measures to mitigate electricity consumption such as keeping office temperature at moderate level and installing LED lighting or energy-saving lighting systems.

Waste Management

The Group adheres to waste management principles and strives to properly manage and dispose of wastes produced by its business operations. The Group's waste management practices have complied with relevant laws and regulations and, in 2023, the Group did not generate hazardous wastes in the course of its business operation and the non-hazardous wastes generated by it mainly comprised paper and packaging materials. The Group regularly monitors its consumption of paper and packaging materials and has implemented various measures to encourage its employees to participate in waste reduction management, including:

(i) green information and electronic communication wherever practicable for a paperless culture;

(ii) use of recycled paper/environmental friendly packaging materials;

(iii) duplex printing whenever possible and document sharing between co-workers via computer systems; and

(iv) avoidance of the use of single-use disposable items.

In addition, the Company is in support of the "Proposal to Expand the Paperless Listing Regime and Other Rule Amendments" which was issued by the Stock Exchange and had become effective on 31 December 2023 and will, going forward, provide options for shareholders to receive corporate communications electronically for reduction of paper consumption.

Use of Resources

Energy consumption of the Group is relatively low and mainly comprises electricity purchased. As mentioned above, the Group has energy saving measures in place to minimize its energy consumption where possible. During the year, the electricity consumption of the Group amounted to 11,800 kWh (2022: 9,500 kWh). In order to reduce energy consumption and the indirect petrol consumption (hence carbon emission), the Group supports the use of video or telephone conference to reduce the need for staff travelling and encourages its staff to take public transport if possible. In addition, with a view to reducing carbon footprint from energy consumption and carbon emission, the Company convened its general meetings through electronics means instead of holding general meeting physically in 2023. The Group does not consume significant water in its business activities and does not have issues relating to sourcing water. During 2023, the Group consumed 41 tonnes (2022: 36 tonnes) of water. However, despite limited water consumption, the Group still promotes the habit of water conservation where possible.

Environmental and Natural Resources

The Group is aware of the environmental impacts it may generate on natural resources when conducting businesses. It regularly assesses environmental risks with focus on its effective use of resources. The Group will continuously monitor whether its business operations will impose any potential impact to the environment and minimise such impact through promoting green office and operating environment by adopting the four principles of reduce, reuse, recycle and replacement. In addition, the Group also issues environmental-related memoranda to staff from time to time to raise their awareness of environmental preservation and to promote the best practice of environmental management.

Climate Change

The climate-related hazards affecting the Group are mainly extreme weather conditions (typhoons and rainstorms). especially in the summers. The Group recognizes that climate change has been affecting different dimensions of its stakeholders, business operations and community, particularly in view of the once-in-500-years storm in Hong Kong in 2023. The Group has been making efforts to ensure smooth business operations even during such conditions and to mitigate the risks and impacts posed to the Group. In addition, the Group is aware that the risks brought about by the extreme weather conditions may endanger the health and safety of its employees. The Group has developed comprehensive typhoon and rainstorm arrangements to safeguard staff's health and safety, including reporting for duty, early release from work, resumption of work and special arrangements in respect of essential staff in times of adverse weather. The Group also gives consideration as much as possible to different situations faced by individual employees (such as their place of residence, the road and traffic conditions in the vicinity) and adopts a sympathetic and flexible approach with due regard to their actual difficulties and needs. The Group also reminds and keeps employees updated on the latest weather condition through emails/text messages under extreme weather conditions.

SOCIAL ASPECT

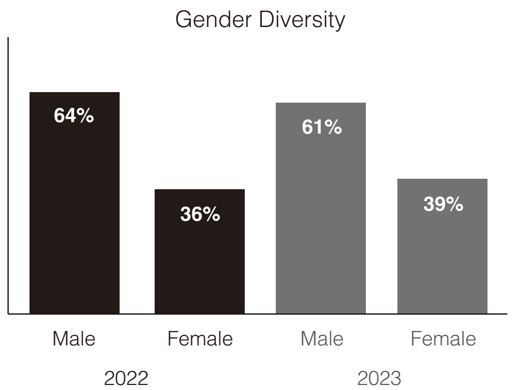
Employment and Labour Practices

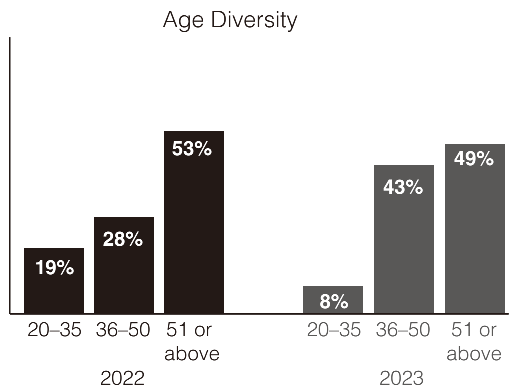
Employment

The Group recognises that its success and competitiveness depend highly on the skills and commitment of its employees and regards them as its valuable assets. Accordingly, the Group maintains a policy of strict compliance with all employment laws and regulations. The human resources and administration department is responsible for compliance with relevant employment laws and regulations and ensures that all existing benefits, welfare and employment terms are in compliance with laws and regulations. The Group has also formulated comprehensive human resources policies in the staff manual. During the year, the Group has complied with the Employment Ordinance, the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance and the Race Discrimination Ordinance. It has also followed the relevant regulations and policies in respect of recruitment, promotion, dismissal, equal opportunities, diverse culture and anti-discrimination. The Group has never employed employees with basic salaries below the statutory minimum wage, nor employed any minor or forced labour under the Employment of Children Regulations. The Group was not aware of any material non-compliance with the laws and regulations relating to employment and labour practices in 2023.

Diversity, Equal Opportunity and Anti-discrimination

The Group believes that diversity stimulates productivity, creativity and perspectives and an inclusive working environment is essential to the core value of the Group. The Group's recruitment and promotion are based on individual candidates' educational background, work experience, qualifications, job performance, personalities and aspiration for advancement, etc.. The Board considers that the Group has provided a supportive working environment by treating employees fairly and equally. Gender and age equality have been observed by the Group with a reasonable ratio of male and female employees of different age groups. In 2023, all of the Group's employees were full-time employees, the breakdowns of which are as follows:





Remuneration and Benefits

The Group's remuneration policy is based on principles of equality, motivation, performance-oriented and market competitiveness and remuneration packages are normally reviewed on an annual basis. Other staff benefits including provident fund contributions, medical insurance and performance-related bonus are provided. The Group has also established a share option scheme and a share award scheme to reward and motivate its employees.

Work-life Balance

The Group places a high value on the physical and mental well-being of its employees. Social events and staff development programs were held for employees during the year to cultivate a culture of healthy work-life balance and create a positive working environment.

Health and Safety

It is of paramount importance to ensure a safe and healthy workplace for employees and the Group spares no effort to safeguard the safety of its employees and workplace. The Group's management team is responsible for identifying actual and potential hazards and risks to the employees, ensuring a safe and hygienic work environment in compliance with relevant laws and regulations. During the year, the Group did not encounter any incident of non-compliance with all occupational health and safety-related laws and regulations including but not limited to Occupational Safety and Health Ordinance. The Group also ensures that there are adequate first-aid facilities in workplace and that all emergency exits remain unimpeded and unlocked. The outbreak of COVID-19 has brought an unprecedented impact to the community. To continue business in the new normal, the Group has placed great concern to improve indoor air quality and hygiene in its office premises and provides staff with hygiene masks and sanitizers with disinfectants to reduce the chance of staff being suffered from respiratory infection. A COVID-19 safety guidance has been provided to employees to raise their awareness of the pandemic and flus. The Group has installed appropriate lighting systems to ensure the staff can work under sufficient and comfortable lighting. Besides, more frequent cleansing and disinfection measures were conducted to ensure a neat and clean workplace. The Group will continue its efforts to promote a caring working environment to its employees.

Development and Training

The Group appreciates that skills and experience are key to corporate sustainable development and emphasizes on staff training. The Group has dedicated significant resources to attract and retain talented employees and to ensure that staff grow with competence and skill sets alongside the business. Management is required to coordinate with the human resources and administrative department to formulate suitable training programs to employees based on their needs. In addition to on-the-job training and coaching, the Group also encourages its staff to pursue progress and continuous learning to keep up-to-date knowledge corresponding to their duties.

