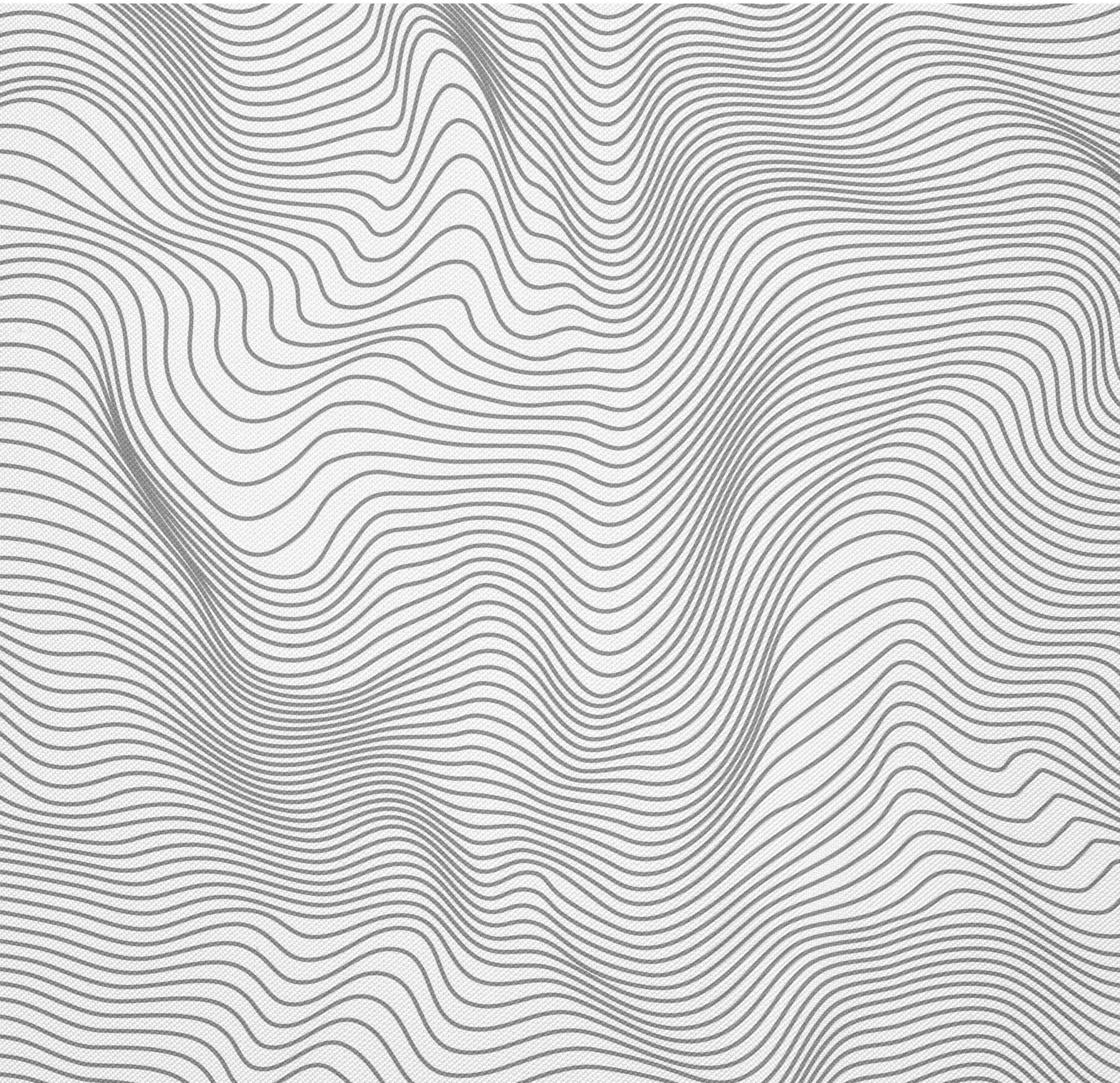
SG GROUP HOLDINGS LIMITED
樺欣控股有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code : 1657

ANNUAL REPORT 2022



CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit B, 9/F
Mai Wah Industrial Building
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Kwai Chung
New Territories
Hong Kong

COMPANY'S TELEPHONE HOTLINE
(852) 2756 8980

COMPANY'S EMAIL ADDRESS
admin@jcfash.com

COMPANY'S WEBSITE
www.jcfash.com

EXECUTIVE DIRECTORS
Mr. Choi King Ting, Charles
(Chairman and Chief Executive Officer)
Mr. Choi Ching Shing

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

COMPANY SECRETARY
Mr. Chu Pui Ki, Dickson
(Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants)

AUTHORISED REPRESENTATIVES
Mr. Choi King Ting, Charles
Mr. Chu Pui Ki, Dickson

COMPLIANCE OFFICER
Mr. Choi King Ting, Charles

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

REMUNERATION COMMITTEE
Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Choi King Ting, Charles
Mr. Cüneyt Bülent Bilâloğlu

NOMINATION COMMITTEE
Mr. Choi King Ting, Charles *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Boardroom Share Registrars (HK) Limited
2103B, 21st Floor, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKER
Hang Seng Bank Limited
20th Floor, 83 Des Voeux Road
Central, Hong Kong

AUDITOR
D & PARTNERS CPA LIMITED
Certified Public Accountant

MAIN BOARD STOCK CODE
1657

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of SG Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 30 April 2022 (the "Year") to you.

Despite the global economic short term rebounds from COVID-19's negative impact in 2021, the Group achieved 39.7% revenue growth for the Year to a record of approximately HK$168.9 million. Along with the inflation and downturn in financial markets, there is still uncertainty for the recovery pace and momentum of the global economy in the near term. The Board will continue to assess the impact of the COVID-19 pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The Group will take appropriate measures to adapt to the challenging environment when necessary including but not limited to prevailing cost control measures to increase the operating efficiency of the Group.

Looking ahead, the Group will continue to strengthen its customized comprehensive apparel designing and sourcing services to better fulfill our commitments to the existing and potential customers. The Group will actively approach the existing and potential customers to explore new business opportunities through its business network. The Group will also continue to optimize (i) its display and promote sample products in showroom in Hong Kong and in the UK for customers' visits; and (ii) e-promotion via online platforms tailored for individual customers. The Directors believe that regular communications with the Group's customers allows the Group to better understand their needs and requirements, which in turn will strengthen the relationships between the Group and its customers.

The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

NOTE OF APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment and dedication. I would also like to express my deep gratitude to all of our business partners, customers, suppliers and the Shareholders for their continuous support.

SG Group Holdings Limited
Choi King Ting, Charles
Chairman

Hong Kong, 29 July 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an apparel designing and sourcing service provider for branded fashion retailers and wholesalers. Owing to the global economic rebounds from COVID-19's negative impact in 2021, the Group's revenue from the supply of apparel products to branded fashion retailers and wholesalers increased by 40.4% to approximately HK$168.9 million for the Year from approximately HK$120.3 million for the year ended 30 April 2021. The increase reflected the increase in sales orders from one of our major customers, as well as the successful development of new customers in the Middle East. Nonetheless, the Group continuously strengthens its customized comprehensive apparel designing and sourcing services to the customers within a short lead time to secure existing customers' orders and requirements, which in turn will strengthen the relationships between the Group and its customers.

The Group's gross profit increased to approximately HK$34.4 million for the Year from approximately HK$19.4 million for the year ended 30 April 2021, representing an increase of approximately 77.3%. The increase in gross profit was mainly attributable to the increase in sales orders from one of our customers and new customers in the Middle East.

The Group's total comprehensive income attributable to owners of the Company was approximately HK$0.2 million for the Year (for the year ended 30 April 2021, the total comprehensive income of approximately HK$1.0 million). The decrease was mainly attributable to (i) increase in employee benefit expenses, resulting in the increase of number of staff for the strengthen of sales team, supply chain management as well as back office team so as to cope with the new market and new customers. Nonetheless, the Group continues to inspire the team talent amid the COVID-19's negative impact in 2021 and ensures proper cost control measures on the employees' remuneration during the Year; and (ii) transportation and logistics expenses resulting in the container shortage and price spikes.

In February 2022, the Group completed a passive investment of approximately HK$2.9 million to diversify the revenue base to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 39.7% to approximately HK$168.9 million for the Year from approximately HK$120.9 million for the year ended 30 April 2021. The increase in revenue was mainly due to the increase in sales orders from a major customer headquartered in the UK and the successful development of new customers in the Middle East.

Cost of sales and services

The Group's cost of sales and services primarily consists of cost of goods sold and services provided and other direct costs. The cost of sales and services increased by 32.5% to approximately HK$134.5 million for the Year as compared to HK$101.5 million for the year ended 30 April 2021. The cost of sales and services increased along with the increase in revenue for the Year.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK$34.4 million for the Year from approximately HK$19.4 million for the year ended 30 April 2021, representing an increase of approximately 77.3%. The Group's gross profit margin was approximately 20.4% for the Year and approximately 16.0% for the year ended 30 April 2021. The increase in gross profit margin was mainly attributable to our continuous effort in optimization of both customer and supplier portfolio during industry rebound from COVID-19.

Other gains and losses

The Group recorded other net losses on foreign exchange of approximately HK$0.2 million for the Year, as compared to other gains of approximately HK$0.9 million for the year ended 30 April 2021. Such increase was mainly due to the foreign exchange losses on depreciation of Great British Pound ("GBP"). The Group recorded a net realised and unrealised losses on financial assets at FVTPL of HK$1.7 million for the Year, as compared to a net realised and unrealised gains on financial assets at FVTPL of HK$0.8 million for the year ended 30 April 2021. However, the Group continues, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders.

Net reversal of impairment loss recognised on financial assets

The Group recorded a net reversal of impairment loss recognised on trade receivables of approximately HK$0.7 million for the Year, as compared to a net reversal of impairment loss recognised on trade receivables of approximately HK$1.2 million for the year ended 30 April 2021. As a result of the decrease in trade receivables of the major customers of the Group and the Group had considered the macroeconomic impact of COVID-19 and took into account the forward looking factor when assessing the expected credit loss on the trade receivables, the Group incurred a lesser amount of credit loss allowance against the trade receivables as compared to the year ended 30 April 2021. There was no significant change of credit risk exposure for the major customers of the Group.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right-of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Administrative expenses increased to approximately HK$19.1 million for the Year from approximately HK$13.9 million for the year ended 30 April 2021, representing an increase of approximately 37.4%. The increase was mainly attributable to the increase in employee benefit expenses of approximately HK$7.9 million (2021: HK$3.9 million), resulting in the increase of number of employees for the strengthen of back office team so as to cope with the new market and new customers. Nonetheless, the Group continues to inspire the team talent amid the COVID-19's negative impact in 2021 and ensures proper cost control measures on the employees' remuneration during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

The Group's selling and distribution expenses increased to approximately HK$14.8 million for the Year from approximately HK$9.3 million for the year ended 30 April 2021, representing an increase of approximately 59.1%. The increase was mainly due to the increase in (i) testing charges of approximately HK$1.5 million (2021: HK$0.7 million); (ii) transportation and logistics expenses of approximately HK$4.4 million (2021: HK$2.2 million), resulting in the container shortage and price spikes; and (iii) employee benefit expenses of approximately HK$7.1 million (2021: HK$4.7 million), resulting in the increase of number of employees for the strengthen of sales team and supply chain management so as to cope with the new market and new customers. Nonetheless, the Group continues to inspire the team talent amid the COVID-19's negative impact in 2021 and ensures proper cost control measures on the employees' remuneration during the Year.

Profit (loss) for the Year

The Group recorded a profit for the Year of approximately HK$0.5 million for the Year as compared to the loss for the year ended 30 April 2021 of approximately HK$88,000. Such turnaround from loss to profit was mainly due to the increase in sales orders from customers and the proper cost control measures on expenses.

Total comprehensive income attributable to owners of the Company

Total comprehensive income attributable to owners of the Company decreased to approximately HK$0.2 million for the Year from approximately HK$1.0 million for the year ended 30 April 2021, representing a decrease of approximately 80%. The decrease was mainly attributable to (i) increase in employee benefit expenses during the business development stage; and (ii) transportation and logistics expenses amid the COVID-19 impact.

Basic earnings (loss) per Share

The Company's basic earnings per Share for the Year was approximately HK$0.015, as compared to the basic loss per Share of approximately HK$0.003 for the year ended 30 April 2021. The increase was in line with the increase in profit for the year attributable to owners of the Company for the Year, as compared to that for the year ended 30 April 2021.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. As at 30 April 2022 and 2021, the Group had net current assets of approximately HK$90.5 million and HK$91.1 million, respectively, which include bank balances and cash of approximately HK$46.1 million and HK$49.4 million, respectively. The Group's current ratio (that is, current assets divided by current liabilities) increased from approximately 4.4 as at 30 April 2021 to approximately 5.0 as at 30 April 2022.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The total debts include bank borrowings and lease liabilities. The Group's gearing ratio was approximately 0.0545 as at 30 April 2022 (30 April 2021: 0.0659).

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure to credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

As at 30 April 2022, the Group did not have any capital commitments contracted for but not provided in the audited consolidated financial statements (30 April 2021: HK$Nil). Such commitments related to capital expenditure in respect of renovation of an owned property and acquisition of intangible asset of the Group.

CAPITAL STRUCTURE

As at 30 April 2022 and 2021, the Company's issued share capital was HK$320,000 divided into 32,000,000 Shares of HK$0.01 each.

SIGNIFICANT INVESTMENTS

As at 30 April 2022 and 2021, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus dated 28 February 2017 for the listing of Shares of the Company on GEM of the Stock Exchange ("Prospectus"), the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 April 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

As at 30 April 2022 and 2021, the Group's exposure to currency risk primarily related to HK$ and GBP. As HK$ is pegged to the functional currency of the Group, US$, the Group does not expect significant exchange rate risk from HK$. The management of the Group strives to change invoicing currency of sales from GBP to US$ to minimise exchange rate risk from fluctuations of GBP. The Group has set up a comprehensive foreign currency risk management policy that the Group may adopt to manage the risk it faces. The Group will review such policy from time to time. The Group currently does not undertake any foreign currency hedge.

PLEDGE OF ASSETS

Save for the disclosure set out in note 30 to the consolidated financial statements in this annual report, as at 30 April 2022 and 2021, the Group did not have any leased assets secured by the lessor's title under finance lease.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 73 and 35 as at 30 April 2022 and 2021, respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits, contributions to retirement schemes. For the years ended 30 April 2022 and 2021, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$15.0 million and HK$8.6 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong and the People's Republic of China ("PRC"). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong and the PRC during the Year.

The Group also complies with the requirements under the Company Law (2013 Revision) of the Cayman Islands, the Rules Governing the Listings of Securities on the Stock Exchange (the "Listing Rules") and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

MANAGEMENT DISCUSSION AND ANALYSIS

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database to directly communicate with recurring customers for developing a long-term business relationship.

The Group also maintains effective communication and develops a long term trust relationship with the suppliers. During the Year, there was no material dispute or disagreement between the Group and its suppliers.

