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

CPA

Our Ref: 5I03490909

22 April 2024

PRIVATE & CONFIDENTIAL

The Board of Directors
Imperium Financial Group Limited
Rm 2603, 26/F, One Harbour Square
181 Hoi Bun Road
Kwun Tong
HONG KONG

Dear Sirs,

Accountants' Report on Historical Information to the Directors of Imperium Financial Group Limited

Introduction

We report on the historical financial information of Infinity Technology International Limited (the "Target Company") set out on pages II-4 to II-36, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for the years ended 30 June 2021, 2022 and 2023, and the six months ended 31 December 2023 (the "Relevant Periods"), and the statements of financial position of the Target Company as at 30 June 2021, 2022 and 2023 and 31 December 2023, and the material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-36 forms an integral part of this report which has been prepared for inclusion in the circular of Imperium Financial Group Limited (the "Company") dated 22 April 2024 (the "Circular") in connection with the proposed subscription of 10,400 new subscription shares, representing approximately 51% of the enlarged issued share capital of the Target Company.

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Directors' Responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 30 June 2021, 2022 and 2023 and 31 December 2023, and of the financial performance and cash flows of the Target Company for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

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Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 31 December 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

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HODGSON IMPEY CHENG LIMITED

To: The Board of Directors
Imperium Financial Group Limited

Date: 22 April 2024

Report on Matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (continued)

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Yours faithfully

Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in HK dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000), except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

					Six months ended 31 December	
		Year ended 30 June				
	Notes	**2021**	**2022**	**2023**	**2022**	**2023**
		HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE	6	18,231	21,776	25,932	13,879	11,545
Cost of sales		(11,414)	(13,596)	(15,874)	(8,786)	(7,791)
Gross profit		6,817	8,180	10,058	5,093	3,754
Other income	7	209	232	257	109	985
Administrative expenses		(6,078)	(8,152)	(8,189)	(3,467)	(4,567)
Finance costs	8	(273)	(381)	(414)	(193)	(268)
Profit/(loss) before tax	9	675	(121)	1,712	1,542	(96)
Income tax expense	10	(26)	(100)	(67)	(148)	–
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to the owners of the Target Company		649	(221)	1,645	1,394	(96)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June 2021 HK$'000	2022 HK$'000	2023 HK$'000	As at 31 December 2023 HK$'000
Non-current assets					
Property, plant and equipment	14	–	14	23	42
Right-of-use assets	15	1,817	2,292	1,435	980
		1,817	2,306	1,458	1.022
Current assets					
Inventories	16	645	1,262	1,813	522
Trade receivables	17	1,504	1,749	1,827	2,399
Deposits and other receivables		132	233	178	295
Prepayments		95	–	79	964
Amounts due from directors	18	5,226	7,116	7,404	9,399
Tax recoverable	19	227	59	–	–
Cash at banks		1,088	946	1,185	937
		8,917	11,365	12,486	14,516
Current liabilities					
Trade payables	20	736	893	139	1,588
Accruals and other payables		412	337	135	51
Tax payables		–	–	60	60
Lease liabilities	21	919	674	456	658
Borrowings	22	3,110	6,535	6,653	7,076
		5,177	8,439	7,443	9,433
Net current assets		3,740	2,926	5,043	5,083
Total assets less current liabilities		5,557	5,232	6,501	6,105
Non-current liabilities					
Lease liabilities	21	1,141	1,037	661	361
Net assets		4,416	4,195	5,840	5,744
Capital and reserves					
Share Capital	23	10	10	10	10
Reserves		4,406	4,185	5,830	5,734
Total equity		4,416	4,195	5,840	5,744

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 July 2020	10	3,757	3,767
Profit and total comprehensive income for the year	–	649	649
As at 30 June 2021 and 1 July 2021	10	4,406	4,416
Loss and total comprehensive loss for the year	–	(221)	(221)
As at 30 June 2022 and 1 July 2022	10	4,185	4,195
Profit and total comprehensive income for the year	–	1,645	1,645
As at 30 June 2023	10	5,830	5,840
Loss and total comprehensive loss for the period	–	(96)	(96)
As at 31 December 2023	10	5,734	5,744
As at 1 July 2022	10	4,185	4,195
Profit and total comprehensive income for the period	–	1,394	1,394
As at 31 December 2023	10	5,579	5,589