Supply Chain Management

The Group is aware of the environmental and social risks along the supply chain and therefore encourages sustainable development of its suppliers. If there is a significant environmental and social risk along the supply chain, the Group's management shall discuss with the Board about risk responses. To maintain an efficient operation and a sustainable supply chain, the Group has deployed a supply chain management policy to select, assess and engage suppliers based on their qualifications and performance and to periodically evaluate and monitor their compliance with laws and regulations relating to environmental and social policies, service standards and quality provisions. In addition to the suppliers' contractual obligations under the relevant laws and regulations to ensure their compliance with environmental and social policies, the Group has gradually taken environmental consideration into the supply chain management and will continue to integrate the environmental vision into the procurement process.

Product and Service Responsibility

The Group offers quality products grounded on responsible operating practices. Although health and safety risks involved in the Group's products and services are relatively insignificant, it attaches great importance to the quality of the products and services provided to customers by strictly observing the laws and regulations related to product quality. During the year, the Group did not record any material complaint related to products and services nor was it aware of any material non-compliance with laws and regulations in relation to health and safety, advertising, labelling and privacy matters. More importantly, the Group sees its culture and capability in providing products and solutions to help customers in achieving their sustainability goals as a strategic competitiveness and a key strategic area for business growth. It commits to meeting customers' needs for more sustainable products and services through innovation and sound business ethics.

Privacy Protection

The Group is serious in protection of the confidential information of its customers and employees and has implemented policies relating to data protection. The Group segregates employee access to sensitive data, allowing access to only the relevant employees for carrying out their roles and responsibilities. Any violation of Group's privacy policy is considered major misconduct and is subject to disciplinary actions. During the year, the Group has complied with The Personal Data (Privacy) Ordinance.

Anti-corruption

The Group maintains a high standard of business integrity throughout its operation and does not tolerate corruption or bribery in any form. The Group will trade with only the persons who are impartial and for the benefits of the Group. In addition, the Group has established a code of conduct on prohibition of bribery and corruption, acceptance/offering of gifts/advantages and abuse of office, as well as declaration of conflict of interests. Accepting gifts, entertainment activities or bonuses which do not comply with the normal social etiquette and ethical business practices are strictly prohibited. The Group has also implemented whistleblowing policy to encourage employees and related third parties who deal with the Group to voice any suspected misconduct, malpractice, illegal act or failure to act. Whistleblowers can report via email directly to the audit committee and the company secretary with regards to any suspected misconduct. During the year, the Group has complied with the Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

Community

The Group has always been philanthropic and strived to be a good corporate citizen. However, the Group, given its unsatisfactory financial conditions in 2022 and 2023, did not make charitable donation (2022: Nil). On the other hand, it does encourage its staff to spend time and efforts in community projects and make contribution to the community.

WAY FORWARD

The Group is committed to conducting businesses in a responsible manner with integrity and attaches importance to environmental, social and corporate governance aspects. The Board will continue to review and adjust its ESG strategies in response to the evolving social expectation and regulatory landscape. The on-going process to fulfil these responsibilities will continue to enhance the Group's long-term value, build resilience against ESG-related risks and position the Group as a responsible corporate citizen.

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To the members of Almana Limited (formerly known as M-Resources Group Limited)
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Almana Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 22 to 53, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Impairment assessment on trade receivables

As at 31 December 2023, the Group had gross trade receivables of approximately HK$2,883,000 and loss allowance of approximately HK$155,000. We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit loss ("ECL") of the Group's trade receivables at the end of the reporting period.

Management of the Group estimates the amount of lifetime ECLs of trade receivables based on provision matrix through grouping of various debtors that have similar credit risk characteristics based on nature and industry of debtors. Internal credit rating has been given to each category of debtors after considering aging, historical credit loss experience adjusted for forward-looking factors specific to these debtors. Trade receivable with significant balance and credit impaired is assessed for ECL individually. The Group assess ECL on trade receivable with significant balance and credit impaired based on probability of default, loss given default and adjusted for forward-looking factors specific to the debtor.

The accounting policies and disclosure for estimation of impairment of trade receivables are included in Notes 4.2(ii), 5(iv), 20 and 36(c) to the consolidated financial statements.

Our response:

Our audit procedures in relation to management's impairment assessment on trade receivables included:

- Understanding key controls on how the management estimates the credit loss allowance for trade receivables;

- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at year end date, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, basis of estimated loss rates applied in each category in the provision matrix, and basis on the use of probability of default and loss given default with reference to an external credit report and adjusted for forward-looking information;

- Testing the integrity of information used by management to develop the provision matrix by checking supporting information for the nature and industry of the debtors, on a sample basis;

- Testing the reasonableness of credit rating given to each category of debtors by checking trade receivables aging analysis as at 31 December 2023, historical credit loss experience adjusted for forward-looking factors, repayment history and past due status of respective trade receivables by comparing individual items in the analyses with the relevant invoices, bank receipts and other supporting information, on a sample basis; and

- Testing subsequent settlements on a sample basis by inspecting supporting documents in relation to cash receipt subsequent to the end of the reporting period.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES 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 HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants

Pak Tak Lun
Practising Certificate Number: P06170

Hong Kong, 15 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	7	**26,911**	22,312
Cost of sales		**(22,029)**	(19,686)
Gross profit		**4,882**	2,626
Gain on derecognition of liabilities under the Scheme		**–**	55,704
Other income, gains and losses	8	**79**	856
Administrative expenses		**(6,048)**	(6,152)
Finance costs	9	**(3)**	(1,157)
Fair value loss on debt investment at fair value through profit or loss	21	**(2)**	(402)
Impairment loss on trade receivables	20	**(155)**	(1,072)
Reversal of/(impairment loss) on other receivables	36(c)	**29**	(691)
(Loss)/profit before income tax	10	**(1,218)**	49,712
Income tax	11	**(425)**	(422)
(Loss)/profit for the year attributable to owners of the Company		**(1,643)**	49,290
(Loss)/earnings per share attributable to owners of the Company	13		(Restated)
Basic		**HK(3.2 cents)**	HK247.4 cents
Diluted		**HK(3.2 cents)**	HK185.2 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
(Loss)/profit for the year	**(1,643)**	49,290
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss:		
Fair value loss on equity investments at fair value through other comprehensive income, net of tax	**(90)**	(148)
Other comprehensive income for the year, net of tax	**(90)**	(148)
Total comprehensive income for the year attributable to owners of the Company	**(1,733)**	49,142

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment	16	**2,511**	2,544
Right-of-use assets	17(a)	**34**	114
Equity investments at fair value through other comprehensive income	18	**77**	167
Prepayment	22	**2,500**	2,500
Debt investment at fair value through profit or loss	21	**–**	161
		5,122	5,486
Current assets			
Inventories	19	**198**	159
Trade receivables	20	**2,728**	10,693
Prepayments, other receivables and other assets	22	**832**	895
Bank balances and cash	23	**18,166**	4,960
		21,924	16,707
Total assets		**27,046**	22,193
Current liabilities			
Trade payables	24	**1,921**	2,433
Other payables and accruals	25	**3,205**	12,580
Lease liabilities	17(b)	**35**	91
Tax payables		**457**	1,865
		5,618	16,969
Net current assets/(liabilities)		**16,306**	(262)
Total assets less current liabilities		**21,428**	5,224
Non-current liabilities			
Lease liabilities	17(b)	**–**	35
NET ASSETS		**21,428**	5,189
Capital and reserves			
Share capital	26	**9,109**	2,277
Reserves	28	**12,319**	2,912
TOTAL EQUITY		**21,428**	5,189

The consolidated financial statements were approved and authorised for issue by the board of directors on 15 March 2024 and are signed on its behalf by:

Chan Ho Yee	**Pang King Sze, Rufina**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital *HK$'000* *(Note 26)*	**Share premium*** *HK$'000* *(Note 28)*	**Working capital loan*** *HK$'000* *(Note 28)*	**Fair value reserve*** *HK$'000* *(Note 28)*	**Accumulated losses*** *HK$'000*	**Total equity** *HK$'000*
Balance as at 1 January 2023	**2,277**	**4,777**	**200**	**(790)**	**(1,275)**	**5,189**
Loss for the year	**–**	**–**	**–**	**–**	**(1,643)**	**(1,643)**
Other comprehensive income:						
Fair value loss on equity investments at fair value through other comprehensive income, net of tax	**–**	**–**	**–**	**(90)**	**–**	**(90)**
Total comprehensive income for the year	**–**	**–**	**–**	**(90)**	**(1,643)**	**(1,733)**
Issue of shares upon completion of Rights Issue	**6,832**	**11,140**	**–**	**–**	**–**	**17,972**
Balance as at 31 December 2023	**9,109**	**15,917**	**200**	**(880)**	**(2,918)**	**21,428**