COMPARISON OF BUSINESS STRATEGICS WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress up to the date of this report.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this report
Further strengthening the relationships with the Group's existing customers and developing relationships with new customers	– Acquired a premises for setting up a flagship showroom in Hong Kong with planned budget – Online platform implemented during the year ended 30 April 2020 – Recruited an assistant general manager who is in charge of the development and enhancement of the business relationships with customers, and the economic impact brought by Brexit
Further strengthening the design and development capabilities of the Group to enhance its business model	– Recruited two designers in the United Kingdom (the "UK") in May 2019
Expanding the geographical base of the third-party suppliers and diversifying the supplier base	– Established two PRC subsidiaries as sourcing offices in the PRC
Widening product offerings of the Group	– Received the first order for knitwear apparel products in May 2017
Enhancing the Group's corporate image to attract customer attention	– Planning to participate in trade shows to be held in the UK and Europe to approach potential customers during the year ending 30 April 2023

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The actual net proceeds from Listing on the GEM by way of share offer (the "Share Offer") on 21 March 2017 (the "Listing Date"), after deducting commission and expenses borne by the Company in connection with the Share Offer, were approximately HK$44.4 million (the "Actual Net Proceeds"), which were higher than the estimated figure as stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from the Listing Date to 30 April 2022 but with monetary adjustments to each business strategic plan on a pro-rata basis. The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds as at 30 April 2022:

Business strategies as set out in the Prospectus	**Adjusted allocation of the Actual Net Proceeds HK$'000**	**Actual usage of the Actual Net Proceeds as at 30 April 2022 HK$'000**	**Unutilised Actual Net Proceeds as at 30 April 2022 HK$'000**
Further strengthening the relationships with our existing customers and developing relationships with new customers	**27,464**	**25,673**	**1,791**
Further strengthening our design and development capabilities to enhance our business model	**4,703**	**4,703**	**–**
Expanding the geographical base of the third-party suppliers and diversifying our supplier base	**5,191**	**5,191**	**–**
Enhancing our corporate image to attract customer attention	**2,662**	**1,464**	**1,198**
General working capital	**4,392**	**4,392**	**–**
Total	**44,412**	**41,423**	**2,989**

Reference is made to the update on the use of proceeds on the Group's 2021 interim report. As at 31 October 2021, the Group has utilised approximately HK$40.6 million of the Actual Net Proceeds from the Share Offer.

FUTURE PROSPECTS

Despite the reopening of various countries and the gradual resumption of normal life, along with the inflation and downturn in financial markets, the Group expects there will be continued uncertainty and challenges in the near-term. The Group will continue to assess the impact of the COVID-19 pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith.

Looking ahead, the Group will continue to strengthen its customized comprehensive apparel designing and sourcing services to better fulfill our commitments to the existing and potential customers. The Group will actively approach the existing and potential customers to explore new business opportunities through its business network. The Group will take appropriate measures to adapt to the challenging environment when necessary, including but not limited to prevailing cost control measures to increase the operating efficiency of the Group.

The Group will also continue, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain other risks involved in the Group's current operations. In particular, the Group relies on several major customers and the Group does not enter into any long-term contracts with the customers and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end consumers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Choi King Ting, Charles (蔡敬庭) ("Mr. Charles Choi"), aged 44, is an executive Director, the chairman and chief executive officer of the Company. Mr. Charles Choi was appointed as the chairman and the chief executive officer of our Group on 15 August 2016. He is the chairman of the nomination committee of the Board (the "Nomination Committee") and a member of the remuneration committee of the Board (the "Remuneration Committee"). Mr. Charles Choi is the director of JC FASHION GROUP LIMITED, JC Fashion Group Limited (旺利多時裝集團有限公司), JC Fashion (UK) Company Limited, JC Fashion (Shenzhen) Limited (旺利多時裝(深圳)有限公司), JC Fashion (Overseas) Development Company Limited, JC Capital Development Company Limited, A Dim Sum Story (HK) Limited and LOST INK LIMITED, all of which are wholly-owned subsidiaries of the Company. He is also a director of JC Fashion International Group Limited (a company wholly-owned by Mr. Charles Choi and is the controlling shareholders of the Company). Mr. Charles Choi is the younger half-brother of Mr. Choi Ching Shing. Mr. Charles Choi is primarily responsible for the overall management, operations and reviewing of corporate directions and strategies of our Group, and managing customer relationships and marketing. Mr. Charles Choi has more than 15 years of experience in the apparel designing and sourcing industry. Mr. Charles Choi joined our Group in September 2011. Mr. Charles Choi worked as a general manager in JC Fashion Company Limited (旺利多有限公司) from November 2001 to December 2011.

Mr. Charles Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in November 2000. Mr. Charles Choi is also a director of the Federation of Hong Kong Garment Manufacturers, which is an organisation incorporated in 1964 to promote and protect the interests of garment manufacturers and merchants in Hong Kong. He become a member of Young President Organization since April 2020.

Mr. Choi Ching Shing (蔡清丞) ("Mr. Benny Choi"), aged 45, is an executive Director, the head of design and development team and the elder half-brother of Mr. Charles Choi. He was appointed as a Director on 18 July 2016 and re-designated as an executive Director on 15 August 2016. He has been the head of the design and development team since 1 April 2016. Mr. Benny Choi is the director of JC Design & Consultancy Company Limited, JC Fashion Group Limited (旺利多時裝集團有限公司) and JC FASHION GROUP LIMITED, all of which are wholly-owned subsidiaries of the Company. Mr. Benny Choi is primarily responsible for the overall management, operations, reviewing of corporate directions and strategies of our Group and is responsible for determining the design and development of our apparel products. Mr. Benny Choi has more than 16 years of experience in the garment industry. Mr. Benny Choi joined our Group in November 2014. Mr. Benny Choi was employed at Wintako Company Limited as a merchandiser from December 2000 to November 2007. Mr. Benny Choi was a general manager and director of Wintako Fashion Company Limited from November 2007 to October 2014 and July 2007 to July 2016, respectively.

Mr. Benny Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in June 2001.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Kwok Hung, Alex (黎國鴻), ("Mr. Lai"), aged 57, has been appointed as an independent non-executive Director and the chairman of the audit and risk management committee of the Board (the "Audit and Risk Management Committee") on 21 February 2017. Mr. Lai has over 31 years' solid experience in corporate governance, financial advisory and management, funds raising, business development and management. Mr. Lai is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom. He is also a Chartered Secretary and Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Currently, Mr. Lai is an associate member of Urban Land Institute, a member of both the Hong Kong Institute of Directors and The American Chamber of Commerce in Hong Kong. Mr. Lai has been appointed as an executive director and a member of the investment committee of Gemini Investments (holdings) limited ("Gemini") (a company listed on the Main Board of the Stock Exchange, stock code: 174) since 9 August 2013, and appointed as the chief executive officer of Gemini since 31 December 2020.

Mr. Lai obtained a Bachelor of Arts degree in Accountancy awarded by The City University of Hong Kong in 1993, a Diploma in Legal Studies awarded by The University of Hong Kong in 2002 and a Master's Degree in Professional Accounting awarded by The Hong Kong Polytechnic University in 2004.

Mr. Yeung Chuen Chow, Thomas (楊存洲) ("Mr. Yeung"), aged 46, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the Remuneration Committee and a member of the Nomination Committee and Audit and Risk Management Committee. Mr. Yeung has more than 18 years of experience in the garment industry. Since September 1998, Mr. Yeung has served as a director of Wall Street Uniforms International Limited, which is a uniform supplier. Mr. Yeung has served as a director of The Federation of Hong Kong Garment Manufacturers since January 2000. Mr. Yeung is a member of the Industry and Technology Committee of the Hong Kong General Chamber of Commerce.

Mr. Yeung obtained a bachelor of science degree in business administration from the Tepper School of Business of Carnegie Mellon University in the US in May 1998.

Mr. Cüneyt Bülent Bilâloğlu ("Mr. Bilâloğlu"), aged 47, was appointed as an independent non-executive Director on 21 February 2017. He is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Mr. Bilâloğlu has approximately 9 years of experience in the legal industry. From February 2008 to July 2010, Mr. Bilâloğlu was a legal trainee at the judicial district of the Berlin Court of Appeal in Germany. From 1 October 2009 to 31 December 2009, Mr. Bilâloğlu was a legal trainee at the Shanghai office of King & Wood (currently known as King & Wood Mallesons), a firm which at the time of Mr. Bilâloğlu's training specialised in foreign direct investments, banking, employment, mergers and acquisition and copyright law. From August 2010 to October 2011, Mr. Bilâloğlu worked as a freelance legal consultant giving advice on various areas of law, inducing structuring a company for expansion into European and Asian markets. He joined LOBERT Partnerschaft Rechtsanwälte as a partner from September 2012 to June 2014 and became a founding partner of BBvB Dr. Alt & Böhmke Partnerschaft mbB, Rechtsanwälte in December 2014.

He obtained a diploma in jurist from Humboldt University of Berlin in Germany in March 2006. Mr. Bilâloğlu further obtained a MA in media consultancy from Technical University of Berlin in Germany in July 2009.

SENIOR MANAGEMENT

Ms. Ma Yin Ha (馬燕霞) ("Ms. Ma"), aged 53, was appointed as the merchandising and sourcing manager of our Group with effect from 1 February 2016. Ms. Ma is primarily responsible for sourcing of suppliers and the overall production management. Ms. Ma has over 27 years of experience in the merchandising field. Prior to joining our Group in January 2012, Ms. Ma served as a purchasing officer of Archid Garment Factory Ltd. from April 1990 to July 2006. Ms. Ma later joined JC Fashion Company Limited (旺多利有限公司) in October 2006 and served as an accessories purchasing manager from January 2010 to December 2011.

Ms. Ma completed her form 5 secondary school education at St. Catherine's Girls' College in July 1986.

Ms. Lau Wai Ching, Maggie (劉慧清) ("Ms. Lau"), aged 55, was appointed as the Group's account manager with effect from 1 February 2016. Ms. Lau is primarily responsible for the financial management of the Group. Ms. Lau has accumulated approximately 25 years of experience in accounting. Prior to joining the Group in February 2013, Ms. Lau worked as a cashier in the accounts department of Henderson Real Estate Agency Limited from February 1992 to September 1992. Ms. Lau worked as an accounts clerk in Bambi (Hong Kong) Limited from February 1993 to February 1994, in Flexico Co. Limited from March 1994 to March 2003 and in Tsuen Shing Enterprises Limited from November 2003 to November 2006. She served as a senior account clerk in Cathay Clothing International Limited from November 2006 to March 2009. She was an account clerk and shipping supervisor in Kennetex International Limited from April 2009 to August 2011 and an accounts supervisor in Yield Growth Foods Trading Co. Limited from October 2011 to February 2013.

Ms. Lau completed her form 5 secondary school education at Pak Kau English School in July 1984.

Ms. Li Li Mei (李麗美) ("Ms. Li"), aged 45, was appointed as the Group's administration and human resources manager with effect from 1 February 2016. Ms. Li is primarily responsible for the administration and human resources management of the Group. Ms. Li has more than 17 years of experience in the bookkeeping and administrative field. Prior to joining the Group in March 2015, Ms. Li worked as an accounts clerk in G.E. Logistics Inc. from July 1997 to August 2000 and an accounts supervisor in Deltamax Freight System Limited from September 2000 to July 2009. She served as an operation clerk in Chin Yang Enterprises Company Limited from May 2010 to September 2010, Ms. Li was an accounts clerk in Kennetex International Limited from November 2010 to February 2015.

Ms. Li obtained a diploma in international trade studies from Song Shan High School of Commerce in Taiwan in July 1995. She further obtained a diploma in international trade studies from Taipei College of Maritime Technology (formerly known as China College of Maritime Technology and Commerce) in Taiwan in June 2004.

Mr. Yu Xu Ming (俞旭明) ("Mr. Yu"), aged 58, was appointed as the Group's quality assurance manager with effect from 1 December 2017. Mr. Yu is primarily responsible for the overall quality control process. Mr. Yu has approximately 36 years of experience in the garment industry. Prior to joining the Group in September 2017, Mr. Yu worked as a sewing machine operator in Zhejiang Huzhou City Xiaoshi Silk Fashion Factory (浙江湖州市曉市絲綢服裝廠) from December 1981 to December 1984. Mr. Yu served as a production supervisor and sample room supervisor respectively in Hong Mu Dan Silk Fashion Company Limited (紅牡丹絲綢時裝有限公司) from December 1984 to August 1988 and December 1988 to February 1999 respectively. Besides, Mr. Yu served as a sample room supervisor in Baozi Fashion Factory (寶姿時裝廠) in March 1999 to February 2006. Mr. Yu served as a quality assurance supervisor in Dashing Fashion (Shenzhen) Company Limited (好利高時裝(深圳)有限公司) from March 2006 to May 2008, and served as a quality assurance supervisor in KC Fashion (Shenzhen) Company Limited (港絲時裝(深圳)有限公司) from June 2008 to August 2017.

Mr. Yu completed his high school course in June 1980 at Anjixian Xiaoshi High School in Zhejiang Province (浙江省安吉縣曉市中學). Mr. Yu did not hold any directorships in any securities listed companies in or on any securities market in Hong Kong or overseas in the past three years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Chu Pui Ki, Dickson (朱沛祺) ("Mr. Chu")**,** aged 37, was appointed as the company secretary of the Company on 1 March 2019. Mr. Chu is primarily responsible for overseeing the company secretarial affairs of the Group.

Mr. Chu is currently serving as the company secretary of Tungtex (Holdings) Company Limited (a company listed on the Main Board of the Stock Exchange with stock code 0518), Golden Ponder Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code 01783), Cornerstone Technologies Holdings Limited (a company listed on GEM of the Stock Exchange with stock code 08391), K Group Holdings Limited (a company listed on GEM of the Stock Exchange with stock code 08475) and Top Standard Corporation (a company listed on GEM of the Stock Exchange with stock code 08510), since April 2021, January 2022, July 2019, October 2021 and June 2017 respectively.

Mr. Chu has nearly 10 years of relevant experience in accounting and auditing working and has experience in tax and internal control matters. He worked at a medium size audit firm that serves both private and publicly listed companies in Hong Kong, from January 2013 to March 2017 and his last position was audit manager. He was an accounting manager of Creation Chance Limited, a subsidiary of RM Group Holdings Limited (now renamed as Shunten International (Holdings) Limited) (stock code: 00932), a listed company in the main board of the Stock Exchange of Hong Kong Limited, from August 2010 to January 2013. He served at a medium size audit firm, from February 2008 to April 2010 and his last position was a senior auditor.

Mr. Chu graduated from the Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders. The CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Charles Choi is the chairman and chief executive officer of the Company, which constitutes a deviation from the code provision C.2.1.

Since Mr. Charles Choi has been operating and managing JC Fashion Group Limited (旺利多時裝集團有限公司), the main operating subsidiary of the Company since its incorporation, the Board believes that it is in the best interest of the Group to have Mr. Charles Choi taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and professional individuals including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

The Company complied with all code provisions in the CG Code during the Year, save for code provisions C.2.1.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board will conduct at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision making.

COMPOSITION OF THE BOARD

At the date of this report, the Board comprises two executive Directors and three independent non-executive Directors, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board member	**Office**
Mr. Choi King Ting, Charles *(Chairman and Chief Executive Officer)*	Executive Director
Mr. Choi Ching Shing	Executive Director
Mr. Lai Kwok Hung, Alex	Independent non-executive Director
Mr. Yeung Chuen Chow, Thomas	Independent non-executive Director
Mr. Cüneyt Bülent Bilâloğlu	Independent non-executive Director

Audit and Risk Management Committee member

Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Remuneration Committee member

Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Choi King Ting, Charles
Mr. Cüneyt Bülent Bilâloğlu

Nomination Committee member

Mr. Choi King Ting, Charles *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Pursuant to the articles of association of the Company (the "Articles"), all Directors were appointed for an initial term of three years. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and independent non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the Listing Rules in having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. Save as the fact that Mr. Charles Choi is the younger half-brother of Mr. Benny Choi, there is no relationship among the members of the Board.

The appointment of Directors is recommended by the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary of the Company (the "Company Secretary").

With the assistance of the Company Secretary, the chairman of the Board seeks to ensure that all Directors are properly briefed on issues arising at the Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least 14 days are given to the Directors for regular meetings, while the Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of the Board meetings and meetings of the Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Draft minutes are normally circulated to Directors or members of the relevant Board committees for comment within a reasonable time after each meeting.

Any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the non-executive Directors and the independent non-executive Directors. Directors are abstained from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

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

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (i) regular board meetings focusing on business strategy, operational issues and financial performance; (ii) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (iii) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (iv) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director’s Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the Company's approach to ensuring adequate diversity in its board of directors.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It is recognised that a Board composed of appropriately qualified people with a broad range of experience relevant to the business is important to the effective corporate governance and sustained commercial success of the Company. The Board adopted a board diversity policy, a summary of which is set out below:

– Consideration and selection of candidates of the Board will be based on merit and contribution that the selected candidates will bring to the Board, which will include, but not limited to, a review of any candidate's integrity, character, industry or related and more general experience, expertise, qualifications, skills and knowledge. All candidates will be considered against objective criteria, with due regard for the benefits of Board diversity.