STATEMENTS OF CASH FLOWS

	Year ended 30 June			Six months ended 31 December	
	2021	2022	2023	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
Profit/(loss) before tax	675	(121)	1,712	1,542	(96)
Adjustments for:					
Depreciation for the year	879	1,301	1,000	416	655
Finance costs	273	381	414	193	268
Bank interest income	–	–	(5)	(1)	(9)
Impairment loss on financial assets under expected credit loss model	6	7	9	6	13
Early terminate of borrowings	–	(19)	–	–	–
Gain on disposal of property, plant and equipment	–	(31)	–	–	(962)
Operating cash flows before movement in working capital	1,833	1,518	3,130	2,156	(131)
(Increase)/decrease in inventories	(183)	(617)	(551)	(388)	1,291
Increase in trade receivables	(875)	(246)	(85)	(1,134)	(580)
(Increase)/decrease in deposits, prepayments and other receivables	(98)	(6)	(24)	70	(1,002)
Increase in amounts due from directors	(1,066)	(1,896)	(290)	(100)	(70)
Increase/(decrease) in trade payables	467	157	(754)	(174)	1,449
Increase/(decrease) in accruals and other payables	50	(75)	(202)	(188)	(84)
Cash generated from operations	128	(1,165)	1,224	242	873
Tax (paid)/refund	(54)	68	52	–	–
Net cash generated from/(used in) operating activities	74	(1,097)	1,276	242	873

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Cash flows from investing activities					
Bank interest income	–	–	5	1	9
Purchase of property, plant and equipment	–	(1,099)	(52)	–	(23)
Proceeds from disposal of property, plant and equipment	–	840	–	–	–
Net cash (used in)/generated from investing activities	–	(259)	(47)	1	(14)
Cash flows from financing activities					
Repayment of lease liabilities	(895)	(1,926)	(772)	(481)	(1,352)
Borrowing raised	2,366	5,160	2,309	2,309	1,500
Repayment of borrowings	(1,397)	(2,020)	(2,527)	(1,293)	(1,255)
Net cash generated from/(used in) financing activities	74	1,214	(990)	535	(1,107)
Net increase/(decrease) in cash and cash equivalents	148	(142)	239	778	(248)
Cash and cash equivalents at the beginning of the reporting period/year	940	1,088	946	946	1,185
Cash and cash equivalents at the beginning of the reporting period/year	1,088	946	1,185	1,724	937

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Infinity Technology International Limited (the "Target Company") was incorporated in Hong Kong under Hong Kong Companies Ordinance with limited liability. The registered address of the Target Company is Unit 3303, 33/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong. Its ultimate shareholders are Mr. Chan Man Fai and Mr. Wong Ka Wa, who are also the directors of the Target Company.

The Target Company is principally engaged in the production and sales of portable electronic appliances and home appliances.

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

(a) New and amendments to HKFRSs that are mandatorily effective for the current period

All effective standards, amendments to standards and interpretations of HKFRS, which are mandatory for the financial year beginning on 1 July 2023, are consistently applied to the Target Company for the Relevant Periods.

(b) Amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025

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

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

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

The Historical Financial Information has been prepared on the historical cost basis. 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 PRC Company Target Company 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 Historical Financial Information 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 within the scope of HKFRS 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

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

Material accounting policy information

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the production or supply of goods or services, 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.

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

The principal annual rates of depreciation are as follows:

Furniture, fixtures and office equipment	25%
Motor vehicles	25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognised in the statement of profit or loss in the year which the asset is derecognised and such amount is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

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 Target Company 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.

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 incentive received;
- any initial direct costs incurred by the Target Company; and
- an estimate of costs to be incurred by the Target Company 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 Target Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Target Company 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 Target Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Company exercising the option to terminate.