	Share capital *HK$'000* *(Note 26)*	Share premium* *HK$'000* *(Note 28)*	Working capital loan* *HK$'000* *(Note 28)*	Fair value reserve* *HK$'000* *(Note 28)*	Accumulated losses* *HK$'000*	Total (deficit)/ equity *HK$'000*
Balance as at 1 January 2022	1,247	–	2,004	(642)	(50,565)	(47,956)
Profit for the year	–	–	–	–	49,290	49,290
Other comprehensive income:						
Fair value loss on equity investments at fair value through other comprehensive income, net of tax	–	–	–	(148)	–	(148)
Total comprehensive income for the year	–	–	–	(148)	49,290	49,142
Movement during the year, net	–	–	2,858	–	–	2,858
Issue of shares under the Scheme *(Note 1.2)*	352	793	–	–	–	1,145
Issue of shares to subscriber *(Note 1.2)*	678	3,984	(4,662)	–	–	–
Balance as at 31 December 2022	2,277	4,777	200	(790)	(1,275)	5,189

* The total of these accounts as at the reporting dates represents "Reserves" in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(1,218)**	49,712
Adjustments for:			
Depreciation of property, plant and equipment	*10*	**33**	90
Depreciation of right-of-use assets	*10*	**80**	336
Interest income	*8*	**(8)**	–
Gain on disposal of subsidiaries	*8*	**(18)**	–
Impairment loss on trade receivables	*20*	**155**	1,072
(Reversal of)/impairment loss on other receivables	*36(c)*	**(29)**	691
Gain on derecognition of liabilities under the Scheme		**–**	(55,704)
Fair value loss on debt investment at fair value through profit or loss	*21*	**2**	402
Finance costs	*9*	**3**	1,157
Operating cash outflow before working capital changes		**(1,000)**	(2,244)
(Increase)/decrease in inventories		**(39)**	1,496
Decrease in trade receivables		**7,810**	209
Decrease/(increase) in prepayments, other receivables and other assets		**99**	(1,072)
Decrease in trade payables		**(512)**	(5,455)
(Decrease)/increase in other payables and accruals		**(7,997)**	7,009
		(1,639)	(57)
Hong Kong Tax Paid		**(1,833)**	–
Net cash used in operating activities		**(3,472)**	(57)
Cash flows from investing activities			
Interest income received		**8**	–
Purchase of equity investment at fair value through other comprehensive income		**–**	(44)
Disposal of subsidiaries, net of cash disposed of	*32*	**170**	–
Net cash generated from/(used in) investing activities		**178**	(44)
Cash flows from financing activities			
Completion of Rights Issue	*26(a)*	**18,788**	–
Share issuance expenses	*26(a)*	**(816)**	–
Inception of capital loan		**–**	2,858
Capital element of lease rentals paid	*33(b)*	**(91)**	(553)
Interest element of lease rentals paid	*33(b)*	**(3)**	(16)
Repayment of loans	*33(b)*	**–**	(205)
Repayment to a director	*33(b)*	**(3,272)**	–
Advance from a director	*33(b)*	**2,431**	1,380
Repayment to a third party	*33(b)*	**(537)**	(260)
Net cash generated from financing activities		**16,500**	3,204
Net increase in cash and cash equivalents		**13,206**	3,103
Cash and cash equivalents at the beginning of the year		**4,960**	1,857
Cash and cash equivalents at the end of the year	*23*	**18,166**	4,960

1. GENERAL INFORMATION AND DEBT RESTRUCTURING

1.1 General information

Almana Limited ("the Company") is a limited liability company incorporated in Bermuda. The ordinary shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's principal place of business in Hong Kong is situated at 35/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong. The Group, comprising the Company and its subsidiaries, is principally engaged in the sales of household, plantation and accessory products.

1.2 Debt restructuring in the year ended 31 December 2022

The Company pursued a debt restructuring arrangement and applied to the High Court of Hong Kong for the scheme of arrangement (the "Scheme") in 2022. On 27 July 2022, the Scheme became effective.

Out of the payable to the creditors under the Scheme ("Scheme Creditors") amounting to HK$57,092,000, certain Scheme Creditors with payable amounts, in aggregate, of HK$914,000 had not chosen its settlement option of which were deemed to forfeit their right to receive settlement. Among the admitted claims from these remaining Scheme Creditors, in aggregate, of HK$56,178,000, the Scheme Creditors with admitted claims of HK$12,123,000 and HK$44,055,000 had selected to receive cash settlement and Scheme Shares, respectively. The Company settled these Scheme Creditors in cash of HK$243,000 and in 4,405,465 Scheme Shares on 22 December 2022. Accordingly, the Group recognised a gain on derecognition of liabilities of HK$55,704,000 to the consolidated profit and loss of the Group and correspondingly recognised HK$352,000 and HK$793,000 as share capital and share premium, respectively, arose from the issue of Scheme Shares in the financial year ended 31 December 2022.

For settlement of the working capital loan of HK$4,662,000 provided by a facility provider, the Company allotted and issued in total 8,476,364 Shares of HK$0.55 per Share. As further explained in Note 28 "Working capital loan", the working capital loan has been classified as an equity instrument. The Group accounted for an increase in share capital and share premium of HK$678,000 and HK$3,984,000, respectively, for the issuance of such Shares.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Change in accounting policy

(a) The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

Except as disclosed below, none of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) New Guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by Hong Kong Institute of Certified Public Accountants:

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("the Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("MPF") to offset severance payment ("SP") and long service payments ("LSP") ("the Abolition"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("the Transition Date"). The following key changes will take effect since the Transition Date:

– Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

– The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's MPF contributions and its LSP obligation and the accounting for offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("the Guidance") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 December 2022 and 2023, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is insignificant. Application of the guidance had no material effect on the consolidated financial statements of the Group.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
HK Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

2 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments.

The 2020 Amendments also specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Early adoption is permitted, but will need to be disclosed.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1 January 2019). Earlier application is permitted.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the same as the functional currency of the Company.

4. ACCOUNTING POLICIES

4.1 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Plants, machinery and equipment	20%
Leasehold improvements	Over lease terms
Furnishing	Not depreciated

4.2 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item classified as subsequently measured at amortised cost, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments, including trade and other receivables, that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group had irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (FVOCI). This election is made on an investment-by-investment basis. Equity investments at FVTOCI are subsequently measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other debt and equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. Trade receivables with significant amounts and/or credit-impaired are assessed for ECLs individually. The Group calculates the lifetime ECLs on these receivables based on lifetime probability of default, loss given default and adjusted for forward-looking factors specific to the debtors and the economic environment. Lifetime ECLs for trade receivables which are not assessed individually are estimated by establishing a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For other debt financial assets, the ECLs are based on the lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group considers a financial asset to be credit-impaired when: (1) significant financial difficulty of the debtor; (2) a breach of contract, such as a default or being more than 90 days past due; (3) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; (4) it is probable that the debtor will enter bankruptcy or other financial reorganisation; or (5) the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for debt instruments measured at FVTOCI, whose loss allowance shall be recognised in other comprehensive income. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) *Financial liabilities*

The Group classifies its financial liabilities at amortised cost.

Financial liabilities at amortised cost including trade and other payables are initially measured at fair value, net of directly attributable costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and sum of the consideration received and receivable is recognised in profit or loss. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.3 Revenue recognition

Sales of household, plantation and accessory products

Customers obtain control of the household, plantation and accessory products when the goods are delivered to and have been accepted by the customers. Invoices are generated at that point in time and are usually payable within 60-90 days. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component given the period between when the transfer of control of products to customers and the payment date is one year or less.

No discounts are provided for these products, but some contracts come with standard warranty terms of not more than 3 months, under which customers are able to return and replace any defective products if the goods fail to comply with agreed-upon specifications. Customers also have the right to return the products to the Group within that period if the customers are dissatisfied with the product for cash refunds.

Shipping before control has passed to the customer is considered a fulfilment activity rather than a performance obligation and there is generally only one performance obligation under the contract. Revenue is recognised when the goods are delivered to and have been accepted by customers. Following delivery, the Group no longer has physical possession but have a present right to payment, whilst the customer has full discretion over the manner of use, bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the amount of revenue recognised will be adjusted for expected returns, which are estimated based on the historical data for specific types of products. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. For warranties provided to customers, because they cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications, the Group accounts for warranty in accordance with HKAS 37. Such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. As historically there was no goods replacement or liability claim, the Group does not recognise the provision for warranty and no adjustment is made to the amount of revenue recognised.

Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

4.4 Income taxes

Income taxes for the year comprise current tax and deferred tax. Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. Deferred tax is recognised using the liability method in respect of temporary differences. Except for goodwill and initial recognition of assets and liabilities that do not form part of the business combination that affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary difference, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates that have been enacted or substantively enacted at the end of reporting period. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.5 Employee benefits

Short term employee benefit

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

4.6 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

4.7 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of resources embodying economic benefits that can be reliably estimated. Where it is not probable that an outflow of resources embodying economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, 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 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 accounting judgements and key sources of estimation uncertainty are as follows:

(i) Income taxes

Significant judgements on the tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(ii) Useful lives and residual values of property, plant and equipment

The management of the Group determines the residual values, estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of the property, plant and equipment of similar nature and functions. Management will change the depreciation charge where residual values and useful lives are different from the previous estimates. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Impairment of property, plant and equipment

In assessing impairment of property, plant and equipment, the Group's management uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable information from similar comparable products in the market. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Provision for ECL on trade receivables

The Group uses a probability of default approach to assess ECLs for trade receivables with significant amounts and/or credit-impaired individually. The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. For trade receivables which are not assessed individually, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (e.g. by geography, product type, and customer type and rating, etc.). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increase number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast in economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's default in the future. The information about ECLs on the Group's trade receivables and related credit risk is disclosed in notes 20 and 35(c), respectively.

(v) Fair value measurement

The fair value measurement of the Group's financial assets at FVTOCI utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

– Level 1: Quoted prices in active markets for identical items (unadjusted);
– Level 2: Observable direct or indirect inputs other than Level 1 inputs;
– Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(vi) ECLs on other receivables

The ECLs for financial assets including other receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such ECLs, broadly based on the available historical data, existing market conditions including forward looking estimates at the end of the reporting period.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group reportable segments are managed separately as each business offers and requires different business strategies. During the year, the Group has three (2022: three) reportable operating segments:

(1) The sales of household products (the "Household Business");

(2) The sales of plantation products (the "Plantation Business"); and

(3) The sales of accessory products (the "Accessory Business").

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that gain on derecognition of liabilities under the Scheme, unallocated finance costs, as well as corporate expenses are excluded from such measurement.

In the opinion of the Directors, the Group's financial services business has been inactive for the past two years.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(i) The following summary describes the operations in each of the Group's reportable segments:

HK$'000	**Household Business**	**Plantation Business**	**Accessory Business**	**Total**
Year ended 31 December 2023				
Reportable segment revenue	**6,644**	**4,006**	**16,261**	**26,911**
Reportable segment profit	**603**	**13**	**2,747**	**3,363**
Unallocated corporate expenses				**(4,581)**
Loss before income tax				**(1,218)**
Reportable segment assets	**3,892**	**4,539**	**5,355**	**13,786**
Unallocated assets *(note)*				**13,260**
Total assets				**27,046**
Reportable segment liabilities	**37**	**2,197**	**675**	**2,909**
Unallocated liabilities *(note)*				**2,709**
Total liabilities				**5,618**
Depreciation	**–**	**57**	**–**	**57**
Unallocated depreciation				**56**
				113
Impairment loss of trade receivables	**25**	**122**	**8**	**155**
Reversal of impairment loss on other receivables	**–**	**(29)**	**–**	**(29)**

Note: Unallocated assets mainly represent corporate assets and financial assets at FVTOCI. Unallocated liabilities mainly represent corporate liabilities.

	Household Business	Plantation Business	Accessory Business	Total
Year ended 31 December 2022				
Reportable segment revenue	11,244	4,902	6,166	22,312
Reportable segment profit/(loss)	602	(813)	625	414
Gain on derecognition of liabilities under Scheme				55,704
Unallocated corporate expenses				(5,252)
Unallocated finance costs				(1,154)
Profit before income tax				49,712
Reportable segment assets	16,981	3,760	934	21,675
Unallocated assets (note)				518
Total assets				22,193
Reportable segment liabilities	11,791	1,772	424	13,987
Unallocated liabilities (note)				3,017
Total liabilities				17,004
Depreciation	–	71	–	71
Unallocated depreciation				355
				426
Impairment loss of trade receivables	1,072	–	–	1,072
Impairment loss of other receivables	–	691	–	691

Note: Unallocated assets mainly represent corporate assets, financial assets at FVTOCI and at FVTPL. Unallocated liabilities mainly represent corporate liabilities.

(ii) Geographical information

Revenue from external customers

HK$'000	**2023**	2022
Hong Kong (place of domicile)	**20,267**	5,350
The PRC	**1,697**	12,116
The United States (the "US")	**4,947**	4,846
	26,911	22,312

Specified non-current assets

HK$'000	**2023**	2022
Hong Kong (place of domicile)	**2,545**	2,658
The PRC	**2,500**	2,500

The classification of the revenue is based on the location of the customers' operation. The specified non-current assets information above is based on the locations of the assets and/or locations of the operations.

(iii) Information about major customers

In 2023, revenues from one customer of the Group's Household Business amounted to HK$4,087,000, one customer of the Group's Plantation Business amounted to HK$4,006,000, and three customers of the Group's Accessory Business amounted to HK$5,530,000, HK$4,901,000 and HK$2,850,000, which individually represents 10% or more of the Group's revenue.

In 2022, revenues from two customers of the Group's Household Business amounted to HK$6,397,000 and HK$4,847,000, one customer of the Group's Plantation Business amounted to HK$4,902,000, and one customer of the Group's Accessory Business amounted to HK$5,034,000, which individually represents 10% or more of the Group's revenue.

7. REVENUE

An analysis of revenue as follows:

HK$'000	**2023**	2022
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of household products	**6,644**	11,244
Sales of plantation products	**4,006**	4,902
Sales of accessory products	**16,261**	6,166
	26,911	22,312

Disaggregated revenue information

HK$'000	**2023**	2022
Timing of revenue recognition		
Goods transferred at a point in time	**26,911**	22,312

8. OTHER INCOME, GAINS AND LOSSES

HK$'000	**2023**	2022
Bank interest income	**8**	–
Exchange gain, net	**42**	597
Government subsidies *(note)*	**–**	36
Gain on disposal of subsidiaries	**18**	–
Sundry income	**11**	223
	79	856

Note: There were no unfulfilled conditions or other contingencies attached to these subsidies. All government subsidies for the year ended 31 December 2022 had been received. The Group did not benefit from other forms of government assistance.

9. FINANCE COSTS

HK$'000	**2023**	2022
Interest on lease liabilities *(Note 17(b))*	**3**	16
Interest on other borrowing#	**–**	388
Interest on other loans#	**–**	382
Interest on bond payable#	**–**	354
Others	**–**	17
	3	1,157

These interest expense were arose from other borrowing, other loans and bond payable prior to the debts restructuring as detail on note 1.2.

10. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

HK$'000	**2023**	2022
Cost of inventories recognised as expenses	**22,029**	19,686
Auditors' remuneration		
– for the year*	**1,100**	1,100
– under-provision for prior year*	**139**	–
Depreciation of property, plant and equipment* *(Note 16)*	**33**	90
Depreciation of right-of-use assets* *(Note 17(a))*	**80**	336
Staff costs (including Directors' emoluments – *(Note 14)*):		
– Salaries and wages*	**2,073**	1,619
– Defined contribution scheme*	**38**	23

* Included in administrative expenses

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. Under the above scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

11. INCOME TAX

The amount of income tax in the consolidated statement of profit or loss represents:

HK$'000	**2023**	2022
Current tax		
– Hong Kong	**175**	–
– PRC	**250**	422
	425	422

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Enterprise Income Tax Law of the PRC, the Enterprise Income Tax has been provided at the rate of 25% during the year (2022: 25%).

The income tax for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of profit or loss as follows:

HK$'000	**2023**	2022
(Loss)/profit before income tax	**(1,218)**	49,712
Tax calculated at the applicable tax rate of 16.5% (2022: 16.5%)	**(200)**	8,202
Effect of different tax rates	**249**	162
Tax effect of income not taxable for tax purpose	**(1)**	(9,191)
Tax effect of expenses not deductible for tax purposes	**50**	852
Tax effect of temporary differences not recognised	**18**	342
Effect of tax losses not recognised	**309**	55
Income tax	**425**	422

The Group had not recognised deferred tax assets in respect of tax losses available for offsetting future assessable profits in respective jurisdiction as follows:

HK$'000	**2023**	2022
Tax losses		
– Hong Kong	**3,802**	1,931

The tax losses in Hong Kong could be carried forward with an infinity period.

12. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 December 2023 (2022: Nil).

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on:

HK$'000	**2023**	2022
(Loss)/profit for the year attributable to owners of the Company	**(1,643)**	49,290
Number of share *(in '000)*		(Restated)
Weighted average number of ordinary shares	**51,241**	19,923
Issuance of shares under Scheme	**–**	2,395
Issuance of shares to Subscriber	**–**	4,296
Weighted average number of ordinary shares	**51,241**	26,614

The weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share for the years ended 31 December 2023 and 2022 has been adjusted/restated to reflect the effect of bonus element in rights issue on 16 October 2023.

Further details on note 1.2, the Scheme was effective on 27 July 2022 which the Scheme Creditors and Subscriber have the right to entitle the shares. In the opinion of directors, the dilutive effect shall be considered upon there was a right to issue shares. On 22 December 2022, 4,405,465 Scheme Shares have been allotted and issued to the Scheme Creditors and 8,476,364 Subscription Shares were issued to the Subscriber.

14. DIRECTORS' EMOLUMENTS

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

HK$'000	**Fees**	**Salaries, allowance and other benefits**	**Defined contribution scheme**	**Total**
For the year ended 31 December 2023				
Jin Guangwu# (appointed on 19 December 2023)	**4**	**–**	**–**	**4**
Chan Ho Yee#	**120**	**–**	**–**	**120**
Pang King Sze, Rufina*	**270**	**–**	**–**	**270**
Hong Bingxian*	**96**	**–**	**–**	**96**
Huang Zhe*	**96**	**–**	**–**	**96**
	586	**–**	**–**	**586**

HK$'000	Fees	Salaries, allowance and other benefits	Defined contribution scheme	Total
For the year ended 31 December 2022				
Chan Ho Yee# (appointed on 2 March 2022)	100	–	–	100
He Xuemei# (resigned on 30 April 2022)	32	–	–	32
Pang King Sze, Rufina*	180	–	–	180
Hong Bingxian*	96	–	–	96
Huang Zhe*	96	–	–	96
	504	–	–	504

Executive Directors
* Independent non-executive Directors

No emolument has been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

15. FIVE HIGHEST PAID INDIVIDUALS

The five individuals with the highest emoluments in the Group, one (2022: one) was Director whose emolument is included in the disclosures in Note 14 above. The emoluments of the remaining four (2022: four) individuals were as follows:

HK$'000	**2023**	2022
Salaries and other emoluments	**1,016**	792
Defined contribution scheme	**34**	21
	1,050	813

The number of the highest paid non-Directors fell within the following emolument band:

Number of individuals	**2023**	2022
Nil to HK$1,000,000	**4**	4

16. PROPERTY, PLANT AND EQUIPMENT

HK$'000	**Plants, machinery and equipment**	**Leasehold improvements**	**Furnishing**	**Total**
2023				
At 1 January 2023				
Cost	**60**	**167**	**2,483**	**2,710**
Accumulated depreciation	**(20)**	**(146)**	**–**	**(166)**
Net carrying amount	**40**	**21**	**2,483**	**2,544**
At 1 January 2023, net of accumulated depreciation	**40**	**21**	**2,483**	**2,544**
Depreciation provided during the year	**(12)**	**(21)**	**–**	**(33)**
At 31 December 2023, net of accumulated depreciation	**28**	**–**	**2,483**	**2,511**
At 31 December 2023				
Cost	**60**	**167**	**2,483**	**2,710**
Accumulated depreciation	**(32)**	**(167)**	**–**	**(199)**
Net carrying amount	**28**	**–**	**2,483**	**2,511**
2022				
At 1 January 2022				
Cost	60	167	2,483	2,710
Accumulated depreciation	(8)	(68)	–	(76)
Net carrying amount	52	99	2,483	2,634
At 1 January 2022, net of accumulated depreciation	52	99	2,483	2,634
Depreciation provided during the year	(12)	(78)	–	(90)
At 31 December 2022, net of accumulated depreciation	40	21	2,483	2,544
At 31 December 2022				
Cost	60	167	2,483	2,710
Accumulated depreciation	(20)	(146)	–	(166)
Net carrying amount	40	21	2,483	2,544

17. LEASES

The Group as a lessee

The Group has lease contracts for its office premises and warehouse used in its operations. The leases for the office premises and warehouse have non-cancellable lease periods of one year and two years respectively, without any extension option.

The termination option is not reflected in the measurement of lease liabilities. The carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising early termination option because it was considered reasonably certain that the Group would not exercise its right to terminate the lease. Total lease payments of HK$35,000 (2022: HK$60,000) are potentially avoidable if the Group were to exercise the options at the earliest opportunity.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

HK$'000	**Office premises**	**Warehouse**	**Total**
At 1 January 2022	304	32	336
Additions	–	114	114
Depreciation	(281)	(55)	(336)
At 31 December 2022 and 1 January 2023	23	91	114
Depreciation	(23)	(57)	(80)
At 31 December 2023	–	34	34

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movement during the year as follows:

HK$'000	**2023**	2022
At 1 January	**126**	565
Commencement of new leases	**–**	114
Accretion of interest recognised during the year *(Note 9)*	**3**	16
Payments	**(94)**	(569)
At 31 December	**35**	126
Analysed into:		
Current portion	**35**	91
Non-current portion	**–**	35
	35	126

(c) The amounts recognised in profit or loss in relation to leases are as follows:

HK$'000	**2023**	2022
Interest on lease liabilities	**3**	16
Depreciation of right-of-use assets	**80**	336

18. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

HK$'000	**2023**	2022
Listed shares suspended for trading, at fair value	**77**	167

The equity investment was for medium-term investment purpose and designated by the Group as equity investment at FVTOCI. As at 31 December 2023, the Group recognised a fair value loss of approximately HK$90,000 (2022: approximately HK$148,000) in other comprehensive income. The Group did not receive any dividend income from the listed equity investments during the year (2022: Nil).

19. INVENTORIES

HK$'000	**2023**	2022
Merchandise	**198**	159

Inventories are measured at the lower of cost and net realisable value. During the year, no write-down of inventories (2022: Nil) was recognised in cost of sales.

20. TRADE RECEIVABLES

HK$'000	**2023**	2022
Trade receivables	**2,883**	12,505
Less: Impairment allowances	**(155)**	(1,812)
	2,728	10,693

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60–90 days (2022: 60–90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing analysis of the Group's trade receivables at the end of each reporting period, based on invoice dates and net of impairment allowances, is as follows:

HK$'000	**2023**	2022
Within 1 month	**896**	372
More than 1 month but within 2 months	**361**	348
More than 2 months but within 3 months	**577**	411
More than 3 months but within 6 months	**458**	120
More than 6 months but within 1 year	**436**	4,066
More than 1 year	**–**	5,376
At 31 December	**2,728**	10,693

The movements in impairment allowances for trade receivables during the year are as follows:

HK$'000	**2023**	2022
At 1 January	**1,812**	740
Written off	**(1,812)**	–
Provision for impairment	**155**	1,072
At 31 December	**155**	1,812

Trade receivables with significant amounts and/or credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECLs on trade receivables which are not assessed individually using a provision matrix. As at 31 December 2022, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for the sales of household products of approximately HK$11,254,000 using probability of default approach. The ECL rate was 16.1% and the loss allowance was approximately HK$1,812,000.

As at 31 December 2023, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for the sales of household, plantation and accessory products (2022: trade receivables for the sales of plantation products and sales of accessory items) of approximately HK$792,000, HK$2,022,000 and HK$69,000 (2022: approximately HK$1,235,000 and HK$16,000), respectively using a provision matrix. The following table provides information about the Group's exposure to credit risk and ECLs on trade receivables as at reporting date.

	Not yet past due	Past due within 1 year	Past due over 1 year	Total
At 31 December 2023				
ECL rate	3%	10%	100%	
Gross carrying amount *(HK$'000)*	1,911	972	–	2,883
ECLs *(HK$'000)*	61	94	–	155
At 31 December 2022				
ECL rate	0%	0%	100%	
Gross carrying amount *(HK$'000)*	720	531	–	1,251
ECLs *(HK$'000)*	–	–	–	–

21. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$'000	**2023**	2022
Convertible bond receivable, at fair value	**–**	161

In 2017, the Company subscribed the convertible bond receivable with a principal amount of HK$4,001,000 issued by an independent third party (the "CB Issuer") which bears interest at 1.5% per annum and is convertible into the 626,742 ordinary shares of the CB Issuer at a conversion price of HK$6.38381 per share. As at 31 December 2022, the Group recognised a fair value loss of approximately HK$402,000 in profit or loss.