– Within the overriding emphasis on merit, it will be actively considered the diversity of background and opinion the candidates can bring with the appropriate background, experience, expertise, qualifications, skills and knowledge.

– Aims to achieve an appropriate level of diversity, having regard to a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity and length of service.

– Consider the benefits of all aspects of board diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of background, experience, expertise, qualifications, skills and knowledge, as well as independence of the Board.

– Monitors the implementation of the board diversity policy and the achievement of the measurable objectives for achieving diversity under the policy.

– The Nomination Committee will review the Policy, on a regular basis to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required in light of changes in circumstances and applicable amendments to the regulatory requirements in force from time to time, and recommend any such revisions to the Board for consideration and approval.

As at the date of this report, the Board comprises five Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

Delegation by the Board

The Board has established three committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 27 December 2018 and 16 March 2020. The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, serving as the chairman, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.

The primary responsibilities of the Audit and Risk Management Committee are to (i) oversee the Company's relationship with the external auditor; (ii) review the financial information of the Company; (iii) oversee the Company's financial reporting system, risk management and internal control systems; (iv) oversee the Company's corporate governance function; and (v) perform other duties assigned by the Board. All committee members possess appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

Subsequent to 30 April 2022 and up to the date of this annual report, four meetings of the Audit and Risk Management Committee were held in which the members review and consider, inter alias, the audited financial statements of the Group for the Year and the re-appointment of independent auditor of the Group. There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of external auditors.

The Company's financial statements for the Year have been reviewed by the Audit and Risk Management Committee. The Audit and Risk Management Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 16 March 2020. The Remuneration Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas, serving as the chairman, and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Charles Choi.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, assess the performance of executive Directors and approve the terms of executive Directors' service contracts. The Remuneration Committee has duly performed their duties during the Year.

The Remuneration Committee and the Board will review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee will make recommendations to the Board about the remuneration of non-executive Directors. In determining the emoluments payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

Subsequent to 30 April 2022 and up to the date of this annual report, a meeting of the Remuneration Committee was held.

There was no discretionary bonus paid to the Directors and the five highest paid individuals for the Year (30 April 2021: HK$Nil). Details of the directors' remuneration and five highest paid individuals for the Year as regarded to be disclosed pursuant to the CG Code are provided in note 11 to the consolidated financial statements.

During the Year, the remuneration of the senior management is listed below by band:

	Number of individuals
HK$ nil to HK$1,000,000	4
HK$1,000,001 to HK$1,500,000	–

Nomination Committee

The Nomination Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 27 December 2018 and 16 March 2020. The Nomination Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Charles Choi, serving as the chairman.

The Nomination Committee is responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, (ii) identifying individuals suitably qualified to become Board members, (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Director.

The Nomination Committee and the Board will review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules.

Subsequent to 30 April 2022 and up to the date of this annual report, a meeting of the Nomination Committee was held in which the Nomination Committee members (i) reviewed and considered that the structure, size, diversity and composition of the Board are appropriate; (ii) assessed the independence of independent non-executive Directors; (iii) recommended the re-appointments of Directors, and (iv) recommended the aforesaid matters to the Board for approval.

The Nomination Committee will review the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this report. The Board Diversity Policy shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

Nomination Policy

The Board adopted a nomination policy (the "Nomination Policy") on 27 December 2018. A summary of the Nomination Policy, together with the selection criteria and the nomination procedures made towards achieving those objectives are disclosed below:

Summary of the Nomination Policy

The Nomination Policy provides the key selection criteria and general principles of the Nomination Committee in making any recommendation on the appointment and re-appointment of the Directors. It aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

Selection criteria

When making recommendation(s) regarding the appointment of any proposed candidate(s) for directorships to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a number of criteria including but not limited to the followings:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

(d) Requirements of the Board to have independent directors in accordance with the Listings Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(e) Potential contributions he/she will bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations. The progress made towards achieving the objectives set out in the Nomination Policy will be disclosed periodically in the corporate governance report of the Company.

Nomination procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) Appointment of new director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

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

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Review of Nomination Policy

The Nomination Committee will conduct regular reviews on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Attendance of meetings

During the Year, the attendance of each member of the board meetings, general meeting and the above committee meetings are recorded as below:

	Number of meetings attended/Number of meetings held				
Name of Directors	**Board Meeting**	**Audit and Risk Management Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**	**General Meeting**
Executive Directors:					
Mr. Choi King Ting, Charles	4/4	4/4	1/1	1/1	1/1
Mr. Choi Ching Shing	4/4	4/4	1/1	1/1	1/1
Independent Non-Executive Directors:					
Mr. Lai Kwok Hung, Alex	4/4	4/4	1/1	1/1	1/1
Mr. Yeung Chuen Chow, Thomas	4/4	4/4	1/1	1/1	1/1
Mr. Cüneyt Bülent Bilâloğlu	4/4	4/4	1/1	1/1	1/1

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to Listing Rules (the "Model Code"). In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had compiled with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

Pursuant to B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Before the Listing, each newly appointed Director received training from the legal advisor of the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memorandam, Board papers, and updates on corporate governance practices and director's responsibilities under the Listing Rules, applicable laws and other relevant statutory requirements.

Up to date of this report, the current Board members participated in the following training programs:

Name of Directors	Types of training: Attending seminar, and/or meeting, and/or forum, and/or briefing	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Choi King Ting, Charles	✓	✓
Mr. Choi Ching Shing	✓	✓
Independent non-executive Directors		
Mr. Lai Kwok Hung, Alex	✓	✓
Mr. Yeung Chuen Chow, Thomas	✓	✓
Mr. Cüneyt Bülent Bilâloğlu	✓	✓

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for monitoring the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

During the Year, the Board, through the Audit and Risk Management Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, which covered all material controls including financial, operational and compliance controls. Such annual review was done with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit and Risk Management Committee communicated any material issues to the Board.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the Year, the Group appointed APEC RISK MANAGEMENT LIMITED ("ARML") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and
- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures, as recommended by ARML, to enhance the risk management and internal control systems of the Group and to mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of ARML, as well as the comments of the Audit and Risk Management Committee, the Board considered the internal control and risk management systems are effective and adequate.

Enterprise Risk Management Framework

The Group established its enterprise risk management framework during the Year. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The Group's risk management framework follows the COSO Enterprise Risk Management—Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee that oversights risk management and internal audit functions of the Group.

Principal Risks

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. Furthermore, there are certain other risks involved in the Group's operations which are beyond its control. In particular, the Group relies on several major customers and the Group does not enter into any long term contracts with them and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end customers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

Risk Control Mechanism

The Group adopts a “three-layer” corporate governance structure with (i) operational management and controls performed by operations management, (ii) coupled with risk management monitoring carried out by the finance team, and (iii) independent internal audit outsourced to and conducted by ARML. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit and Risk Management Committee and management with a profile of its major risks and records management’s action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated at least annually by the management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced so that all risk owners have access to the risk register and are aware of those risks in their area of responsibility and they can adopt follow-up actions in an efficient manner.

The Group’s risk management activities are performed by management on an ongoing basis. The Company has adopted risk management policy and procedures (the “Risk Management Policy”). The effectiveness of the Group’s risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. The management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group’s system of internal controls and risk management annually in order to further enhance the Group’s internal control and risk management systems.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

AUDITOR’S REMUNERATION AND RESPONSIBILITIES

The Company has appointed D & PARTNERS CPA LIMITED as the auditor of the Group. For the Year, D & PARTNERS CPA LIMITED received HK$500,000 for audit services, HK$150,000 for non-audit services in connection with the Group’s interim review for the period ended 31 October 2021. The reporting responsibilities of D & PARTNERS CPA LIMITED are set out in the Independent auditor’s reports on pages 66 to 71 of this report.

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors during the Year.

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's results of operations, cashflows and financial condition, general business conditions and strategies, operating and capital requirements, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider as to whether if there is any material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at *www.jcfash.com* allows the Company's potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in this report, the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to article 64 of the Articles, one or more shareholders of the Company holding, at the date of deposit of the requisition, no less than one-tenth of the paid-up capital of the Company and having the right of voting at general meetings may make a requisition to convene a general meeting and such meeting shall be held within two months after the deposit of such requisition If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Board of Directors
SG Group Holdings Limited
Address: Unit B, 9/F, Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong
Telephone hotline: 2756 8980
Email address: admin@jcfash.com

To put forward proposals at an annual general meeting or an extraordinary general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Board/Company Secretary at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 65 of the Articles:

(a) for an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 clear days' (and not less than 20 clear business days') notice in writing; and

(b) for all other extraordinary general meetings, they may be called by not less than 14 clear days' (and not less than 10 clear business days') notice in writing.

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

CONSTITUTIONAL DOCUMENTS

The Company adopted an amended and restated memorandum and articles of association (the "M&A") on 21 February 2017 and the amended and restated M&A took effect on the date on which the Shares are listed on GEM. There was no change on the M&A of the Company during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY AND SCOPE OF REPORT

The Board of Directors of the Group is pleased to present the Environmental, Social and Governance Report (the "Report") for the year ended 30 April 2022 (the "Reporting Year"). The Report is prepared based on the Environmental, Social and Governance Reporting Guide stated on Appendix 27 of the Listing Rules of the Stock Exchange. The Report summarises the principal businesses of the Group in Hong Kong and the Mainland China. This Report therefore covers two offices in Shenzhen City of Mainland China and one office in Hong Kong.

The Group is an apparel designing, sourcing service provider for branded fashion retailers and wholesalers and provides consultation services. The revenue for the Reporting Year was derived from the supply of apparel products to online fashion retailers and fashion retailers and the provision of consultation services.

The Group strives to foster sustainable development and undertake corporate responsibility. Therefore, while the Group actively develops and seeks opportunities, it also takes into consideration factors including environment, society and ethics so as to ensure the Group can achieve a balance between business development, social expectations and environmental impacts. The Group also values major concerns of our stakeholders (including but not limited to customers, investors, shareholders, suppliers, employees and other organisations), aiming to maximise profits for shareholders while protecting interests of our stakeholders. The Group will maintain close communications with stakeholders on topics regarding environment and society as well as solutions to identify potential issues on sustainable development and to satisfy expectations and demands from various stakeholders.

In addition to enhancing our values of sustainable development, policies and core competency, the Group endeavors to provide quality services and maintain close contacts with customers, which enables the Group to gain a better understanding of their needs and preferences for us to offer customised value-added services. In the course of preparing the Report, the Group conducted thorough review and assessment towards our existing environmental and social policies the aim of achieving better performance in aspects of environment, social, corporate governance and operation in the future. The Group takes the sustainable development of its business as its long-term development goal, tries its best to reduce the negative impact on the environment in its business, and integrates climate related issues and environmental, social and governance elements into its long-term business strategic planning.

In order to achieve sustainable development, the Group has adopted the following strategies:

1. achieving environmental sustainability;

2. respecting human rights and community culture;

3. maintaining communications with stakeholders;

4. supporting employees and providing a friendly working environment;

5. sustaining local community development;

6. strengthening our commitment to customers.

The Report was approved by the board of directors on 29 July 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

The board of directors of the Company (the "Board") has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for monitoring and reviewing corporate governance practices across the Group, and takes into account ESG-related risks in decision making and maintaining effective risk management and internal control systems. The Executive Directors are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, and manage major ESG issues, risks and opportunities while the management from different business units are responsible for organizing, promoting, and implementing various ESG related tasks under the Group's ESG management policies and strategies. The Board with an aim to ensure that the Group's operations comply with the principle of sustainability and to look after the Group's daily operations and risk management matters in relation to the Group's ESG-related risks and deals with sustainability issues by regular communication with senior management from key business divisions, monitoring the Group's daily operations, reviewing feedbacks from stakeholders and updating internal policies whenever necessary. The material issues and tasks regarding the ESG-related risks of the Group will be reported to the Board regularly in order to review and re-formulate the polices and plans for achievement of goals and targets.

The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group's strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group's environmental, social and governance performance and adjusting corresponding action plans.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING BASIS

The ESG Report has been presented into two subject areas, namely environmental and social. Each subject area has various aspects to disclose the relevant policies, key performance indicators ("KPIs") and the status of compliance with relevant laws and regulations as addressed by the ESG Reporting Guide. The Group has complied with the disclosure requirements of the "mandatory disclosure requirements" and "comply or explain" provisions set out in the ESG Reporting Guide. Certain KPIs which is considered as material by the Group during the Reporting Year are disclosed in the ESG Report. The Group will continue to optimise and improve the disclosure of KPIs.

During its preparation, the Group adheres to the reporting principles of materiality, quantitative, balance and consistency by:

Reporting Principles	Interpretation	The Group's Application
Materiality	The report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the Group and make decisions.	The Group conducts questionnaire to understand stakeholder's expectations. Based on the results of the questionnaire, the Group identifies and reports the Group's material sustainability issues.
Quantitative	The key performance indicators disclosed in the report shall be calculable and comparable where applicable.	Under feasible situation, the Group records, calculates and discloses quantitative information and conducts comparisons with past performance.
Balance	The issuer should objectively and truthfully report its current year ESG performance.	The Group follows the principles of accuracy, objectivity, and fairness to report its achievements and challenges in sustainable development.
Consistency	The ESG report should be prepared in a consistent manner, its ESG's key performance indicators can be compared to understand corporate performance.	The Group ensures consistency in preparing the report and manage its ESG data for future comparison.

FEEDBACK AND OPINION

The Group's continuous improvement depends on your valued opinions about the content and form of this Report. You are welcome to submit any advice or comment on the Environmental, Social and Governance Report of the Group by sending emails to our Group (admin@jcfash.com).

ON STAKEHOLDERS

The Group seeks every opportunity and endeavours to understand and engage our stakeholders so that we can strive to improve our product offerings and services of the Group. The Group strongly believes that our stakeholders play a crucial role in the continual success of our business operations.