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

The Target Company 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; or
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

The Target Company 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 Target Company 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 Target Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains one or more additional lease components, the Target Company allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a Target Company 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 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities.

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

Financial assets

Classification and 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.

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.

Impairment of financial assets

The Target Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and other receivables, cash and bank balances) which are subject to impairment assessment 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 Target Company'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 Target Company always recognises lifetime ECL for trade receivables.

For all other instruments, the Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Company 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 Target Company 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 Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

The Target Company 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 Target Company 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 Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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; or

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

(iv) Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Company'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.

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

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

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

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

The grouping is regularly reviewed by the directors of the Target Company to ensure the constituents of each Target Company continue to share similar credit risk characteristics.

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

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

Derecognition of financial assets

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company 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 payables, accruals and other payables, borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company'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.

Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position include:

(b) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Revenue from contracts with customers

The Target Company 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 Target Company's performance as the Target Company performs;

- the Target Company's performance creates or enhances an asset that the customer controls as the Target Company performs; or

- the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company 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 asset represents the Target Company's right to consideration in exchange for goods or services that the Target Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments. In contrast, a receivable represents the Target Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Sales of goods

The Target Company mainly sold portable electronic appliances and home appliances to the wholesale and retail market.

Revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the wholesaler's and retail shops' specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the delivery, the wholesaler and retail shops have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days upon delivery.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Company 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".

Borrowing costs

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

Employee benefits

(i) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong are recognised as an expense when employees have rendered services entitling them to the contributions.

(ii) Short-term employee benefit obligations

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 current income tax expense

The tax currently payable is based on taxable profits for the year and is recognised in profit or loss.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Related parties

(a) A person, or a closed member of that person's family, is related to the Target Company if that person:

(i) has control or joint control of the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

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

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

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Target Company of which the other entity is a member).

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.

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

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

(viii) the entity, or any member of a Target Company of which it is apart, provides key management personnel services to the Target Company or to the parent of the Target Company.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in Note 3 to the Historical Financial Information, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Provision of ECL for trade receivables

The Target Company makes loss allowances on trade receivables based on various factors including the past due status of the receivables, past default experience, qualitative creditworthiness, collateral values and forward-looking macroeconomic scenarios and economic inputs. The assessment of ECL on receivables involves high degree of estimation uncertainty and is sensitive to changes in estimates. Where the expectations are different from the original estimates, such differences will impact the carrying amounts of receivables and the allowance for credit losses on receivables recognised in the years in which such estimates have been changed.

In addition, the Target Company uses practical expedient in estimating ECL on certain trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Target Company's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Further information is disclosed in note 5(b) to the notes to the Historical Financial Information.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 30 June			As at 31
	2021	2022	2023	December 2023
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
Financial assets				
At amortised cost	7,950	10,044	10,594	13,030
Financial liabilities				
At amortised cost	6,318	9,476	8,044	9,734

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include trade receivables, deposits and other receivables, amount due from directors, cash and bank balances, trade payables, accruals and other payables, borrowing and lease liabilities. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk, credit risk, interest risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Target Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Target Company's risk exposure relating to financial instruments and the manner in which it manages and measures the risks.

Market risk

Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Target Company is also exposed to cash flow interest rate risk in relation to variable-rate cash and bank balances.

In the case that the interest rates increase/decrease by 1%, with all other variables held constant, loss for the year ended 31 December 2023 would have been increase/decrease by approximately HK$72,000, profit for the year ended 30 June 2023 would have been decrease/increase by approximately HK$66,000, loss for the year ended 30 June 2022 would have been increase/decrease by approximately HK$73,000 and profit for the year ended 30 June 2021 would have been decrease/increase by approximately HK$41,000

Credit risk and impairment assessment

The credit risk of the Target Company mainly arises from trade receivables, deposits and other receivables, amounts due from directors and cash at banks. The carrying amounts of these balances represent the Target Company's maximum exposure to credit risk in relation to financial assets.

Cash at banks

The bank balances are deposited with several reputable and creditworthy banks with no recent history of default. The expected credit loss is close to zero.