In 2020, the conversion option was matured and the convertible bond receivable was in default. In the opinion of Directors, the principal amount is not expected to be settled within twelve months from the reporting date and therefore the carrying amount has been classified as non-current asset.

Further details on Note 32, during the year the Group disposed of a subsidiary which holds the convertible bond receivable at cash consideration of HK$170,000. As at the disposal date, the Group recognised a fair value loss of approximately HK$2,000 in profit or loss.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

HK$'000	**2023**	2022
Prepayments *(note (a))*	**3,169**	3,240
Deposits and other receivables	**971**	1,179
	4,140	4,419
Less: Impairment allowances *(note (b))*	**(808)**	(1,024)
	3,332	3,395
Analysed into:		
Current portion	**832**	895
Non-current portion	**2,500**	2,500
	3,332	3,395

Notes:

(a) Included in prepayments as at 31 December 2023 was an amount of HK$2,500,000 (2022: HK$2,500,000) prepaid by the Group for setting up a company with another investor by mid of year 2025 (2022: mid of year 2024).

(b) At 31 December 2023, impairment allowances of approximately HK$808,000 (2022: approximately HK$1,024,000) were provided against the other receivables.

23. BANK BALANCES AND CASH

HK$'000	**2023**	2022
Cash on hand	**1**	–
Cash at bank	**18,165**	4,960
	18,166	4,960

24. TRADE PAYABLES

HK$'000	**2023**	2022
Trade payables	**1,921**	2,433

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

HK$'000	**2023**	2022
Within 1 month	**176**	750
More than 1 month but within 2 months	**334**	330
More than 2 months but within 3 months	**554**	619
More than 3 months but within 6 months	**452**	734
More than 6 months but within 1 year	**405**	–
	1,921	2,433

25. OTHER PAYABLES AND ACCRUALS

HK$'000	**2023**	2022
Accrual wage and staff benefit	**586**	289
Other accruals	**1,578**	1,384
	2,164	1,673
Receipt in advance	**460**	8,942
Other payables	**581**	1,965
	3,205	12,580

Included in other payable is an amount due to a director amounting to HK$539,000 (2022: HK$1,380,000) which was unsecured, interest free and repayable on demand.

26. SHARE CAPITAL

		2023		2022	
		Number	**Amount**	Number	Amount
	Notes		***HK$'000***		*HK$'000*
Authorised ordinary shares of HK$0.08 each					
At 1 January and 31 December		**2,500,000,000**	**200,000**	2,500,000,000	200,000
Issued and fully paid					
At 1 January		**28,467,160**	**2,277**	15,585,331	1,247
Issue of shares upon completion of Rights Issue	(a)	**85,401,480**	**6,832**		
Issue of shares under subscription agreement	(b)	**–**	**–**	8,476,364	678
Issue of shares under the Scheme	(c)	**–**	**–**	4,405,465	352
At 31 December		**113,868,640**	**9,109**	28,467,160	2,277

Notes:

(a) On the basis of three rights share for every one share held by qualifying shareholders, 85,401,480 right shares at HK$0.22 per share were allotted and issued upon the completion of the Rights Issue on 3 November 2023. The Rights Issue was approved by independent shareholders at the special general meeting held on 21 September 2023. The Company received net proceed of approximately HK$17,972,000 after deducting professional fees and related expenses of approximately HK$816,000 and accounted for share capital of approximately HK$6,832,000 and share premium of approximately HK$11,140,000, respectively.

(b) As further details on note 1.2 to the financial statements, on 24 August 2022, the Company entered into a subscription agreement with the Subscriber in respect of the settlement of the working capital loan of approximately HK$4,662,000 by way of the allotment and issue of new shares to the Subscriber. On 22 December 2022, the Company allotted and issued in total 8,476,364 Subscription Shares and accounted for share capital of approximately HK$678,000 and share premium of approximately HK$3,984,000, respectively.

(c) As further details on note 1.2 to the financial statements, the Company has to settle admitted claims from its Scheme Creditors who selected settlement by way of Scheme Shares. On 22 December 2022, the Company allotted and issued in total 4,405,465 Scheme Shares and accounted for share capital of approximately HK$352,000 and share premium of approximately HK$793,000, respectively.

27. SHARE SCHEME

The Company has adopted two share schemes, namely the share option scheme and the share award scheme pursuant to resolutions passed by the shareholders of the Company on 30 June 2023, which are in compliance with the requirements of the GEM Listing Rules effective from 1 January 2023. The total number of shares which may be allotted and issued upon exercise of all share options and grant of share awards under the share option scheme and the share award scheme must not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date on 30 June 2023, i.e. 2,846,716 shares based on the 28,467,160 shares in issue as at 30 June 2023. The Company adopted a share award scheme on 9 April 2018 and has a term of 10 years from date of adoption. The scheme had been terminated upon the adoption of the new share award scheme (the principal terms of which are set out in the Company's circular dated 7 June 2023). The Company has not granted any share award to any person during the reporting period and there was no share award outstanding as at 31 December 2023.

The Company may grant share options to eligible participants to subscribe for the Shares under its share option scheme (the principal terms of which are set out in the Company's circular dated 7 June 2023). No share option was granted during the reporting period and the Company had no share option outstanding as at 31 December 2023.

28. RESERVES

Share premium

Share premium represents premium arising from the issue of (i) Rights Shares and (ii) Subscription Share at a price in the excess of their par value; and the issue of Scheme Shares based on the excess of market price on the date of allotment and their par value. The application of the share premium account is governed by Bye-Law 140(A) of the Company's Bye-Laws and the Companies Act 1981 of Bermuda.

Working capital loan

During the year ended 31 December 2021, the Group borrowed a loan using the facility as detailed in note 1.2 to finance its daily operations (the "Working Capital Loan"). On 24 August 2022, the Company entered into a subscription agreement with the Subscriber in respect of the settlement of the working capital loan of HK$4,662,000 by way of the allotment and issue of new shares to the Subscriber. On 22 December 2022, the Company allotted and issued in total 8,476,364 Subscription Shares and accounted for share capital of HK$678,000 and share premium of HK$3,984,000, respectively.

Fair value reserve (non-recycling)/(recycling)

The fair value reserve (non-recycling)/(recycling) comprises the cumulative net changes in the fair value of equity/debt instruments designated as measured at FVTOCI in accordance with the accounting policy adopted for equity/debt instruments designated at FVTOCI. The balance in this reserve is only attributable to the fair value change of the equity investment in note 18.

29. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

HK$'000		**2023**	2022
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**28**	61
Investments in subsidiaries		**17**	23
Right-of-use asset		**–**	23
Equity investments at fair value through other comprehensive income		**77**	167
		122	274
Current assets			
Prepayments, other receivables and other assets		**241**	55
Bank balances and cash		**10,723**	42
		10,964	97
Current liabilities			
Other payables and accruals		**2,633**	2,978
Lease liability		**–**	34
		2,633	3,012
Net current assets/(liabilities)		**8,331**	(2,915)
Total assets less current liabilities		**8,453**	(2,641)
Net assets/(liabilities)		**8,453**	(2,641)
CAPITAL AND RESERVES			
Share capital		**9,109**	2,277
Reserves	*Note*	**(656)**	(4,918)
Total equity/(deficit)		**8,453**	(2,641)

On behalf of the Directors

Chan Ho Yee
Director

Pang King Sze, Rufina
Director

Note:

HK$'000	**Share premium**	**Working capital loan**	**Fair value reserve**	**Accumulated losses**	**Total**
At 1 January 2022	–	2,004	(642)	(65,950)	(64,588)
Profit for the year	–	–	–	56,845	56,845
Fair value loss of equity investment at FVTOCI	–	–	(148)	–	(148)
Issue of shares under the Scheme	793	–	–	–	793
Issue of shares to subscriber	3,984	(4,662)	–	–	(678)
Movement during the year, net	–	2,858	–	–	2,858
At 31 December 2022 and 1 January 2023	4,777	200	(790)	(9,105)	(4,918)
Loss for the year	–	–	–	(6,788)	(6,788)
Fair value loss of equity investment at FVTOCI	–	–	(90)	–	(90)
Issue of shares upon completion of Rights Issue	11,140	–	–	–	11,140
At 31 December 2023	15,917	200	(880)	(15,893)	(656)

30. SUBSIDIARIES

Details of the principal subsidiaries held directly or indirectly by the Company as at 31 December 2023 are as follows:

Name of subsidiary	Place of incorporation/ operations	Paid-up capital	Equity attributable to the Company 2023	2022	Principal activities
Interests held directly					
Mega Adent Management Limited	Hong Kong	HK$10,000	**100%**	100%	Household Business and Plantation Business
Frankford Inc. Limited	Hong Kong	HK$100	**100%**	100%	Accessory Business

31. RELATED PARTY TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in notes 14 and 15 respectively.

Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

32. DISPOSAL OF SUBSIDIARIES

During the year the Group disposed of two inactive subsidiaries at cash consideration of HK$10 and HK$170,000 respectively. The net assets of these subsidiaries attributable to the Group at the dates of disposal and their respective gain for the year were as follows:

HK$'000	**Will Link Group Limited 15 November 2023**	**Solar Fortune Limited 23 November 2023**
Debt investment at fair value through profit or loss	–	159
Other payables and accruals	–	(7)
Net assets attributable to the Group	–	152
Consideration	–	170
Gain on disposal of subsidiaries included in loss for the year in the consolidated statement of profit or loss	–	(18)
Satisfied by:		
Cash	–	170
Net cash inflow arising on disposal:		
Cash consideration	–	170

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2022, there were non-cash additions to right-of-use assets and lease liabilities of approximately HK$114,000 and approximately HK$114,000, respectively, in respect of lease arrangements for warehouse. There was no additions to right-of-use assets and lease liabilities during the year ended 31 December 2023.

(b) Changes in liabilities arising from financing activities

The table below details changes in Group's liabilities arising from financing activities.

HK$'000	Advance from director	Other advances	Other borrowing	Other loans	Lease liabilities *(Note 17(b))*	Bond payable	Total
At 1 January 2022	–	834	8,449	13,860	565	26,192	49,900
Change from financing cash flows:							
– Capital element of lease rentals paid	–	–	–	–	(16)	–	(16)
– Interest element of lease rentals paid	–	–	–	–	(553)	–	(553)
– Cash repayment under the Scheme *(Note 1.2)*	–	–	(205)	–	–	–	(205)
– Repayments to third parties	–	(260)	–	–	–	–	(260)
– Advance from director	1,380	–	–	–	–	–	1,380
	1,380	(260)	(205)	–	(569)	–	346
Non-cash flows:							
– Derecognition under the Scheme *(Note 1.2)*	–	–	(10,060)	(14,242)	–	(26,546)	(50,848)
– Expenses paid on behalf of the Company	–	–	1,428	–	–	–	1,428
– Interest expense *(Note 9)*	–	–	388	382	16	354	1,140
– Inception of new lease	–	–	–	–	114	–	114
	–	–	(8,244)	(13,860)	130	(26,192)	(48,166)
At 31 December 2022	1,380	574	–	–	126	–	2,080

HK$'000	Advance from director	Other advances	Lease liabilities *(Note 17(b))*	Total
At 1 January 2023	1,380	574	126	2,080
Change from financing cash flows:				
– Capital element of lease rentals paid	–	–	(91)	(91)
– Interest element of lease rentals paid	–	–	(3)	(3)
– Repayments to a third party	–	(537)	–	(537)
– Repayments to a director	(3,272)	–	–	(3,272)
– Advance from a director	2,431	–	–	2,431
	(841)	(537)	(94)	(1,472)
Non-cash flows:				
– Interest expense *(Note 9)*	–	–	3	3
At 31 December 2023	539	37	35	611

34. LITIGATION

During the years ended 31 December 2023 and 2022, the Group did not have any material litigation.

35. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, net of cash and cash equivalents and equity/deficit attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses, respectively.

The Directors review the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares and share buy-back as well as the issue of new debts or debts restructuring, if necessary.

HK$'000	**2023**	2022
Trade payables	**1,921**	2,433
Other payables and accruals	**3,205**	12,580
Lease liabilities	**35**	126
Tax payables	**457**	1,865
Less: Cash and cash equivalents	**(18,166)**	(4,960)
Net (cash)/debt	**(12,548)**	12,044
Equity attributable to owners of the Company	**21,428**	5,189
Gearing ratio	**N/A**	232%

The following table shows the carrying amount of financial assets and liabilities:

	2023		2022	
HK$'000	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
FVTPL/FVTOCI:				
Equity investments at FVTOCI	**77**	**77**	167	167
Debt investments at FVTPL	**–**	**–**	161	161
Amortised cost:				
Trade receivables	**2,728**	**2,728**	10,693	10,693
Deposits and other receivables	**163**	**163**	155	155
Bank balances and cash	**18,166**	**18,166**	4,960	4,960
	21,134	**21,134**	16,136	16,136
Financial liabilities				
Amortised cost:				
Trade payables	**1,921**	**1,921**	2,433	2,433
Other payables and accruals	**3,205**	**3,205**	12,580	12,580
Lease liabilities	**35**	**35**	126	126
	5,161	**5,161**	15,139	15,139

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, deposits and other receivables, bank balances and cash, trade payables, other payables and accruals and lease liabilities. Due to their short term nature, their carrying value approximates their fair value.

(b) Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy.

HK$'000	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Equity investment at FVTOCI	**–**	**–**	**77**	**77**
At 31 December 2022				
Equity investment at FVTOCI	–	–	167	167
Debt investment at FVTPL	–	–	161	161

There were no transfers between levels during the current and prior years.

Information about level 3 fair value measurement

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments, as well as the relationship between key unobservable inputs and fair value are set out below.

Equity investment at FVTOCI

The fair value of the equity investment in a listed company which shares have been suspended for trading is estimated using market approach that adjusts the closing share price of the last trading date with various factors and assumptions set out below.

General assumptions that have been taken in relation to the suspension included the followings:

– there will be no significant deviation in the industry trend and market condition from the current market expectation; and
– the business of the listed company remained in existence as at 31 December 2023.

The Directors are of the view that the above events that are inherently outside the control of the Group has reasonably been taken into account in the fair value measurement, other significant unobservable inputs used in the fair value measurement are as follows:

		2023	2022
Probability of being delisted	*(Note a)*	**51.09%**	50.85%
Discount on share price if trading resumed	*(Note b)*	**N/A**	71.31%
Discount for lack of marketability if being delisted	*(Note c)*	**37.40%**	30.20%
Discount for lack of marketability if trading resumed	*(Note c)*	**21.40%**	15.40%
Market value adjustment during the suspension period	*(Note d)*	**N/A**	59.22%

Note a: Probability of being delisted is estimated based on market information for similar situation of the listed companies.

Note b: Discount of share price if trading resumed is estimated based on internal analysis on the market price changed for the listed companies from the time being suspended to the time resume trading.

Note c: Discount for lack of marketability is determined based on the management judgement after considered market liquidity conditions and company specific factors such as the company is delisted or the time between suspension and resume trading.

Note d: Market value adjustment during the suspension period is estimated based on the market price change for the comparable companies from the date of the company being suspended to the end of the reporting date.

There is no inter-relationship in between the inputs.

The sensitivity analysis of the significant unobservable inputs are as follows:

HK$'000	2023		2022	
Increase/(decrease) by:	**5%**	**(5%)**	5%	(5%)
Probability of being delisted	**(1)**	**1**	(2)	2
Discount on share price if trading resumed	**–**	**–**	29	(29)
Discount for lack of marketability if being delisted	**(3)**	**3**	(6)	6
Discount for lack of marketability if trading resumed	**(3)**	**3**	(5)	5
Market value adjustment during the suspension period	**–**	**–**	20	(20)

Debt investment at FVTPL

As at 31 December 2022, the fair value of the convertible bond receivable in an unlisted company was estimated using discount cash flow method based on market interest rate for a similar bond. The conversion option was matured in 2020 and the convertible bond receivable was defaulted. Significant unobservable inputs used in the fair value measurement are as follows:

	2022
Convertible bond receivable:	
Discount rate	10%*

* In the opinion of Directors, with reference to professional valuation report, the convertible bond receivable was similar to a defaulted corporate bond at the valuation date.

(c) Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (level 3)

Equity investment at FVTOCI

HK$'000	**2023**	2022
At 1 January	**167**	271
Purchases	**–**	44
Fair value change recognised in other comprehensive income	**(90)**	(148)
At 31 December	**77**	167

Debt investment at FVTPL

HK$'000	**2023**	2022
At 1 January	**161**	563
Fair value change recognised in profit or loss	**(2)**	(402)
Derecognition on disposal of subsidiary	**(159)**	–
At 31 December	**–**	161

36. FINANCIAL RISK MANAGEMENT

Details of the Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank deposits.