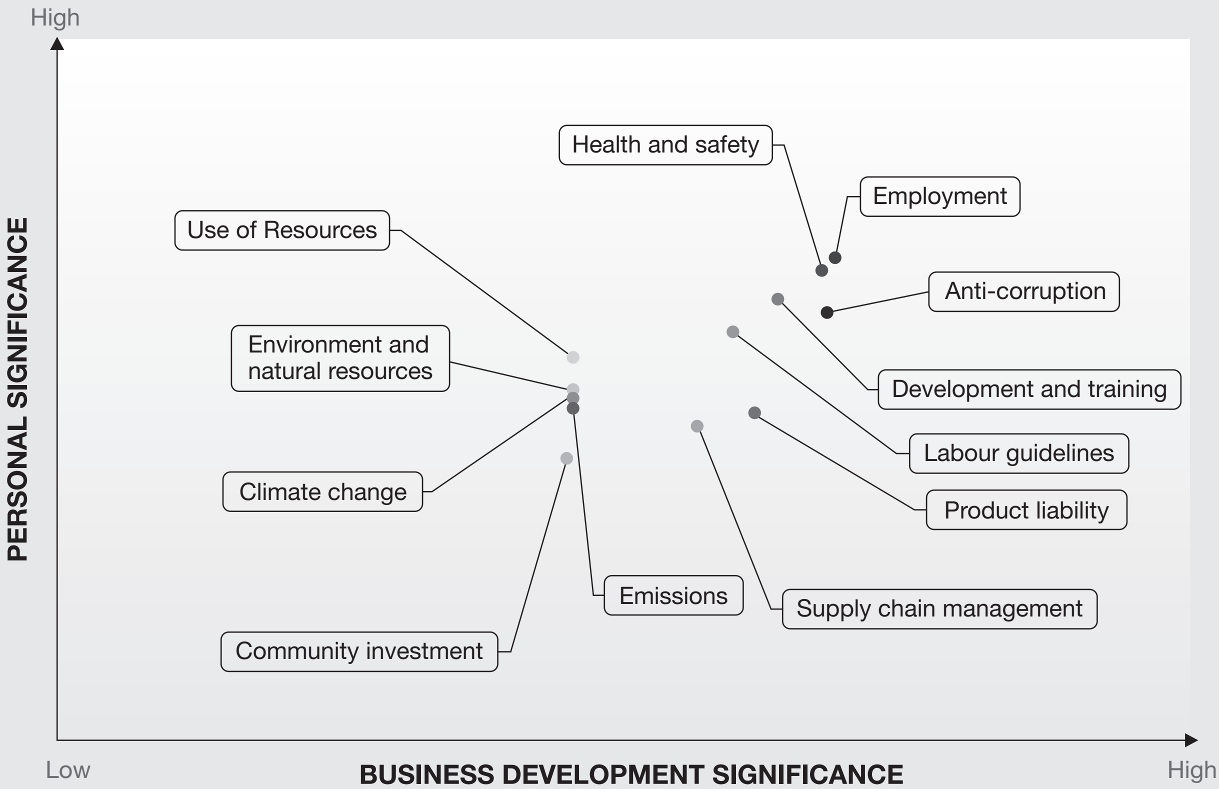
Stakeholders	Possible incidental issues	Communication and response
Stock Exchange	Compliance with the Listing Rules, publishing of announcements in a timely and accurate manner	Meetings, trainings, seminars, programmes, updating of website and announcements
Governments	Compliance with laws and regulations, social welfare and prevention of tax evasion	Interactions and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, supply stability	Daily communication, regular meetings
Investors	Corporate governance system, business strategies and performance, investment return	Holding and participation of conferences, visits and interviews, general meetings, provision of financial reports or business updates for investors, press and analysts
Media	Corporate governance, environmental protection and human rights	Posting of communications on the company website
Customers	Product/service quality, fair and reasonable pricing, value of service, protection for the labour force and work safety	Site visits and after-sale services
Employees	Rights and benefits, employee salaries, training and development, working hours, working environment	Conducting team activities, training, interviews, issue of staff manual and internal memorandum
Community	Environmental, employment and community development, social welfare	Organising community activities, employees volunteering activities and community welfare, sponsorship and donations

MATERIALITY ASSESSMENT

With a growing population, challenges such as climate change, energy supply and security, raw material scarcity, human health and safety, and employment must be addressed to ensure that people can lead healthy and fulfilling lives. Faced with a wide range of issues, the Group is keen to identify those which have a great impact on its stakeholders and business, and then to develop its strategic priorities. This is why materiality assessment is an essential part of the Group's ESG management and reporting.

The Group has established a stakeholder-driven approach to analysing the importance of ESG and identified 12 issues most relevant to the Group's business. Questionnaires were then conducted, in which stakeholders were invited to rate the issues based on their importance to the Group's business and to the stakeholders themselves.

Materiality Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT

Overview

The Group acts as a supplier for apparel designing, sourcing services for branded fashion retailers and wholesalers and provides consultation services. Since the Group' business is not directly involved in textile manufacturing, existing and potential impact from the Group's principal business on the environment is insignificant. The Group recognises the importance of environmental protection to the long term success of the Group. Therefore, the Group's objective is to minimise the adverse effect to environment by applying various environmental protection measures to our operating activities. The Group has established an internal culture to encourage all our staff to participate in energy conservation and environmental protection with a view to achieving energy conservation and emission reduction during our daily operations in order to ensure a balance between sustainable corporate development and environmental protection.

Compliance and Penalties

The Group has been in compliance with the laws and regulations that have a significant impact on it in relation to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, including but not limited to the Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》) and Regulation on Urban Drainage and Sewage Treatment of the People's Republic of China* (《中華人民共和國城鎮排水與污水處理條例》) in Mainland China as well as the Air Pollution Control Ordinance (《空氣污染管制條例》) and Waste Disposal Ordinance (《廢物處置條例》) in Hong Kong.

The Group was not aware of any non-compliance or penalties in respect of environmental laws and regulations related to environmental protection, air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste by the Group during the Reporting Year.

Emissions

Currently, the Group does not have any related policies on air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. However, the Group's business is not directly involved in textile manufacturing, therefore we have limited production of hazardous waste during our daily operations. We continue to strive to minimise the amount of non-hazardous waste produced from our daily operations and continue to assess the impact on the production and enhance the disclosure of both hazardous waste and non-hazardous waste.

As the Group utilizes an electric car that does not consume petrol or diesel which directly produces air pollutants. The car does not release direct GHG emission or air pollutants during the ordinary courses of operation. Therefore, there is no direct GHG emission and air pollutants arising from fuel consumption during the Reporting Year. The electric car owned by the Group was sold during the Reporting Year.

* For identification purpose only

In respect of GHG emissions, the emissions directly attributable to businesses owned or controlled by the Group are relatively low. Indirect GHG emissions caused by the Group are primarily attributable to purchased electricity. The Group's purchased electricity leads to indirect GHG emissions in the course of electricity generation by the electricity corporations. Statistics in respect of consumption of purchased electricity in the course of operation during the Reporting Year and the corresponding year in 2021 are set out below:

Type of GHG emissions	**Equivalent CO_2 emission (tonne) 2022**	Equivalent CO_2 emission (tonne) 2021
Scope 1 Direct emissions	**N/A**	N/A
Scope 2 Indirect emissions	**94.26**	6.74
Total	**94.26**	6.74
Intensity (tonne/Revenue HK$ Million)	**0.56**	0.06

Note:

The calculation of the greenhouse gas is based on the "A Corporate Accounting and Reporting Standard" from Greenhouse Gas Protocol.

Scope 1: Direct emissions from operations that are owned or controlled by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: Other indirect emission is not controlled by the Group's nature. The Group chooses not to disclose as it is optional to disclosure.

The Group promotes electricity preservation among employees to reduce electricity consumption and indirect GHG emissions. Electricity consumption mainly arises from daily operation of office for the on-going operation of air-conditioning system, lighting system, and electronic equipment in the office, etc. With a view to reducing electricity consumption, electronic equipment with lower electricity consumption is preferred during procurement; average room temperature shall be maintained within a required range; lighting equipment and electronic appliances are switched off during lunch hour and after work to reduce the electricity consumption by air-conditioning equipment. Furthermore, the Group is committed to decreasing the number of business trips. When dealing with simple enquiries from foreign customers, we prefer to provide design and consultancy services through video conference so as to lower the number of air travels.

Due to our business nature, the Group produces minimal hazardous waste in its daily operation. Thus, no data was recorded in relation to hazardous waste during the Reporting Year. Furthermore, non-hazardous waste produced by the Group mainly includes ordinary office waste, such as used stationery and paper. The Group advocates conservation and environmental protection and promotes recycling of reuseable items. It reminds employees to reduce non-hazardous waste arising from daily work and avoid paper use by delivering digital file through e-mail. The Group adopts electronic communication software as its principal channel of contact during daily operation. All internal notice is issued through e-mail instead of printing. The Group also implements double-sided printing to utilise resources more efficiently. We opt for refillable types of office stationery as far as possible and avoid straight replacement of stationery items. The Group ensures that non-hazardous waste is disposed, collected, and processed in a proper and legal manner. As for office wastes, the Group purchases products with improved recyclability, higher recycled content, reduced packaging materials and greater durability. Employees are also reminded to recycle old computer products and other electrical or electronic products as far as possible.

Statistics in respect of office waste paper generated in the course of operation during the Reporting Year and the corresponding year in 2021 are set out below:

	Amount (kg) 2022	Amount (kg) 2021
Non-hazardous waste	**430.10**	541.42
Intensity (kg/Revenue HK$ Million)	**2.55**	4.48

USE OF RESOURCES

The Group places high priority on the efficient use of resources. The Group's business operations do not require much resources and our office staff only consume a limited amount of electricity and water. The Group strives to improve the efficient use of natural resources by adopting various practical measures to reduce the use of natural resources (thus in turn reduce emissions) as mentioned in section "Emissions" in this Report. Due to the increase of number of employees during the Reporting Year and the rental of additional office in Shenzhen from February 2021, the electricity and water consumption increased significantly during the Reporting Year.

Statistics in respect of the consumption of purchased electricity in the course of our operation during the Reporting Year and the corresponding year in 2021 are set out below:

	Amount (kWh) 2022	Amount (kWh) 2021
Electricity	**158,735.00**	18,016.04
Intensity (kWh/Revenue HK$ Million)	**939.88**	148.98

We had not experienced any issue or problems when sourcing water. The current water supply is sufficient to meet our daily operation needs. Our water usage during usual course of operation was mainly for daily consumption in office. For conservation of water resource, the Group urges its office staff to save water and make sure water taps are properly turned off and to avoid unnecessary waste of drinking water. Water consumption of each unit for the Reporting Year and the corresponding year in 2021 are set out below:

	Amount (m^3) 2022	Amount (m^3) 2021
Water	**596.13**	358.32
Intensity (m^3/Revenue HK$ Million)	**3.53**	2.96

In respect of packaging materials, as the Group's businesses do not involve direct weaving, manufacturing and packaging, packaging materials generated in the ordinary course of operation are limited. Therefore, no relevant data is recorded during the Reporting Year.

[1] Office locations in Hong Kong and Shenzhen, the PRC are taken into consideration.

Targets

In addition, the Group advocates emission reduction, energy saving and resources saving, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of reducing emissions, energy use efficiency and water efficiency. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.

Environmental aspects	**Targets**	**Steps taken to achieve the targets**
Air Pollutants Emissions	The Group will actively implement the air pollutants control plan and measures to maintain or reduce the intensity of air pollutants emissions.	– Encouraging the use of public transportations
Greenhouse Gas Emissions	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of greenhouse gas emissions.	– Adopting LED lighting in some offices – Setting the temperature of air-conditioning system in a range between 25°C to 26°C – Switching off lights and unnecessary energy-consuming devices when they are not in use – Promoting environmental protection such as saving water and electricity by slogan or poster in office

Environmental aspects	Targets	Steps taken to achieve the targets
Waste Reduction	The Group will actively implement the material-saving plan and measures to maintain or reduce the intensity of waste production.	– Using electronic document processing system to minimize the use of paper – Encouraging printing or photocopying on both sides of paper, where applicable – Focusing on quality management to reduce wastage and scrap for less pollution resulted
Energy Conservation	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of electricity consumption.	– Adopting LED lighting in some offices – Setting the temperature of air-conditioning system in a range between 25˚C to 26˚C – Switching off lights and unnecessary energy-consuming devices when they are not in use
Water Conservation	The Group will actively implement the water-saving plan and measures to maintain or reduce the intensity of water consumption.	– Promoting environmental protection such as saving water and electricity by slogan or poster in office

Environment and Natural Resources

The Group is committed to the principle of environment and natural resources protection in the course of operations, by undertaking not to cause significant effect to the environment and over-consumption of natural resources. The Group's environmental protection approach focuses on (i) recycling of reusable materials; (ii) reducing utilisation of non-reusable materials; and (iii) disposal of materials that are no longer reusable. The Group raises staff's awareness on environmental issues through education and training and enlists employees' support in improving the Group's performance, promotes environmental awareness amongst the customers, business partners and shareholders, supports community activities in relation to environmental protection and sustainability, and evaluates and monitors regularly the impact of past and present business activities impacting upon health, safety and environmental matters. The principal business activities of the Group do not have a significant impact on the environment and natural resources.

Climate change

Climate change has caused frequent extreme weather and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Physical Acute Risk

Extreme weather	Preventative and mitigation measures
Typhoons	– Attach duct tapes to windows to avoid damage – Move equipment to safety areas in advance – Reinforce equipment and components that may be blown away – Inform and negotiate with clients and third-party suppliers of potential delays in advance – Arrange work from home for staff according to the guidelines of local observatory
Heavy rain and flooding	– Check that all windows are shut as secure as possible – Reinforce equipment and assets which may be damaged or blown away – Arrange work from home for staff according to the guidelines of local observatory
Thunder and lightning	– Keep good conditions of earthing devices – Remind employees to save data and turn off computers

Physical Chronic Risk

The Group has identified extreme weather such as sustained high temperature during the year could cause physical chronic risk. The potential consequences include the drop in sales of autumn/winter products and a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

	Physical Chronic Risk
Extreme weather	**Preventative and mitigation measures**
Sustained high temperature	– Diversify the impact by developing and promoting more summer/spring products – Keep a First-aid kit convenient – Keep cold water available 24 hours a day

SOCIETY

The Group builds close and trustworthy relationship with our staff through a people-oriented philosophy and innovative management. The Group attaches great importance to our staff and considers them as company's important assets. We provide a reasonable and satisfactory remuneration and benefit system to each employee. In addition, the Group has also offered the staff with safe and healthy working environment, related training for staff as well as building a working environment filled with cooperative and friendly staff.

Employment

The Group strictly abides by the labour laws and related regulations in Hong Kong and the Mainland China, including but not limited to the Employment Ordinance (《僱傭條例》) in Hong Kong and the Labour Law of the People's Republic of China* (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) in the Mainland China and complies Staff Instructions and Policies and Procedures for Human Resources and Administration Department based on these regulations which includes information ranging from recruitment, promotion, remuneration, dismissal, working hours, holidays, equal opportunities, diversity, anti-discrimination to other employment packages and benefits. Staff instructions are provided to all employees upon recruitment to ensure employees are aware of their duly rights and obligations. Employment contract that specifies the rights and obligations of both parties is also entered between the Group and each one of the new recruits for the sake of the mutual interests of parties.

The recruitment and promotion procedures of the Group are not biased based on factors such as age, gender, race, colour and religious belief. All applicants and employees are treated equally. We employ people by open recruitment and place individual competency as our major consideration. Meanwhile, the Group has zero tolerance towards any form of discrimination or harassment in the workplace. If any discriminational or harassing behaviour is found, we will take actions accordingly. We strive to create a stable, diverse, tolerating, harassment-free, discrimination-free and peaceful workplace and offer handsome salaries and benefits to attract and retain talents.

Employees are the most valuable assets of the Group. Therefore, the Group strives to provide a sound working environment for its employees. In order to enhance communication between employees and foster harmonious working atmosphere, the Group holds staff gatherings on a regular basis. In addition, the Group also encourages its employees to maintain work-life balance by actively planning additional staff activities, including badminton matches, hiking, festival celebrations and overseas trips.

* For identification purpose only

During the Reporting Year, the Group strictly follows labour laws and relevant regulations of Hong Kong and the Mainland China.

Below is a detailed breakdown of our employees by gender, age group, level, employment type and region as at 30 April 2022 and 2021:

	2022		2021	
	Number of staff	**% of total**	Number of staff	% of total
By gender				
Male	**28**	**38**	12	34
Female	**45**	**62**	23	66
Total	**73**	**100**	35	100
By age group				
<25 years old	**13**	**18**	–	–
25-29 years old	**7**	**10**	3	8
30-39 years old	**23**	**32**	17	49
40-49 years old	**14**	**19**	6	17
>50 years old	**16**	**22**	9	26
Total	**73**	**100**	35	100
By level				
Management	**18**	**25**	11	31
Mid-level staff	**11**	**15**	15	43
Junior staff	**44**	**60**	9	26
Total	**73**	**100**	35	100
By region				
Hong Kong	**25**	**34**	12	34
Mainland China	**45**	**62**	20	57
United Kingdom	**3**	**4**	3	9
Total	**73**	**100**	35	100
By employment type				
Full-time	**72**	**99**	35	100
Part-time	**1**	**1**	–	–
Total	**73**	**100**	35	100

Below is a detailed breakdown of our employees turnover rate by gender and age group for the year ended 30 April 2022 and 2021. Turnover rate equals to total number of turnover employees in the specified category divided by average number of employees during the Reporting Year in the specified category is adopted as the calculation basis.

	2022	2021
Turnover rate by gender		
Male	**4%**	–
Female	**11%**	52%
Turnover rate by age group		
<25 years old	**–**	200% (Note 1)
25-29 years old	**–**	91% (Note 2)
30-39 years old	**5%**	39%
40-49 years old	**28%**	31%
>50 years old	**–**	–
Turnover rate by region		
Hong Kong	**5%**	8%
Mainland China	**11%**	40%
United Kingdom	**–**	100% (Note 3)

Notes:

1 For age group below 25, the number of turnover employees was 1 while the average number of employees was 0.5.

2 For age group between 25-29, the number of turnover employees was 5 while the average number of employees was 5.5.

3 For employees located in United Kingdom, the number of turnover employees was 6 while the average number of employees was 6.