Trade receivables

Before accepting any new customer, the Target Company assessed the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Target Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Target Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information.

The Target Company applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Target Company also considers available, reasonable and supportive forward-looking information. All trade receivables have no history of default and management do not expect significant credit losses after considering forward looking information. The average loss rates ranged from 0.2% to 5.8%, 0.0% to 5.9% and 0.4% to 3.0% for the years ended 30 June 2021, 2022 and 2023 and 0.4% to 4.2% and 0.3% to 3.1% for the six months ended 31 December 2022 and 2023.

Impairment loss recognised under expected credit loss model was approximately of HK$3,000, HK$1,000 and HK$7,000 for the years ended 30 June 2021, 2022 and 2023 and HK$4,000 and HK$8,000 for the six months ended 31 December 2022 and 2023.

Deposits and receivables and amount due from directors

For deposits and other receivables and amount due from director, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Impairment loss under expected credit loss model of approximately of HK$3,000, HK$6,000 and HK$2,000 was recognised for the years ended 30 June 2021, 2022 and 2023, HK$2,000 and HK$5,000 was recognised for the six months ended 31 December 2022 and 2023.

Liquidity risk

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

The following table details the Target Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Maturity analysis – bank and other borrowings with repayment on demand clause based on scheduled repayments

At 30 June 2021

	Within 1 year	**Within 2 to 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	736	–	736	736
Accruals and other payables	412	–	412	412
Borrowings	1,374	2,121	3,495	3,110
Lease liabilities	996	1,200	2,196	2,060
	3,518	3,321	6,839	6,318

At 30 June 2022

	Within 1 year	**Within 2 to 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	893	–	893	893
Accruals and other payables	337	–	337	337
Borrowings	2,087	4,988	7,075	6,535
Lease liabilities	747	1,104	1,851	1,711
	4,064	6,092	10,156	9,476

	At 30 June 2023			
	Within 1 year	**Within 2 to 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	139	–	139	139
Accruals and other payables	135	–	135	135
Borrowings	2,475	4,723	7,198	6,653
Lease liabilities	506	686	1,192	1,117
	3,255	5,409	8,664	8,044

	At 31 December 2023			
	Within 1 year	**Within 2 to 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities				
Trade payables	1,588	–	1,588	1,588
Accruals and other payables	51	–	51	51
Borrowings	2,673	4,979	7,652	7,076
Lease liabilities	713	369	1,082	1,019
	5,025	5,348	10,373	9,734

(c) Capital risk management

The Target Company's primary objectives when managing capital are to safeguard the abilities of the entities in the Target Company to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The directors of the Company actively and regularly review and manage the Target Company's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Target Company's overall strategy remains unchanged from prior years

During the Relevant Periods, the capital structure of the Group mainly consists of debts, which include borrowings and lease liabilities and equity attributable to owners of the Company, comprising issued capital and reserves. The directors of the Company consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity

				As at
		As at 30 June		**31 December**
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Debts	5,170	8,246	7,770	8,095
Equity	4,446	4,195	5,840	5,744
Gearing ratio	117.1%	196.6%	133.0%	140.9%

(d) Fair value measurements of financial instruments

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately their fair values.

6. REVENUE

The Target Company is principally engaged in engaged in the production and sales of portable electronic appliances and home appliances.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Disaggregation of revenue from contracts with customers					
Sales of goods	18,231	21,776	25,932	13,879	11,545

7. OTHER INCOME

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Bank interest income	–	–	5	1	9
Government subsidies (note)	209	144	252	108	–
Gain on disposal of property, plant and equipment	–	31	–	–	962
Gain on lease modification	–	19	–	–	–
Others	–	38	–	–	14
	209	232	257	109	985

note:

In 2022, the Target Company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide time-limited financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grants, the Target Company is required not to make redundancies during the subsidy period and to spend all the subsidy on paying wages to the employees.

The Target Company also received Dedicated Fund on Branding, Upgrading and Domestic Sales and SME Export Marketing Fund from the Hong Kong SAR Government during the year.