The Group's bank balances expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Directors consider the Group's exposure to interest rate risk in respect of bank balances is not significant due to low level of deposit interest rate.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

At 31 December 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase (2022: increase/decrease) the Group's loss (2022: profit) for the year and decrease/increase the accumulated losses by approximately HK$56,000 (2022: HK$250,000). The changes in interest rates do not affect the Group's other component of equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for bank deposits in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date.

(b) Foreign currency risk

The Group is only exposed to currency risk primarily through sales and purchases and also through cash and cash equivalent balances that are denominated in US$ and RMB, the currency other than the functional currency of the entity to which they relate. The Group does not enter into derivatives to manage currency risk, although in certain isolated cases, the Group may take steps to mitigate such risks if it is sufficiently concentrated. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2023		2022	
HK$'000	**Assets**	**Liabilities**	Assets	Liabilities
US$	**6,145**	**(460)**	15,988	(8,561)
RMB	**198**	**(1,921)**	159	(1,260)

Sensitivity analysis

The following tables indicates the approximate change in the Group's loss (2022: profit) for the year in respond to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. The sensitivity analysis includes balances in a currency other than US$ and the functional currency of the respective group entities. A positive number indicates an increase in loss. The Group does not expected any significant movements in the US$/HK$ exchange rate which is pegged within a narrow trading range. Accordingly, no sensitivity analysis is presented.

HK$'000	**2023**	2022
RMB to HK$		
Appreciates by 9% (2022: 14%)	**130**	148
Depreciates by 9% (2022: 14%)	**(130)**	(148)

(c) Credit risk

At the end of the reporting period, 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 amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the executive director.

The credit risk of the Group on trade receivables is concentrated in one (2022: one) largest customer at 31 December 2023 which accounted for 70% (2022: 90.0%) of the Group's gross trade receivables.

The Directors consider that the credit risk on liquid funds is low as counterparties are banks with good reputation.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023 and 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial assets.

At 31 December 2023

HK$'000	**12-month ECL** Stage 1	**Lifetime ECLs** Stage 2	Stage 3	**Simplified approach**	**Total**
Trade receivables*	**–**	**–**	**–**	**2,883**	**2,883**
Other receivables					
– normal**	**133**	**–**	**–**	**–**	**133**
– doubtful	**–**	**–**	**838**	**–**	**838**
Bank balances and cash					
– Not yet past due	**18,166**	**–**	**–**	**–**	**18,166**
	18,299	**–**	**838**	**2,883**	**22,020**
At 31 December 2022					
Trade receivables*	–	–	–	12,505	12,505
Other receivables					
– normal**	320	–	–	–	320
– doubtful	–	–	859	–	859
Bank balances and cash					
– Not yet past due	4,960	–	–	–	4,960
	5,280	–	859	12,505	18,644

* For trade receivables to which the Group applies the simplified approach for impairment, information is based on those disclosed in note 20.

** The credit quality of other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The following table reconciles the impairment loss of trade receivables and other receivables.

HK$'000	**Trade receivables**	**Other receivables**	**Total**
At 1 January 2022	740	333	1,073
Impairment loss recognised	1,072	691	1,763
At 31 December 2022 and 1 January 2023	1,812	1,024	2,836
Impairment loss recognised	155	–	155
Written off	(1,812)	(187)	(1,999)
Reversal of impairment	–	(29)	(29)
At 31 December 2023	155	808	963

Impairment loss recognised during the year ended 31 December 2023 arose from increase in ECL rate (2022: increase in ECL rate) of certain trade receivables.

The movements in the impairment allowance for trade receivables were as follows:

HK$'000	**12-month ECL** Stage 1	**Lifetime ECLs** Stage 2	Stage 3	**Simplified approach**	**Total**
At 1 January 2022	–	–	–	740	740
Impairment loss recognised	–	–	–	1,072	1,072
At 31 December 2022 and 1 January 2023	–	–	–	1,812	1,812
Impairment loss recognised	–	–	–	155	155
Written off	–	–	–	(1,812)	(1,812)
At 31 December 2023	–	–	–	155	155

Notes: Included in the above allowances for ECL in respect of trade receivables is a provision for collectively impaired trade receivable of approximately HK$155,000 (2022: Nil) with a carrying amount before provision of approximately HK$2,883,000 (2022: Nil). No allowance for ECL of individually impaired trade receivable is provided (2022: approximately HK$1,812,000) with no carrying amount before provision (2022: approximately HK$11,254,000).

The movements in the impairment allowance for other receivables were as follows:

HK$'000	12-month ECL Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Simplified approach	Total
At 1 January 2022	60	–	273	–	333
Impairment loss recognised	127	–	564	–	691
At 31 December 2022 and 1 January 2023	187	–	837	–	1,024
Written off	(187)	–	–	–	(187)
Reversal of impairment	–	–	(29)	–	(29)
At 31 December 2023	–	–	808	–	808

Notes: Included in the above allowances for ECL in respect of other receivables is a provision for individually impaired other receivable of approximately HK$808,000 (2022: approximately HK$837,000) with a carrying amount before provision of approximately HK$838,000 (2022: approximately HK$859,000). No allowance for ECL of collectively impaired other receivable is provided (2022: approximately HK$187,000) with carrying amount before provision of approximately HK$133,000 (2022: approximately HK$320,000).

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

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. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

HK$'000	Carrying amount	Total contractual undiscounted cash flows	Within one year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
At 31 December 2023						
Trade payables	**1,921**	**1,921**	**1,921**	**–**	**–**	**–**
Other payables and accruals	**3,205**	**3,205**	**3,205**	**–**	**–**	**–**
Lease liabilities	**35**	**35**	**35**	**–**	**–**	**–**
	5,161	**5,161**	**5,161**	**–**	**–**	**–**
At 31 December 2022						
Trade payables	2,433	2,433	2,433	–	–	–
Other payables and accruals	12,580	12,580	12,580	–	–	–
Lease liabilities	126	129	94	35	–	–
	15,139	15,142	15,107	35	–	–

37. EVENTS AFTER THE REPORTING DATE

Save as disclosed, the Group does not have any material events after the reporting period.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 15 March 2024.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published consolidated financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
HK$'000	**2023**	2022	2021	2020	2019 (Re-stated and re-presented)
CONTINUING OPERATIONS					
REVENUE	**26,911**	22,312	27,087	21,161	473
Cost of sales and services rendered	**(22,029)**	(19,686)	(23,803)	(18,264)	–
Gross profit	**4,882**	2,626	3,284	2,897	473
Gain on derecognition of liabilities under the Scheme	**–**	55,704	–	–	–
Other income and gains	**79**	856	(30)	457	1,671
Administrative expenses	**(6,048)**	(6,152)	(6,641)	(16,413)	(18,107)
Finance costs	**(3)**	(1,157)	(2,212)	(767)	(734)
Fair value loss on equity investments at fair value through profit or loss	**–**	–	–	(90)	(238)
Fair value loss on debt investment at fair value through profit or loss	**(2)**	(402)	(87)	(3,203)	(130)
Reversal of/(impairment loss) on other receivables	**29**	(691)	(115)	(218)	–
Written off of other receivables	**–**	–	–	(211)	(732)
Loss on disposal of subsidiaries	**–**	–	–	(368)	–
Impairment loss on trade receivables	**(155)**	(1,072)	(740)	–	–
Share of loss of associates	**–**	–	–	(71)	(813)
(LOSS)/PROFIT BEFORE INCOME TAX	**(1,218)**	49,712	(6,541)	(17,987)	(18,610)
Income tax expenses	**(425)**	(422)	(746)	(697)	–
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATION	**(1,643)**	49,290	(7,287)	(18,684)	(18,610)
DISCONTINUED OPERATION					
(Loss)/profit from discontinued operation	**–**	–	–	(841)	4,814
(LOSS)/PROFIT FOR THE YEAR	**(1,643)**	49,290	(7,287)	(19,525)	(13,796)
(Loss)/profit for the year attributable to:					
Owner of the Company	**(1,643)**	49,290	(7,287)	(29,918)	(19,538)
Non-controlling interests	**–**	–	–	10,393	5,742
	(1,643)	49,290	(7,287)	(19,525)	(13,796)

	As at 31 December				
	2023	2022	2021	2020	2019 (Restated)
TOTAL ASSETS	**27,046**	22,193	22,304	19,534	74,396
TOTAL LIABILITIES	**(5,618)**	(17,004)	(70,260)	(61,575)	(58,035)
NON-CONTROLLING INTERESTS	**–**	–	–	–	(5,650)
TOTAL EQUITY/(DEFICIT) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**21,428**	5,189	(47,956)	(42,041)	10,711