Therefore, drastic turnover rates are resulted for the mentioned categories under current calculation basis. To avoid misleading interpretation, we determine to disclose the factual movement of staffs for these categories.

HEALTH AND SAFETY

The business operations of the Group do not involve high-risk activities. Nevertheless, the Group attaches great importance to occupational safety, hygiene and health of our employees. The Group strictly complies with relevant regulations on occupational health and safety including but not limited to the Occupational Safety and Health Ordinance (《職業安全及健康條例》) in Hong Kong and the Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* (《中華人民共和國職業病防治法》) and Fire Protection Law of the People's Republic of China* (《中華人民共和國消防法》) in the Mainland China, and makes all efforts to build a safe and comfortable working environment for our employees.

As employees often remain in a writing or computer-operating position for long periods of time during office hours, they may suffer from resulting muscle strains which affect mental state at work and reduce productivity due to wrong sitting postures. Hence, the Group urges employees to properly arrange their schedule at work and take regular naps as well as do stretching and relaxing exercises so as to mitigate fatigue. Moreover, in order to improve physical and mental health of employees, the Group regularly held discussions with employees on organising outdoor events and encourages active participation from employees.

As for insurance, in addition to employee compensation insurance, the Group also provides medical insurance and additional benefits.

In the past three years including the Reporting Year, no work-related fatalities or lost days due to work injury were recorded.

DEVELOPMENT AND TRAINING

Nurturing talents is a key factor of the Group's advancement. The Group firmly believes that trainings help improve competency of staff and facilitate all-rounded personal development. Therefore, the Group spares no efforts in the aspects of development and training. For example, for employees who attend courses or participate in seminars related to their professions, the Group will bear relevant fees and expenses for development and training. The Group is always improving in-house training schemes, and provides related internal trainings, including sales techniques, methods for communication with clients and fashion sense, so as to enhance knowledge and skills of employees required for their positions. The Group also encourages employees to set up personal development goals and foster growth alongside the Group.

Meanwhile, the Group plans to arrange external trainings for employees with the aim of improving competency, work skills, expertise and performance of employees. It is also the Group's intention to provide specialised trainings on working functions according to employees' duties and responsibilities, which include human resource management, risk management, finance and audit, environmental protection, occupational health and safety.

* For identification purpose only

Below is a detailed breakdown of the percentage of employees trained by gender and employment category per the Reporting Year and the corresponding year in 2021. Percentage of employees trained equals to total number of trained employees in the specified category divided by ending number of employees during the Reporting Year in the specified category is adopted as the calculation basis.

	2022	2021
Employee trained by gender		
Male	**4%**	92%
Female	**16%**	117%
Employee trained by employment category		
Management	**17%**	91%
Mid-level staff	**18%**	127%
Junior staff	**25%**	100%

The average training hours for employees by gender and employment category per the Reporting Year and the corresponding year in 2021. Average training hours for employees equals to total number of training hours for employees in the specified category divided by ending number of employees during the Reporting Year in the specified category is adopted as the calculation basis.

	2022 Hours per employee	2021 Hours per employee
By gender		
Male	**0.14**	0.92
Female	**0.62**	1.17
By employment category		
Management	**0.33**	0.91
Mid-level staff	**0.36**	1.27
Junior staff	**0.50**	1.00

Due to the COVID-19 pandemic and the Group has reduced group activities of employee as far as possible, the staff training as a result drastically reduced during the Reporting Year.

LABOUR STANDARDS

For the prevention of child labour and forced labour, the Group implements strict requirements for employee selection. Policies and procedures of the human resources and administration department set out points to note during our recruitment process. The Group conducts due investigation on applicants and verifies their personal information to ensure the legality of their employment and the absence of child labour or forced labour. The Group does not consider any under-aged applicants, as well as applicants who cannot provide relevant identification documents.

If any employment of child labour and forced labour were found by the management, we will terminate relevant labour contract with immediate effect and make investigation as well as take disciplinary action against responsible person.

During the Reporting Year, the Group did not record any incident of child labour or forced labour.

SUPPLY CHAIN MANAGEMENT

The Group exercises stringent control and management over the supply chain. Currently, we have set down policies and guidance in writing, namely the selection criteria for suppliers, and prudently select and continuously monitor approved suppliers. During the Reporting Year, the Group had a total of approximately 15 suppliers (2021: 103), of which 11 from Hong Kong (2021: 16), 3 from the Mainland China (2021: 86) and 1 from Sri Lanka (2021: 1).

The Group puts great weight on product quality and compliance of approved suppliers. Our quality inspection department conducts on-site inspection at suppliers' factories and carries out quality control on products so as to ensure compliance of products with the Group's standards. We evaluate if third-party manufacturers consider the environmental and social criteria including the prohibition on the recruitment of child and forced labour, eliminating discrimination to employees, providing a safe working environment, considering if the products and services provided are beneficial to environmental protection and fulfilling the Group's internal environmental requirement while minimizing the negative impact to natural environment, and strictly obeying the law. Moreover, in order to ensure operations of suppliers comply with relevant ethics standards, e.g. health and safety, labour standards and environment protection, the Group will, upon request of our customers, engage firms specialising in the provision of verification, testing and certification to perform Sedex Members Ethical Trade Audit ("SMETA"). The Group will purchase from relevant specified suppliers only if our customers are satisfied with the audit results of such potential suppliers.

For approved suppliers who fail to comply with laws and regulations, product quality or safety requirement, the Group will demand rectification from them and take follow-up measures to inspect and ensure that rectification measures are duly performed by such approved suppliers. Upon completion of rectification by the suppliers, the Group will conduct reassessment and proceed to purchase from them only after actual improvements are witnessed.

In addition, we analyse and assess approved suppliers' experience, reputation, technology, financial strength, human resources, efficiency, quality control efficiency and code of ethics in the garment industry so as to select the most suitable approved suppliers.

PRODUCT RESPONSIBILITY

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with relevant laws and regulations, including but not limited to the Product Quality Law of the PRC* (《中華人民共和國產品質量法》), the Trademark Law of the PRC* (《中華人民共和國商標法》), the Advertising Law of the PRC* (《中華人民共和國廣告法》), the Sale of Goods Ordinance (Cap 26 of the Laws of Hong Kong), the Trade Descriptions Ordinance (Cap 362 of Laws of Hong Kong) and the Trade Marks Ordinance (Cap 559 of the laws of Hong Kong), that have a significant impact relating to health and safety, advertising, labelling and privacy matters regard to products and services provided by the Group during the Reporting Year.

Quality Control and Product Return

The Group has issued a set of written guidelines for testing and inspection of product quality known as "Policy and Procedures for the Quality Control Department" *(質檢部政策及流程). As the Group is a design and procurement service provider, a product will be forwarded to an authorised supplier for mass production only after the Group received confirmation from our customer on the design, safety and health of the materials being used, sample pattern/format and labelling of the relevant product. The quality control department of the Group is responsible for the strict selection and oversight of the authorised suppliers. Inspectors will be sent to the facilities of the suppliers to conduct inspection on raw materials, work-in-progress and finished products on a sampling basis, so as to give assurance that the apparel products meet our standard and the requirements of our customers.

Generally speaking, the responsibility regarding product quality to be borne by the Group is limited to claims made by customers with regards to any defects in a product. Upon receiving a complaint or claim from a customer regarding any product defects, the Group will investigate and try to establish the reasons for such defects. If it is determined that a claim made by a customer is the fault of an authorised supplier, the Group may then file a claim against the subject authorised supplier and thereby passing the risk in product responsibility onto such authorised supplier.

During the Reporting Year, the Group did not experience any product recall due to safety or health reasons.

* For identification purpose only

Data Privacy

No advertisement is placed by the Group for our products in the course of our operations. In view of protecting the privacy and personal data of our customers, the Group has set forth the staff's code which stipulates that an employee must not leak or make public any information from the Group whether during his/her employment or after termination of employment and repeatedly emphasize the importance of information security in employee training and internal meetings. Confidentiality agreement is also entered into by the Group and each of our authorised suppliers, pursuant to which an authorised supplier is required to keep information, such as data of customer and product design, in confidence and shall not disclose it to a third party without prior written consent of the Group. The Group has established an internal management team responsible for monitoring the implementation of the aforementioned procedures.

During the Reporting Year, no complaints concerning leakage of customer's information were received by the Group.

The Group has also put in place a mechanism to handle opinions and complaints. In case there are any comments from any customers, suppliers or any other stakeholders regarding the Group, comments may be filed directly to us, and they will be handled by the Group accordingly.

Intellectual Property Rights

As an apparel supply chain management services provider, the Group respects intellectual property rights. The Group is committed to protecting trademarks of customers and restricts any person from using the trademarks for any unauthorised purposes. We strictly abide by all laws and regulations related to intellectual property, such as the Trademark Law of the PRC* (《中華人民共和國商標法》) and Trade Marks Ordinance of Hong Kong. The Group has policies and procedures to protect the intellectual properties of the Group and its customers. The product design sketches and instruction sheets may contain confidential information regarding proprietary product designs of the Group's customers. Such confidential documents for each of the respective customers will be stored in the designated place and only the responsible merchandising team, design staff and authorised personnel are allowed to access such information.

The Group has established an internal management team responsible for monitoring the implementation of the aforementioned policy and detecting any infringement by others or by the Group.

During the Reporting Year, the Group was not aware of any infringement or potential infringement by any member of the Group of the intellectual property rights owned by any third parties, and no material complaint was received and no claim was made against the Group by its customers in relation to infringement of their intellectual property rights.

* For identification purpose only

PREVENTION OF BRIBERY, EXTORTION, FRAUD AND MONEY LAUNDERING

The Group is in compliance with the laws and regulations on prevention of bribery, extortion, fraud and money laundering in Hong Kong and the Mainland China, including but not limited to the Prevention of Bribery Ordinance (《防止賄賂條例》) (Cap 201 of the Laws of Hong Kong), the SFO (《證券及期貨條例》) and the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the Securities and Futures Commission (《打擊洗錢及恐怖分子資金籌集指引》) in Hong Kong and Criminal Law of the People's Republic of China* (《中華人民共和國刑法》) in the Mainland China. Employees of the Group are required to strictly observe and comply with the above laws and regulations to prevent any acts of bribery, extortion, fraud and money laundering from taking place.

For protection of the Group's interest, the Group has set forth in its staff's code the required conducts of our employees as well as policies on prevention of bribery, extortion, fraud and money laundering. For instance, when an employee receives a gift or red pocket from a supplier or any party associated with the Group, he/she shall report the case to the administration department immediately. Any gift or red pocket to employee with monetary value of over HK$500 is strictly prohibited by the Group.

Furthermore, any complaints and accusations of non-compliance of the rules from employees can be reported directly to the personnel and administration department. In case the subject of such report is the personnel and administration department itself, the employee should directly report the case to the general manager. The Group will conduct an investigation into the case and will handle it in a fair and just manner.

The Group is in the process of allocating resources to arranging training on anti-corruption, and therefore no training is arranged during the Reporting Year. Looking ahead, we will continue to invest more resource to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

During the Reporting Year, the Group was not involved in any litigations relating to matters of bribery, extortion, fraud or money laundering.

COMMUNITY INVESTMENT

The Group strives to support the development of community and extend our care to the socially-disadvantaged groups by committing to taking care and educating homeless children and other disadvantaged youth as well as to contribute to growth and development of the region. The Group recognises the moral principle of "what is taken from the people shall be used for the benefit of the people" and has been taking initiatives to give back to the society and share the fruit of our business operations with the community.

Though no monetary donation was made by the Group during the Reporting Year, the Group will continue to review different channels for community investment, and support the community at once when applicable.

* For identification purpose only

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT INDICATOR INDEX OF THE STOCK EXCHANGE

Aspect	Guidance description	Report section	Remark
A. Environmental			
Aspect A1: Emissions			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Compliance and Penalties, Emissions	
KPI A1.1	The types of emissions and respective emissions data.	Emissions	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	N/A	The Group's business is not directly involved in textile manufacturing, therefore we have limited production of hazardous waste during our daily operations.
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	

Aspect	Guidance description	Report section	Remark
Aspect A2: Use of Resources			
General disclosure	Policies on the effective use of resources, including energy, water and other raw materials.	Use of Resources	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Use of Resources	
KPI A2.2	Water consumption in total and intensity	Use of Resources	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Use of Resources	The Group’s business is not directly involved in textile manufacturing and packaging, therefore we have limited production of packaging material during our daily operations.
Aspect A3: Environmental and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environmental and Natural Resources	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental and Natural Resources	

Aspect	Guidance description	Report section	Remark
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	

Aspect	Guidance description	Report section	Remark
Aspect B2: Health and safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and safety	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety	
KPI B2.2	Lost days due to work injury.	Health and safety	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	
KPI B3.1	The percentage of employee trained and employee category.	Development and Training	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	

Aspect	Guidance description	Report section	Remark
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
KPI B5.1	Number of suppliers by region.	Supply Chain Management	
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	

Aspect	Guidance description	Report section	Remark
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	During the Reporting Year, the Group did not experience any product recall due to safety or health reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights.	Product Responsibility	
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	
KPI B6.5	Description of customer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	

Aspect	Guidance description	Report section	Remark
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Prevention of bribery, extortion, fraud and money laundering	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Prevention of bribery, extortion, fraud and money laundering	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Prevention of bribery, extortion, fraud and money laundering	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Prevention of bribery, extortion, fraud and money laundering	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in supply of apparel products to online fashion retailers and fashion retailers and the provision of consultation services.

RESULTS AND DIVIDEND

Details of the audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 72 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (30 April 2021: nil).

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the Year, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations, environmental policy and relationships with stakeholders are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Save as disclosed in this annual report, since the end of the Year, no important event affecting the Group has occurred.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong for the Year.

The Group also complies with the requirements under the Companies Law (2013 Revision) of the Cayman Islands, the Listing Rules and the SFO for the disclosure of information and corporate governance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. The risk management policies and practices of the Group are shown in note 32 to the consolidated financial statements.

Furthermore, there are certain other risks involved in the Group's operations which are beyond its control. In particular, the Group relies on several major customers and the Group does not enter into any long term contracts with them and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end customers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

Other risks facing by the Group are set out in the section headed "Risks relating to the business of the Group" of the announcement relating to the Transfer of Listing dated 11 March 2020.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest five financial years is set out on page 144 of this annual report. This summary does not form part of the consolidated financial statements.

SUBSIDIARIES

Details (including the principal activities) of the Company's subsidiaries as at 30 April 2022 are set out in note 36 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

CHARITABLE DONATIONS

The Group did not make any charitable and other donations during the Year and the year ended 30 April 2021.

DISTRIBUTABLE RESERVES

As at 30 April 2022, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2013 Revision) of the Cayman Islands, is HK$0.5 million (2021: HK$1.8 million). Such amount represented share premium after setting off accumulated losses of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Island, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 28 to the consolidated financial statements.

DIRECTORS

During the Year and thereafter up to the date of this report, the Directors are named as follows:

Executive Directors
Mr. Choi King Ting, Charles
(Chairman and Chief Executive Officer)
Mr. Choi Ching Shing

Independent non-executive Directors
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Pursuant to article 109 of the Article, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules as at the date of this report and considers all the independent non-executive Directors to be independent.

REPORT OF THE DIRECTORS

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all executive Directors for a term of three years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than six months written notice.

In addition, the Company has entered into letter of appointments with independent non-executive Directors for a term of three years.

No Directors proposed for re-election at the 2022 annual general meeting have service contracts, which are not determinable by the Company within one year without payment of compensation, other than statutory compensation.

TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the business of the Group to which the Company, or its holding company, or any of its subsidiaries was a party and in which a director or a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

MANAGEMENT CONTRACT

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

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the Year are set out in note 10 to the consolidated financial statements.

REMUNERATION POLICY

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

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

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutions.