There were no unfulfilled condition or contingencies relating to these subsidies.

8. FINANCE COSTS

	Year ended 30 June			Six months ended 31 December	
	2021	2022	2023	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on borrowings	194	285	336	151	178
Interest on lease liabilities	79	96	78	42	90
	273	381	414	193	268

9. PROFIT/(LOSS) BEFORE TAX

The Target Company's profit/(loss) before tax are stated after charging:

	Year ended 30 June			Six months ended 31 December	
	2021	2022	2023	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost of inventories sold	11,414	13,596	15,874	8,786	7,791
Depreciation					
– Property, plant and equipment	15	5	9	100	4
– Right-of-use assets	864	1,296	991	316	651
Impairment loss recognised under expected credit loss model in respect of:					
– trade receivables	3	1	7	4	8
– amount due from directors	3	6	2	2	5
Staff costs (including directors' remuneration)					
– Salaries and bonus	5,319	6,472	5,891	2,268	2,077
– Retirement benefit costs	175	184	186	72	67
	5,494	6,656	6,077	2,340	2,144

10. INCOME TAX EXPENSE

	Year ended 30 June			Six months ended 31 December	
	2021	2022	2023	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong Profits Tax					
Current year	26	–	67	148	–
Under-provision	–	100	–	–	–
	26	100	67	148	–

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying Target Company entity are taxed at 8.25%, and profits above HK$2,000,000 are taxed at 16.5%. The profits of Target Company entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

Income tax expense for the years can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss as follows:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Profit/(loss) before taxation	675	(121)	1,712	1,542	(1,058)
Tax effect at Hong Kong Profits Tax rate	111	(20)	282	254	(175)
Tax effect of expenses not deductible for tax purpose	69	242	126	61	120
Tax effect of income not taxable for tax purposes	(110)	(346)	(150)	(18)	–
Tax loss not recognised	–	124	–	–	55
Utilisation of tax loss not recognised	–	–	(124)	(124)	–
Income tax at concession rate	(34)	–	(67)	(25)	–
Tax concession	(10)	–	–	–	–
Under-provision in prior years	–	100	–	–	–
	26	100	67	148	–

11. DIVIDEND

No dividend was paid, declared or proposed by the board of directors of the Target Company during the Relevant Period.

12. LOSS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful by the directors of Imperium Financial Group Limited having regard to the purpose of preparing the Historical Financial Information.

13. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 30 June 2021

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	420	18	438
Wong Ka Wa	–	420	18	438
	–	840	36	876

For the year ended 30 June 2022

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	600	18	618
Wong Ka Wa	–	600	18	618
	–	1,200	36	1,236

For the year ended 30 June 2023

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	600	18	618
Wong Ka Wa	–	600	18	618
	–	1,200	36	1,236

For the six months ended 31 December 2022

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	300	9	309
Wong Ka Wa	–	300	9	309
	–	600	18	618

For the six months ended 31 December 2023

	Fees	Salaries and other allowances	Retirement benefit costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Chan Man Fai	–	300	9	309
Wong Ka Wa	–	300	9	309
	–	600	18	618

For the years ended 30 June 2021,2022 and 2023 and the six months ended 31 December 2022 and 2023, of the five individuals with the highest emoluments, two, two, two, two and two are directors whose emoluments are disclosed as above, respectively. The aggregate of the emoluments in respect of the other three, three, three, three and three individuals for the years ended 30 June 2021,2022 and 2023 and the six months ended 31 December 2022 and 2023, respectively, are as follows:

	Year ended 30 June			Six months ended 31 December	
	2021	**2022**	**2023**	**2022**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Salaries and other allowance	1,703	2,649	2,261	1,071	783
Retirement benefit costs	54	54	54	27	26
	1,757	2,703	2,315	1,098	809