PERMITTED INDEMNITY PROVISION

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets of the Company from all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 April 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix 16 to the Listing Rules, were as follows:

Name of Directors	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Charles Choi (Note 1)	Interest in controlled corporation	23,000,000(L)	71.88%
	Beneficial owner	708,000(L)	2.21%
	Total	23,708,000	74.09%
Mr. Lai Kwok Hung, Alex	Beneficial owner	10,000(L)	0.03%

Notes:

1. Mr. Charles Choi directly owns 100% of JC Fashion International Group Limited ("JC International"), which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2022, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 13 of Appendix 16 to the Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any specified undertaking of the Company or any other associated corporations" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 April 2022, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
JC International (Note 1)	Beneficial owner	23,000,000(L) (Note 2)	71.88%

Notes:

1. Mr. Charles Choi directly owns 100% of JC International, which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2022, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

Our Directors believe that our Group is capable of carrying on our business independently of our Controlling Shareholder in view of the Group has maintained independence on management independence, operational independence and financial independence since the Listing Date of the Company. Details of the independence from the controlling shareholders are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 30 April 2022, no other person is individually or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales for the Year generated from the Group's major customers is as follows:

– The largest customer	63.2%
– Five largest customers	94.5%

The percentage of suppliers for the Year attributable to the Group's major suppliers is as follows:

– The largest supplier	57.5%
– Five largest suppliers	84.7%

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in any of the Group's five largest customers or its five largest suppliers for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year and up to the date of this annual report, the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the Year and up to the date of this report, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of the covenants of the deed of non-competition dated 21 February 2017 ("Non-Competition Undertakings"), Mr Charles Choi and JC International ("Covenants"), has made annual declarations to the Company that during the years ended 30 April 2022 and 2021, they have complied with the terms of the Non-Competition Undertakings. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance by each of the Covenants with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, the undertakings have been fully complied with and enforced during the years ended 30 April 2022 and 2021. The executive Directors and the independent non-executive Directors also confirm that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has set up an Audit and Risk Management Committee on 21 February 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and section D3 of the CG Code. The duties of the Audit and Risk Management Committee are to review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's continuing connected transactions. The Audit and Risk Management Committee comprises all three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, who is the chairman of the Audit and Risk Management Committee, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit and Risk Management Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 34 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction as defined under the Listing Rules for the Year.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital are held by the public at all times throughout the Year and thereafter up to the date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 29 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the Year and up to the date of this report.

INDEPENDENT AUDITORS

D & PARTNERS CPA LIMITED was appointed as the auditor of the Company by the Board with effect from 4 December 2020 to fill the causal vacancy following the resignation of Deloitte Touche Tohmatsu and held the office until the conclusion of the 2022 annual general meeting of the Company. Save for the above, there was no other change in the auditor of the Company since the Company listed on GEM on 21 March 2017.

The financial statements for the Year have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA LIMITED as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Choi King Ting, Charles
Chairman, Executive Director
and Chief Executive Officer

Hong Kong, 29 July 2022

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF SG GROUP HOLDINGS LIMITED
樺欣控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SG Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 143, which comprise the consolidated statement of financial position as at 30 April 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on supply of apparel products	
We identified the recognition of revenue pertaining to the supply of apparel products to fashion retailers as a key audit matter due to the significance of the amount contributed to total revenue as disclosed in the consolidated statement of profit or loss and other comprehensive income. The judgement on the point of revenue recognition by the management is significant. Revenue from the supply of apparel products is recognised when the customer obtains the control of the apparel products, being when the apparel products are delivered to the customers at the designated location and the control has passed to the customers. The accounting policy for revenue recognition is disclosed in note 3 to the consolidated financial statements. The Group recognised revenue from the supply of apparel products of HK$168,888,000 (2021: HK$120,332,000) for the year ended 30 April 2022, which is disclosed in note 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition on supply of apparel products included: • Obtaining an understanding of the Group's revenue business process on supply of apparel products and the key controls over revenue recognition on supply of apparel products performed by the management; • Testing the key controls over revenue recognition from contracts with customers on supply of apparel products; • Sampling the contracts with customers on supply of apparel products and evaluating the content of the contracts with reference to Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers"; • Applying analytical procedures technique to identify any unusual patterns of revenue on supply of apparel products for the year and, inquiring of management and evaluating the management's response to any unusual patterns identified pertaining to revenue on supply of apparel products identified; and • Agreeing the details of a sample of revenue transactions on supply of apparel products to the corresponding supporting documents such as invoices, bills of lading and acknowledgements of receipt.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Impairment assessment of trade receivables

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 losses ("ECL") of the Group's trade receivables at the end of the reporting period.

As at 30 April 2022, the Group's net trade receivables amounting to approximately HK$21,958,000 (2021: HK$33,383,000) which represented approximately 15% (2021: 22%) of total assets of the Group.

As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables individually. The provision rates are based on external credit ratings considering the individual debtor's historical default rate, adjusted with considering forward-looking information that is reasonable and supportable available without undue costs or effort that are specific to each debtor.

As disclosed in note 33 to the consolidated financial statements, the Group had net reversal of impairment loss recognised on trade receivables of approximately HK$697,000 (2021: net reversal of impairment loss recognised on trade receivables of approximately HK$1,248,000) for the year ended 30 April 2022.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of trade receivables included:

- Understanding key controls on how the management estimates the loss allowance for trade receivables;
- Testing the accuracy of information used by management in determining credit loss allowance, including trade receivables ageing analysis as at 30 April 2022, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents;
- Discussing with the management and assessing the reasonableness of the management's basis and judgement in determining credit loss allowance on trade receivables as at 30 April 2022, including their identification of credit impaired trade receivables and the basis of estimated loss rates applied in each category (with reference to historical default rates and forward-looking information); and
- Evaluating the disclosures regarding the impairment assessment of trade receivables in note 33 to the consolidated financial statements.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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.

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lau, Ming Tak Simeon.

D & PARTNERS CPA LIMITED
Certified Public Accountants
Lau, Ming Tak Simeon
Practising Certificate Number: P07579
Hong Kong

29 July 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	5	**168,888**	120,932
Cost of sales and services		**(134,525)**	(101,507)
Gross profit		**34,363**	19,425
Other income	6	**2,235**	2,632
Other gains and losses	7	**(1,926)**	1,170
Net reversal of impairment loss recognised on trade receivables		**697**	1,248
Administrative expenses		**(19,071)**	(13,898)
Selling and distribution expenses		**(14,832)**	(9,273)
Finance costs	8	**(236)**	(253)
Profit before tax	9	**1,230**	1,051
Income tax expense	12	**(739)**	(1,139)
Profit (loss) for the year		**491**	(88)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR			
Item that may be reclassified subsequently to profit or loss (net of nil tax):			
Exchange differences arising on translation of foreign operations		**(257)**	1,129
Total comprehensive income for the year		**234**	1,041
Earnings (loss) per share			
– basic and diluted (Hong Kong dollars)	14	**0.015**	(0.003)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**20,761**	21,261
Right-of-use assets	16	**1,306**	1,567
Investment properties	17	**7,522**	7,682
Intangible assets	18	**5,251**	6,886
Financial instrument at fair value through other comprehensive income ("FVTOCI")	21	**2,925**	–
Deferred tax assets	26	**271**	174
		38,036	37,570
Current assets			
Inventories	19	**4,236**	3,317
Trade and other receivables	20	**47,031**	56,353
Tax recoverable		**3,026**	1,887
Financial assets at fair value through profit or loss ("FVTPL")	22	**12,517**	6,688
Bank balances and cash	23	**46,110**	49,418
		112,920	117,663
Current liabilities			
Contract liabilities	24	**205**	29
Trade and other payables	24	**15,014**	18,263
Lease liabilities	25	**245**	231
Bank borrowings	27	**5,380**	6,551
Tax payables		**1,618**	1,513
		22,462	26,587
Net current assets		**90,458**	91,076
Total assets less current liabilities		**128,494**	128,646
Non-current liabilities			
Lease liabilities	25	**1,256**	1,514
Deferred tax liabilities	26	**1,044**	1,172
		2,300	2,686
Net assets		**126,194**	125,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2022

	NOTE	**2022** **HK$'000**	2021 HK$'000
Capital and reserves			
Share capital	28	**320**	320
Reserves		**125,874**	125,640
Total equity		**126,194**	125,960

The consolidated financial statements on pages 72 to 143 were approved and authorised for issue by the Board of Directors on 29 July 2022 and are signed on its behalf by:

Mr. Choi King Ting Charles
DIRECTOR

Mr. Choi Ching Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 May 2020	320	39,201	456	(601)	85,543	124,919
Profit and total comprehensive income for the year	–	–	–	1,129	(88)	1,041
At 30 April 2021	320	39,201	456	528	85,455	125,960
Profit and total comprehensive income for the year	–	–	–	(257)	491	234
At 30 April 2022	320	39,201	456	271	85,946	126,194

Note: Amount represents statutory reserve of the subsidiary of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiary is required to transfer at least 10% of its net profit after tax, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**1,230**	1,051
Adjustments for:		
Depreciation of property, plant and equipment	**1,361**	1,133
Depreciation of right-of-use assets	**251**	740
Depreciation of investment properties	**160**	120
Amortisation of intangible assets	**1,635**	1,220
Net gain on disposal of property, plant and equipment	**(20)**	–
Finance costs	**236**	253
Net reversal of impairment loss on trade receivables	**(697)**	(1,248)
Change in fair value of financial assets at FVTPL	**1,745**	291
Impairment loss recognised in respect of intangible assets	**–**	538
Net realised gain in fair value of financial assets at FVTPL	**–**	(1,105)
Interest income	**(330)**	(184)
Operating cash flows before movements in working capital	**5,571**	2,809
Increase in inventories	**(918)**	(2,449)
Decrease in trade and other receivables	**9,956**	32,472
Decrease in trade and other payables	**(3,215)**	(9,465)
Increase (decrease) in contract liabilities	**176**	(65)
Cash generated from operations	**11,570**	23,302
Hong Kong Profits Tax paid	**(1,993)**	(4,764)
PRC Enterprise Income Tax refunded	**–**	30
NET CASH GENERATED FROM OPERATING ACTIVITIES	**9,577**	18,568
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	**(7,574)**	(6,347)
Purchase of financial instrument at FVTOCI	**(2,925)**	–
Purchase of property, plant and equipment	**(1,384)**	(1,884)
Interest received	**330**	184
Proceeds from disposal of property, plant and equipment	**530**	–
Proceeds from disposal of financial assets at FVTPL	**–**	473
Acquisition of intangible assets	**–**	(849)
Purchase of investment properties	**–**	(2,000)
NET CASH USED IN INVESTING ACTIVITIES	**(11,023)**	(10,423)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(1,171)**	–
Interest paid	**(236)**	(253)
Repayments of lease liabilities	**(231)**	(768)
Bank borrowings raised	**–**	6,551
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	**(1,638)**	5,530
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(3,084)**	13,675
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**49,418**	35,100
Effect of foreign exchange rate changes	**(224)**	643
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**46,110**	49,418

1. GENERAL

SG Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 October 2015. The ordinary shares of the Company was listed on GEM of The Stock Exchange of Hong Kong Limited in 2017. On 20 March 2020, the ordinary shares of the Company transferred and listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors, the immediate and ultimate holding company is JC Fashion International Group Limited which was incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling party is Mr. Choi King Ting Charles ("Mr. Charles Choi") who is also a director and the chief executive of the Company.

The registered office of the Company is situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The address of the head office and the principal place of business of the Company is Unit B, 9/F., Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of consultation services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company, being United States dollars ("US$"). The directors of the Company consider that presenting the financial information in HK$ is preferable as the principal place of business of the Company and its principal subsidiaries are in Hong Kong.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 May 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions" for the first time and early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions" beyond 30 June 2021 in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

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

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

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

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021. (Continued)

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

The application of these amendments has had no material impact on the Group's financial positions and performance in the current and prior years as the Group opted not to apply the practical expedient, but applied the applicable requirements of HKFRS 16 to account for rent concessions provided by certain lessors.

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in note 33.

Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 Inventories)

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2022.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

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

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

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

Revenue from contracts with customers

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

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

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

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

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue arising from sales of apparel products is recognised at a point in time when the customer obtains the control of the goods has been transferred to the customer at the point of deliver to customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

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

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

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

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

Construction in progress for administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the year in which they are incurred.

Leases

Definition of a lease

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

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

The Group as a lessee

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Government grants

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

Exchange differences relating to the retranslation of the Group’s net assets in US$ to the Group’s presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Financial instruments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

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

A financial asset is held for trading if:

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

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

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss.

(iii) Financial assets at FVTPL

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

(i) Significant increase in credit risk

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year (2021: 90 days) past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and government-managed retirement benefit schemes, which are defined contribution retirement benefit plans, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company 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 may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition from sales of apparel products at a point in time

Under HKFRS 15, control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to apparel products create an enforceable right to payment for the Group. The Group has considered the relevant local laws that apply to those relevant contracts. Based on the assessment of the Group's management, the apparel products have alternative use which do not create an enforceable right to payment for the Group. Accordingly, the sales of apparel products are considered to be performance obligation satisfied at a point in time.

Key source of estimation uncertainty

The following is the key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of the reporting period.

Provision of ECL for trade receivables

The Group uses individual assessment to calculate ECL for the trade receivables. The provision rates are based on external credit ratings considering the individual debtor's historical default rate, adjusted after considering forward-looking information that is reasonable and supportable available without undue costs or effort that are specific to each debtor. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. As at 30 April 2022, the carrying amount of trade receivables is HK$21,958,000 (2021: HK$33,383,000) and net of impairment loss of HK$1,222,000 (2021: HK$1,919,000). The information about the ECL is disclosed in note 33.

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

Fair value measurement of financial instruments

In the absence of current prices in active market for similar unlisted equity interests, the Group determines the fair values by using discounted cash flow valuation technique with input not based on observable market data and other available information.

The carrying amounts of the unlisted investments as at 30 April 2022 was HK$2,925,000 (2021: nil), further details of which are set out in Note 21.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on supply of apparel products and provision of consultation services.

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision makers (the "CODM"), which are used to make strategic decisions for the purposes of resource allocation and assessment of segment performance. The Group mainly sells apparel products with designing and sourcing services to fast fashion clothing retailers and provides consultation services.

The details of the Group's each reportable segment are as follows:

(i)	Supply of Apparel Products	Supply of apparel products with designing and sourcing services to fashion retailers.
(ii)	Consultation Services	Income from provision of consultation services to the manufacturers which mainly include (a) assisting them to comply with corporate social responsibility standards requirements; (b) providing fashion trends forecast analysis; (c) design specification; and (d) introducing potential customers.

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

For the year ended 30 April 2022

	Supply of apparel products HK$'000	Consultation Services HK$'000	Consolidated HK$'000
Segment revenue			
Womenswear	**142,034**	**–**	**142,034**
Childrenswear	**26,854**	**–**	**26,854**
Consultation services	**–**	**–**	**–**
	168,888	**–**	**168,888**
Segment profit	**6,219**	**–**	**6,219**
Unallocated income			**801**
Unallocated gains and losses			**(1,745)**
Unallocated expenses			**(3,989)**
Unallocated finance costs			**(56)**
Profit before tax			**1,230**

For the year ended 30 April 2021

	Supply of apparel products HK$'000	Consultation Services HK$'000	Consolidated HK$'000
Segment revenue			
Womenswear	107,644	–	107,644
Childrenswear	12,688	–	12,688
Consultation services	–	600	600
	120,332	600	120,932
Segment profit	3,056	413	3,469
Unallocated income			719
Unallocated gains and losses			814
Unallocated expenses			(3,951)
Profit before tax			1,051

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of unallocated income and expenses mainly including certain depreciation on property, plant and equipment, depreciation on investment properties, change in fair value of financial assets at FVTPL, general office expenses, certain finance costs, net gains on disposal of property, plant and equipment and net foreign exchange (losses) gains. This is consistent with the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both years.

Revenue by type of products/services

	2022 **HK$'000**	2021 HK$'000
At a point in time:		
Supply of apparel products		
Womenswear	**142,034**	107,644
Childrenswear	**26,854**	12,688
Subtotal for the supply of apparel products	**168,888**	120,332
Over time:		
Consultation services	**–**	600
	168,888	120,932

Revenue from the supply apparel products is recognised at a point in time, when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery) and the control has passed to the customers.

Revenue from consultation services is recognised over time using the output method. The customers simultaneously receive and consume the benefits when the service is provided throughout the period.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

Geographical information

Information about the Group's revenue from external customers is presented based on the geographic locations of where the customers received the goods and provision of services is detailed below:

	2022 **HK$'000**	2021 HK$'000
Revenue from external customers		
United Kingdom (the "UK")	**82,365**	64,901
United States of America	**19,296**	20,956
Germany	**43,846**	31,554
The PRC	**1,357**	814
Ireland	**867**	546
Hong Kong	**–**	600
Middle East	**20,068**	1,201
Others	**1,089**	360
	168,888	120,932

The following is an analysis of the carrying amounts of the Group's non-current assets (including property, plant and equipment, right-of-use assets, investment properties and intangible assets, analysed by the geographical area in which the assets are located:

	30 April 2022 **HK$'000**	30 April 2021 HK$'000
Hong Kong	**31,841**	34,985
The PRC	**2,999**	2,411
	34,840	37,396

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from major customers which accounted for 10% or more of the Group's revenue for the reporting period is set out below:

	2022 HK$'000	2021 HK$'000
Customer A[1]	**106,709**	65,796
Customer B[1]	**30,294**	20,537

1 Revenue generated from supply of apparel products segment.

6. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Sample income	**476**	474
Interest income	**330**	184
Rental income	**178**	156
Service income	**290**	–
Others	**85**	374
Government grants (Note)	**876**	1,444
	2,235	2,632

Note: During the current year, the Group recognised government grants HK$876,000 relates to Greater Bay Area Youth Employment Scheme.

7. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Net gains on disposal of property, plant and equipment	**20**	–
Net realised gain on financial assets at FVTPL	**–**	1,105
Net unrealised loss on financial assets at FVTPL	**(1,745)**	(291)
Net exchange (losses) gains	**(201)**	894
Impairment loss recognised in respect of intangible assets	**–**	(538)
	(1,926)	1,170

8. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on:		
Lease liabilities	**114**	129
Bank borrowings	**122**	124
	236	253

9. PROFIT BEFORE TAX

	2022 **HK$'000**	2021 HK$'000
Profit before tax has been arrived at after charging:		
Directors' remuneration (note 10)	**1,564**	1,251
Other staff costs	**12,514**	7,009
	14,078	8,260
Retirement benefit schemes contributions for other staffs	**917**	376
Total staff costs	**14,995**	8,636
Depreciation of property, plant and equipment	**1,361**	1,133
Depreciation of right-of-use assets	**251**	740
Depreciation of investment properties	**160**	120
Amortisation of intangible assets	**1,635**	1,220
Rental expenses in respect of short-term leases	**1,748**	605
Auditor's remuneration	**500**	500
Marketing expenses	**886**	363
Testing charges	**1,526**	668
Transportation	**4,430**	2,188
Cost of inventories recognised as expenses	**128,676**	96,477

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

Mr. Charles Choi is a director and the chief executive of the Company and his emoluments are disclosed below include the service rendered by him as the chief executive.

Mr. Choi Ching Shing Benny ("Mr. Benny Choi"), who is the sibling of Mr. Charles Choi, is an executive director of the Company. Mr. Benny Choi was also a director of the operating subsidiaries of the Group during the year ended 30 April 2022.

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive

Below details are the emoluments including fees, salaries and allowances and retirement benefit schemes contributions paid by the group entities to the directors of the Company and the chief executive of the Company during the year.

	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 30 April 2022				
Executive directors				
Mr. Charles Choi	**–**	**936**	**47**	**983**
Mr. Benny Choi	**–**	**210**	**11**	**221**
	–	**1,146**	**58**	**1,204**
Independent non-executive directors				
Mr. Lai Kwok Hung, Alex	**120**	**–**	**–**	**120**
Mr. Yeung Chuen Chow, Thomas	**120**	**–**	**–**	**120**
Mr. Cüneyt Bülent Bilâloğlu	**120**	**–**	**–**	**120**
	360	**–**	**–**	**360**
	360	**1,146**	**58**	**1,564**
For the year ended 30 April 2021				
Executive directors				
Mr. Charles Choi	–	663	33	696
Mr. Benny Choi	–	186	9	195
	–	849	42	891
Independent non-executive directors				
Mr. Lai Kwok Hung, Alex	120	–	–	120
Mr. Yeung Chuen Chow, Thomas	120	–	–	120
Mr. Cüneyt Bülent Bilâloğlu	120	–	–	120
	360	–	–	360
	360	849	42	1,251

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive (Continued)

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

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

None of the directors waived or agreed to waive any emoluments during the years ended 30 April 2022 and 2021.

11. EMPLOYEES' EMOLUMENTS

Employees

Included in the five individuals with the highest emoluments in the Group is Mr. Charles Choi whose emoluments are included in the disclosure in note 10 above. The accumulated emoluments of the remaining four (2021: four) highest paid individuals are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**2,130**	2,153
Retirement benefit schemes contributions	**107**	86
	2,237	2,239

The number of the five highest paid individuals, whose emolument fell within the following bands is as follows:

	2022 Number of employees	2021 Number of employees
Nil to HK$1,000,000	**5**	5

During the year, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Current tax		
Hong Kong Profits Tax	**730**	86
UK Corporate Tax	**–**	84
	730	170
Underprovision (overprovision) in prior years:		
Hong Kong	**234**	(246)
	964	(76)
Deferred tax (credit) expense (note 26)	**(225)**	1,215
	739	1,139

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

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year. No provision for EIT is made for the years ended 30 April 2022 and 2021 as the Group has no assessable profit arising in the PRC or the assessable profits are wholly absorbed by tax losses brought forward from prior years.

The UK Corporate Tax is calculated at 19% of the taxable profits of subsidiary established in the UK.

12. INCOME TAX EXPENSE (CONTINUED)

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

	2022 HK$'000	2021 HK$'000
Profit before tax	**1,230**	1,051
Tax at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**203**	173
Tax effect of expenses not deductible for tax purposes	**600**	457
Tax effect of income not taxable for tax purposes	**(213)**	(429)
Tax effect of tax losses not recognised	**521**	1,450
Tax effect of utilisation of tax losses not previously recognised	**(671)**	–
Tax effect of deductible temporary difference not recognised	**37**	–
Tax effect of different rate of subsidiaries operating in other jurisdictions	**213**	(160)
Income tax at concessionary rate	**(165)**	(106)
Tax reduction	**(20)**	–
Underprovision (overprovision) in prior years	**234**	(246)
Income tax expense	**739**	1,139

Details of deferred taxation are set out in note 26.

13. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 30 April 2022 (2021: Nil), nor has any dividend been proposed since the end of the reporting period.

14. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the following data:

	2022 HK$'000	2021 HK$'000
Earnings (loss):		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share (profit (loss) for the year)	**491**	(88)
	'000	'000
Weighted average number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**32,000**	32,000

No diluted earnings (loss) per share for both years was presented as there were no potential ordinary shares in issue for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Fixture and furniture HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 May 2020	17,544	972	–	900	3,207	22,623
Additions	–	528	–	–	2,594	3,122
Transfer to investment properties	(2,000)	–	–	–	–	(2,000)
Transfer from construction in progress	–	–	5,801	–	(5,801)	–
Exchange realignment	–	121	–	–	–	121
At 30 April 2021	15,544	1,621	5,801	900	–	23,866
Additions	–	1,264	120	–	–	1,384
Disposals	–	–	–	(900)	–	(900)
Exchange realignment	–	(24)	(1)	–	–	(25)
At 30 April 2022	15,544	2,861	5,920	–	–	24,325
DEPRECIATION						
At 1 May 2020	997	455	–	120	–	1,572
Provided for the year	546	264	143	180	–	1,133
Transfer to investment properties	(158)	–	–	–	–	(158)
Exchange realignment	–	58	–	–	–	58
At 30 April 2021	1,385	777	143	300	–	2,605
Provided for the year	536	487	248	90	–	1,361
Eliminated on disposals	–	–	–	(390)	–	(390)
Exchange realignment	–	(12)	–	–	–	(12)
At 30 April 2022	1,921	1,252	391	–	–	3,564
CARRYING VALUES						
At 30 April 2022	13,623	1,609	5,529	–	–	20,761
At 30 April 2021	14,159	844	5,658	600	–	21,261

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method and at the following rates per annum:

Owned properties	2% to 3.5% or over the lease term, whichever is shorter
Fixture and furniture	20%
Leasehold improvement	over the shorter of the term of the lease
Motor vehicles	30%

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 1 May 2021	
Carrying amount	1,567
As at 30 April 2022	
Carrying amount	1,306
For the year ended 30 April 2022	
Depreciation charge	(251)
Exchange adjustments	(10)
For the year ended 30 April 2021	
Depreciation charge	(740)
Exchange adjustments	168

	2022 HK$'000	2021 HK$'000
Expenses related to short-term leases	**1,748**	605
Total cash outflow for leases (Note 1)	**2,093**	1,587

Note 1: Amounts include payments of principal and interest portion of lease liabilities and short-term lease payments.

16. RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases various properties for its operations. Lease contracts were entered into for fixed term of 2 to 10 years. Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for properties. As at 30 April 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Details of lease maturity analysis of lease liabilities is set out in note 33.

Restrictions or covenants on leases

In addition, lease liabilities of HK$1,501,000 (2021: HK$1,745,000) are recognised with related right-of-use assets of HK$1,306,000 (2021: HK$1,567,000) as at 30 April 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. INVESTMENT PROPERTIES

	Leasehold properties HK$'000
COST	
At 1 May 2019 and 30 April 2020	4,000
Transfer from property, plant and equipment	2,000
Additions	2,000
At 30 April 2021 and 2022	8,000
DEPRECIATION	
At 1 May 2019 and 30 April 2020	40
Transfer to investment property	158
Charge for the year	120
At 30 April 2021	318
Charge for the year	160
At 30 April 2022	478
CARRYING VALUES	
At 30 April 2022	7,522
At 30 April 2021	7,682

17. INVESTMENT PROPERTIES (CONTINUED)

The above item of investment properties is depreciated on a straight-line basis at 2% or over lease term, whichever is shorter per annum.

The fair value of the investment properties (including land portion) at 30 April 2022, which has been determined by the directors of the Company by reference to recent market prices for similar properties approximated to the carrying amount of the investment properties.

In estimating the fair value of the properties, the highest and best use of the property is its current use.

Details of the Group's investment properties and information about the fair value hierarchy and valuation technique are as follows:

Description	Carrying value at April 30		Fair value at level 3 at April 30		Valuation technique	Major unobservable input
	2022	2021	**2022**	2021		
	HK$'000	HK$'000	**HK$'000**	HK$'000		
Car park slots in Royal Terrace	**7,522**	7,682	**8,000**	8,160	Market approach	Adjusting factors, mainly taking into account the time, location and floor level, between the comparables

18. INTANGIBLE ASSETS

	Computer software HK$'000	Online showroom HK$'000	Brand names HK$'000	Total HK$'000
COST				
At 1 May 2020	–	2,000	814	2,814
Additions	4,703	1,470	–	6,173
At 30 April 2021 and 2022	4,703	3,470	814	8,987
AMORTISATION				
At 1 May 2020	–	167	176	343
Charge for the year	549	571	100	1,220
Impairment loss recognised in profit or loss	–	–	538	538
At 30 April 2021	549	738	814	2,101
Charge for the year	941	694	–	1,635
At 30 April 2022	1,490	1,432	814	3,736
CARRYING VALUES				
At 30 April 2022	3,213	2,038	–	5,251
At 30 April 2021	4,154	2,732	–	6,886

During the year ended 30 April 2021, the Group acquired an enhanced online showroom and computer software from independent third parties for an amount considered to be at fair value by the Group.

In the opinion of the directors, the computer software, online showroom and brand names which have finite useful lives are amortised on a straight-line basis over 5 years.

19. INVENTORIES

	2022 HK$'000	2021 HK$'000
Finished goods	**1,215**	–
Goods in transit	**3,021**	3,317
	4,236	3,317

20. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**23,180**	35,302
Less: allowance for credit losses	**(1,222)**	(1,919)
	21,958	33,383
Other receivables		
– Deposits and prepayments	**383**	588
– Prepayment to suppliers	**21,995**	17,768
– Value-added tax receivables	**1,321**	4,172
– Others	**1,374**	442
	25,073	22,970
Total trade and other receivables	**47,031**	56,353

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days (2021: 90 days). For other customers, the Group requests an advance deposit payment and demands for full settlement upon delivery of the goods.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date at the end of the reporting period, which approximates the revenue recognition dates:

	2022 HK$'000	2021 HK$'000
Within 60 days	**20,157**	24,548
61 to 180 days	**1,794**	8,835
181 to 365 days	**–**	–
Over 365 days	**7**	–
	21,958	33,383

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$790,000 (2021: HK$6,203,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and taking into account of forward looking information and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 30 April 2022, the Group has HK$130,000 (2021: HK$nil) of trade receivables past due over 90 days but not impaired. The Group does not consider such balances are defaulted due to long and on-going business relationship, good repayment record, good credit quality and forward looking information of these customers.

Details of impairment assessment of trade and other receivables are set out in note 33.

Trade and other receivables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2022 HK$'000	2021 HK$'000
Great British Pound ("GBP")	**5,363**	4,797
HK$	**16,880**	9,202
Euro ("EUR")	**13**	13

21. FINANCIAL INSTRUMENT AT FVTOCI

	2022 **HK$'000**	2021 HK$'000
Unlisted equity investment (Note)	**2,925**	–

Note: The unlisted equity interest of 19.5% represented the Group's investment in a private company established in British Virgin Islands, which is a investment holding company.

The above unlisted investment is not held for trading. The directors of the Company have elected to designate the investment in equity instrument at FVTOCI.

22. FINANCIAL ASSETS AT FVTPL

	2022 **HK$'000**	2021 HK$'000
Hong Kong listed equity securities held for trading (Note 1)	**6,334**	40
Unlisted investments, at fair value (Note 2)	**6,183**	6,648
	12,517	6,688
Analysed for reporting purpose as:		
Current assets	**12,517**	6,688

Note 1: The fair values of listed securities are based on the bid prices quoted in active markets in Hong Kong.

Note 2: The above unlisted investments were bond investment products issued by a listed company. They were mandatorily classified as financial assets at FVTPL as their purpose is holding for trade.

23. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rates (2021: prevailing market rates) based on daily bank deposits rates for the year.

Details of impairment assessment of bank balance are set out in note 33.

Bank balances that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2022 **HK$'000**	2021 HK$'000
HK$	**9,421**	21,662
GBP	**7,412**	13,421
Renminbi ("RMB")	**701**	742
EUR	**31**	228

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Trade payables	**8,673**	13,931
Other payables	**3,859**	3,167
Deferred government grants which conditions have not been satisfied	**665**	–
Accrued expenses	**1,817**	1,165
Total trade and other payables	**15,014**	18,263

The credit period of trade payables ranges from 30 to 90 days for both years.

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2022 **HK$'000**	2021 HK$'000
Within 60 days	**6,855**	11,095
61 to 180 days	**1,818**	2,751
181 to 365 days	**–**	36
Over 365 days	**–**	49
	8,673	13,931

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

Trade and other payables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2022 HK$'000	2021 HK$'000
HK$	**160**	738
GBP	**10**	2,796
EUR	**85**	–

The following is the analysis of contract liabilities.

	2022 HK$'000	2021 HK$'000
Receipt in advance for apparel products contracts	**205**	29

Contract liabilities are classified as current as they are expected to be settled within the Group's normal operating cycle. The balance of contract liabilities has increased mainly due to the increase in sales close to 30 April 2022.

Contract liabilities represent deposits received and receipt in advance from customers for apparel contracts. Contract liabilities as at the end of each reporting period are recognised as revenue in the subsequent year.

When the Group receives a deposit before the production activity commences, this gives rise to contract liabilities at the start of production until the revenue recognised when the customer obtains the control of the apparel products. The Group typically receives 30% deposit on acceptance of customers' order.

	2022 HK$'000	2021 HK$'000
Balance at the beginning of the year	**29**	94
Billing in advance for contracts for apparel products	**1,508**	29
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(1,332)**	(94)
Balance at the end of the year	**205**	29

25. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**245**	231
Within a period of more than one year but not more than two years	**263**	247
Within a period of more than two years but not more than five years	**908**	854
Within a period of more than five years	**85**	413
	1,501	1,745
Less: Amount due for settlement within 12 months shown under current liabilities	**(245)**	(231)
Amount due for settlement after 12 months shown under non-current liabilities	**1,256**	1,514

Details of lease information are set out in note 16.

Details of maturity analysis of lease liabilities are set out in note 33.

26. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	**271**	174
Deferred tax liabilities	**(1,044)**	(1,172)
	(773)	(998)

26. DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

The following is the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years.

	Tax losses HK$'000	Accelerated tax accounting depreciation HK$'000	ECL provision HK$'000	Total HK$'000
At 1 May 2020	77	(377)	517	217
Credited to profit or loss	–	(840)	(375)	(1,215)
At 30 April 2021	77	(1,217)	142	(998)
Charged (credited) to profit or loss	–	334	(109)	225
At 30 April 2022	77	(883)	33	(773)

At the end of the reporting period, the Group has unused tax losses of HK$9,598,000 (2021: HK$9,408,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$309,000 (2021: HK$309,000) of such losses.

No deferred tax asset has been recognised in respect of the remaining HK$9,289,000 (2021: HK$12,365,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses of HK$7,244,000 (2021: HK$6,084,000), may be carried forward indefinitely, and the remaining may be carried forward for one to five years.

At the end of the reporting period, the Group has deductible temporary differences of HK$224,000 (2021: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

27. BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank loans	**5,380**	6,551
Secured	**5,380**	6,551
The carrying amounts of the above borrowings are repayable (Note):		
Within one year	**5,136**	4,866
In more than one year but not exceeding two years	**244**	1,441
In more than two years but not exceeding five years	**–**	244
	5,380	6,551
Amounts secured, due within one year, shown under current liabilities with repayment on demand clause	**5,380**	6,551

Note:

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The effective interest rates (which is also equal to contracted interest rate) on the Company's borrowings ranged from 1.53% to 2.75% (2021: 1.53% to 2.75%) per annum.

The bank borrowings that are denominated in currencies other than the functional currency of the Company are set out below:

	2022 HK$'000	2021 HK$'000
HK$	**1,685**	2,856

28. SHARE CAPITAL OF THE COMPANY

Details of movements of authorised and issued capital of the Company are as follows:

	Number of shares	Share capital HK$
Ordinary share of HK$0.01 each		
Authorised:		
At 1 May 2020, 30 April 2021 and 30 April 2022	200,000,000	2,000,000
Issued and fully paid:		
At 1 May 2020, 30 April 2021 and 30 April 2022	32,000,000	320,000

There is no movement for both years.

29. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the leasehold properties held for rental purposes have committed lessees for one year.

Minimum lease payments receivable on leases are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**102**	78

30. PLEDGE OF ASSETS

During the year ended 30 April 2022 and 2021, the Group's bank borrowings (note 27) was secured by the unlisted investment (note 22) and personal guarantee of Mr. Choi King Ting, Charles.

31. RETIREMENT BENEFITS PLAN

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group contributes 5% (2021: 5%) of relevant payroll costs, capped at HK$18,000 per month, to the MPF Scheme.

The employees employed in the PRC and the UK are members of the state-managed retirement benefits schemes operated by PRC and UK government. The PRC and UK subsidiaries are required to contribute a certain percentage of their basis payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contribution under the schemes.

The total cost of HK$975,000 (2021: HK$418,000) charged to profit or loss represents contributions paid or payable to the above schemes by the Group at the rates specified in the rules of plans.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt and equity attributable to the owners of the Company, comprising share capital and reserves.

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

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Fair value through profit or loss	**12,517**	6,688
Financial instrument at FVTOCI	**2,925**	–
Amortised cost	**70,696**	83,391
	86,138	90,079
Financial liabilities		
Amortised cost	**14,370**	20,855
Lease liabilities	**1,501**	1,745

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, financial instrument at FVTOCI, financial assets at FVTPL, bank balances and cash, trade and other payables, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk which arise from lease liabilities. The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, unlisted investment and variable rate bank borrowings due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis on interest rate risk on bank deposits is presented as the directors of the Company consider the sensitivity on interest rate risk on bank deposits is insignificant.

The Group is mainly exposed to cash flow interest rate risk in relation to bank borrowings as at 30 April 2022. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the year ended 30 April 2022, the Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate arising from the Group's floating rate bank borrowings.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Equity price risk

The Group is exposed to equity price risk through its investment in equity securities measured at FVTPL and unlisted equity investment measured at FVTOCI for the year end 30 April 2022. The Group's equity price risk is concentrated on equity instruments quoted on the Stock Exchange and unlisted equity investment quoted by valuation techniques. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 April 2022. For sensitivity analysis purpose, the sensitivity rate at 10% is applied as a result of the volatile financial market. If the price of the respective financial assets at FVTPL had been 10% lower, the Group's profit after taxation would decrease by HK$1,045,000 (2021: HK$558,000) for the year ended 30 April 2022.

If the price of the unlisted equity securities at FVTOCI had been 10% (2021: nil) higher/lower, the investment revaluation reserve would increase/decrease by HK$244,000 (2021: nil).

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
HK$	**18,026**	21,709	**1,737**	2,932
GBP	**12,421**	18,096	**–**	–
RMB	**701**	742	**–**	–
EUR	**44**	241	**25**	69

The directors of the Company consider that the exposure of HK$ against US$ is limited as HK$ is pegged to US$ and the Group has arranged forward contracts to limit the currency risk of GBP against US$ to keep the net exposure to foreign currency risk to an acceptable level, and the exposure to other foreign currencies is not significant.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The sensitivity analysis below details the Group's sensitivity to 10% (2021: 10%) increase and decrease in the exchange rate of GBP against the functional currencies of the corresponding group entities. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. A positive number indicates an increase in post-tax profit when GBP strengthen 10% (2021: 10%) against the functional currencies of the corresponding group entities. For a 10% weakening of GBP, there would be an equal but opposite impact on the post-tax profit.

	2022 **HK$'000**	2021 HK$'000
GBP	**1,037**	1,511

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

As at 30 April 2022, the Group has concentration of credit risk as 64% (2021: 65%) and 99% (2021: 98%) of the total trade receivable was due from the Group's largest debtor and the top five largest debtors respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

As part of the Group's credit risk management, the Group applied internal credit rating for its customers. The Group's trade receivables are assessed individually by reference to past default experience and current past due exposure of each of the debtor. The expected loss rate is ranged from 0.09% to 100% (2021: 0.01% to 100%).

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

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

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The table below details the credit risk exposures of the Group's trade receivables, which are subject to ECL assessment:

2022	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost			
Trade receivables	Good	Lifetime ECL (not credit-impaired)	13,929
	Low risk	Lifetime ECL (not credit-impaired)	6,330
	Watch list	Lifetime ECL (not credit-impaired)	1,904
	Loss	Lifetime ECL (credit-impaired)	1,017

2021	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost			
Trade receivables	Good	Lifetime ECL (not credit-impaired)	950
	Low risk	Lifetime ECL (not credit-impaired)	21,915
	Watch list	Lifetime ECL (not credit-impaired)	11,223
	Loss	Lifetime ECL (credit-impaired)	1,214

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). No debtor with significant outstanding balances or credit-impaired as at 30 April 2022 was assessed individually.

	2022		2021	
Gross carrying amount	**Average loss rate**	**Account receivables HKD'000**	Average loss rate	Account receivables HKD'000
Current (not past due)	**0.15%**	**21,199**	2.41%	27,852
1 - 60 days past due	**3.93%**	**657**	0.54%	6,128
61 - 180 days past due	**48.10%**	**292**	0.31%	108
181 - 365 days past due	**52.60%**	**15**	100.00%	–
More than 365 days past due	**100.00%**	**–**	100.00%	–
		22,163		34,088

The estimated loss rates are estimated based on historical observed default rates by individual customers over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

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

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 30 April 2020	3,013	154	3,167
Changes due to financial instruments recognised as at 1 May 2020:			
– Transfer to credit-impaired	(7)	7	–
– Impairment loss recognised	–	934	934
– Impairment loss reversed	(2,961)	(439)	(3,400)
New financial assets originated	660	558	1,218
As at 30 April 2021	705	1,214	1,919
Changes due to financial instruments recognised as at 1 May 2021:			
– Impairment loss reversed	(705)	(197)	(902)
New financial assets originated	205	–	205
As at 30 April 2022	205	1,017	1,222

The Group does not hold any collateral over these balances.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

For other receivables amounted to HK$2,629,000 (2021: HK$590,000), in order to minimise the credit risk, directors continuously monitor the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. In determining the 12m ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The Group has considered the consistently low historical default rate in connection with payments and forward-looking information and thus no loss allowance was recognised.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings ranged from A3 to Aa3 assigned by international credit-rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which 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 arranging factoring arrangement to accelerate collection of receivables, maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

	Weighted average interest rate	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2022							
Trade and other payables	–	8,990	–	–	–	8,990	8,990
Lease liability	7.00%	171	171	343	1,111	1,796	1,501
Bank borrowings	2.30%	5,380	–	–	–	5,380	5,380
		14,541	171	343	1,111	16,166	15,871

	Weighted average interest rate	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2021							
Trade and other payables	–	14,304	–	–	–	14,304	14,304
Lease liability	7.00%	173	172	345	1,469	2,159	1,745
Bank borrowings	2.06%	6,551	–	–	–	6,551	6,551
		21,028	172	345	1,469	23,014	22,600

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 30 April 2022, the aggregate carrying amounts of these bank loans amounted to HK$5,380,000 (2022: HK$ 6,551,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be fully repaid two years (2021: three) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Weighted average interest rate %	less than 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
30 April 2022	**2.30**	**5,158**	**245**	**–**	**5,403**	**5,380**
30 April 2021	2.06	4,947	1,469	245	6,661	6,551

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurement of financial instruments

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

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the financial assets that are not measured on a recurring basis

The fair value of financial assets not measured at fair value on a recurring basis is estimated using discounted cash flow method.

The carrying amounts of the financial assets not measured at fair value on a recurring basis approximate their fair values as at 30 April 2022 and 2021.

The following tables give information about how the fair values of financial assets measured at fair value are determined including their fair value hierarchy, valuation technique(s) and key inputs used.

Financial assets	Fair value as at 2022 HKD	Fair value as at 2021 HKD	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)
1. Listed equity securities classified as equity instruments at FVTPL	**6,334**	40	Level 1	The fair value of the equity securities is estimated by the price quotation available on the Hong Kong Stock Exchange.	N/A
2. Unlisted equity securities classified as equity instruments at FVTPL	**6,183**	6,648	Level 2	The fair value of the equity securities is estimated by the price quotation available from market markers.	N/A
3. Unlisted equity investment classified as equity instrument at FVTOCI	**2,925***	–	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model at 13% (2021: nil) (Note 2) Discount for lack of marketability and control of 15.8% and 23%, respectively (2021: nil) (Note 1)
	15,442	6,688			

* The fair value as at initial recognition is approximately to the fair value as at report date.

Note 1: An increase in the discount for lack marketability and control used in isolation would result in an decrease in the fair value measurement of the private equity investment, vice versa.

Note 2: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the private equity investments respectively, and vice versa.

These were no transfers between level 1, 2 and 3 during both years.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurement of financial asset

	2022 HK$'000	2021 HK$'000
Unlisted equity investment classified as equity instrument at FVTOCI		
At 1 May	**–**	–
Additions	**2,925**	–
At 30 April	**2,925**	–

Except for the financial assets that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

34. RELATED PARTY DISCLOSURES

(i) Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Relationships	Nature of balances/transactions	2022 HK$'000	2021 HK$'000
A related party	Interest expenses on lease liabilities[1]	**114**	124
	Expenses relating to short-term lease	**43**	98
	Lease liabilities[1]	**1,501**	1,745

1 Starting from 28 July 2017, the Group entered into a lease agreement for the use of office in Shenzhen, the PRC with a relative of Mr. Charles Choi for 10 years.

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**2,758**	2,570
Retirement benefit schemes contributions	**137**	124
	2,895	2,694

Further details of the directors' emoluments are included in note 10.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 May 2020	–	2,327	2,327
Financing cash flows	6,551	(897)	5,654
Interest expenses	–	129	129
Exchange adjustments	–	186	186
At 30 April 2021	6,551	1,745	8,296
Financing cash flows	(1,171)	(345)	(1,516)
Interest expenses	–	114	114
Exchange adjustments	–	(13)	(13)
At 30 April 2022	5,380	1,501	6,881

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2022	2021	
Indirectly held					
JC Fashion Group Limited	Hong Kong 1 April 2010	Ordinary shares HK$10,000	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers and consultation service
JC Design & Consultancy Company Limited	Hong Kong 17 November 2014	Ordinary share HK$1	**100%**	100%	Property investment
JC Fashion (UK) Company Limited	The UK 29 May 2014	Ordinary share GBP1	**100%**	100%	Operation of a showroom
旺利多時裝(深圳)有限公司* JC Fashion (Shenzhen) Limited	The PRC 6 April 2017	Registered capital HK$8,000,000	**100%**	100%	Sourcing and quality assurance services
JC Fashion (Overseas) Development Company Limited	Hong Kong 29 August 2017	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers
JC Capital Development Company Limited	BVI 9 October 2017	Ordinary share US$1	**100%**	100%	Investment holding
A Dim Sum Story (HK) Limited	Hong Kong 17 October 2017	Ordinary share HK$1	**100%**	100%	Investment holding
LOST INK LIMITED	Hong Kong 25 April 2019	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers

* The Company is a wholly foreign owned enterprise established in the PRC.

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

None of the subsidiaries had issued any debt securities at the end of the reporting period.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current assets		
Investment in a subsidiary	**22,593**	22,593
Amount due from a subsidiary	**16,406**	16,406
	38,999	38,999
Current assets		
Bank balances	**114**	115
Current liabilities		
Accruals	**115**	158
Amount due to a subsidiary	**15,564**	14,284
	15,679	14,442
Net current liabilities	**(15,565)**	(14,327)
Net assets	**23,434**	24,672
Capital and reserves		
Share capital (note 28)	**320**	320
Reserves	**23,114**	24,352
Total equity	**23,434**	24,672

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Accumulated loss HK$'000	Total HK$'000
At 1 May 2020	39,201	22,593	(35,140)	26,654
Loss and total comprehensive expense for the year	–	–	(2,302)	(2,302)
At 30 April 2021	39,201	22,593	(37,442)	24,352
Loss and total comprehensive expense for the year	–	–	(1,238)	(1,238)
At 30 April 2022	39,201	22,593	(38,680)	23,114

Note: Deemed contribution is arisen from acquisition of the entire interest in JC FASHION GROUP LIMITED ("JC BVI"), a subsidiary of the Company, and represents the excess of the net asset value of JC BVI at the date of acquisition over the par value of the shares allotted by the Company.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the latest five financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below:

Results

	Year ended 30 April				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**168,888**	120,932	257,321	204,383	192,515
PROFIT BEFORE TAX	**1,230**	1,051	19,418	24,549	29,419
INCOME TAX EXPENSE	**(739)**	(1,139)	(3,577)	(6,228)	(5,868)
PROFIT (LOSS) FOR THE YEAR	**491**	(88)	15,841	18,321	23,551

Assets and Liabilities

	As at 30 April				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**150,956**	155,233	158,786	145,277	118,984
TOTAL LIABILITIES	**(24,762)**	(29,273)	(33,867)	(35,524)	(24,402)
NET ASSETS	**126,194**	125,960	124,919	109,753	94,582