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
Cost			
At 1 July 2020	171	–	171
Addition	–	–	–
At 30 June 2021 and 1 July 2021	171	–	171
Addition	19	–	19
Transfer from right-of-use assets	–	809	809
Disposal	–	(809)	(809)
At 30 June 2022 and 1 July 2022	190	–	190
Addition	18	–	18
At 30 June 2023	208	–	208
Transfer from right-of-use assets	–	968	968
Addition	23	–	23
Disposal	–	(968)	(968)
At 31 December 2023	231	–	231
Accumulated depreciation			
At 1 July 2020	156	–	156
Charge for the year	15	–	15
At 30 June 2021 and 1 July 2021	171	–	171
Charge for the year	5	–	5
Disposal	–	–	–
At 30 June 2022 and 1 July 2022	176	–	176
Charge for the year	9	–	9
At 30 June 2023	185	–	185
Charge for the year	4	–	4
At 31 December 2023	189	–	189
Net book value			
At 31 December 2023	42	–	42
At 30 June 2023	23	–	23
At 30 June 2022	14	–	14
At 30 June 2021	–	–	–

15. RIGHT-OF-USE ASSETS

	Leased Properties HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 July 2020	447	553	1,000
Addition	914	767	1,681
Depreciation charge for the year	(488)	(376)	(864)
At 30 June 2021 and 1 July 2021	873	944	1,817
Addition	–	2,580	2,580
Transfer to property, plant and equipment	–	(809)	(809)
Depreciation charge for the year	(606)	(690)	(1,296)
At 30 June 2022 and 1 July 2022	267	2,025	2,292
Addition	–	134	134
Depreciation charge for the year	(267)	(724)	(991)
At 30 June 2023 and 1 July 2023	–	1,435	1,435
Addition	1,164	–	1,164
Transfer to property, plant and equipment	–	(968)	(968)
Depreciation charge for the year	(291)	(360)	(651)
At 31 December 2023	873	107	980

All leases are under operating leases. The leases typically run for an initial period 2 years, with an option to renew the lease after that date at which time all terms are renegotiated.

16. INVENTORIES

	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Finished goods	645	1,262	1,813	522

17. TRADE RECEIVABLES

	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Gross trade receivables	1,507	1,753	1,838	2,418
Less: Allowance for credit losses	(3)	(4)	(11)	(19)
	1,504	1,749	1,827	2,399

Details of the loss allowance for the trade receivables is set out in Note 5(b).

The Target Company's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Overdue balances are reviewed regularly by directors. The aging analysis of the Target Company's trade receivables, based on the invoice date, and net of loss allowance, is as follows:

	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
0-30 days	1,491	1,683	1,456	1,360
31-60 days	7	31	221	662
61-90 days	3	16	136	277
Over 90 days	3	19	14	100
	1,504	1,749	1,827	2,399

Details of impairment assessment are set out in Note 5(b).

18. AMOUNTS DUE FROM DIRECTORS

	Maximum indebtedness							
	As at 30 June			As at 31 December	As at 30 June			As at 31 December
	2021	**2022**	**2023**	**2023**	**2021**	**2022**	**2023**	**2023**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Chan Man Fai	2,613	3,481	3,677	3,707	2,613	3,481	3,677	3,707
Wong Ka Wa	2,613	3,635	3,727	3,762	2,613	3,635	3,727	3,762
					5,226	7,116	7,404	7,469

The amounts due from directors are unsecured, interest free and repayable on demand.

19. CASH AT BANKS

Bank balances carry interest at market rates which range from 0.01% to 0.1%, 0.01% to 0.1%, 0.01% to 0.1% and 0.01% to 0.1% per annum as at 30 June 2021, 2022 and 2023 and 31 December 2023 respectively.

20. TRADE PAYABLES

	As at 30 June			As at 31 December
	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	736	893	139	1,588

The Target Company normally obtains credit terms ranging from 30 to 90 days from its suppliers.

At the end of reporting period, the aging analysis of trade payables, based on the invoice date is as follows:

	As at 30 June			As at 31 December
	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0-30 days	736	663	102	767
31-60 days	–	127	–	121
61-90 days	–	103	–	210
Over 90 days	–	–	37	490
	736	893	139	1,588

21. LEASE LIABILITIES

	Minimum lease payments				Present value of minimum lease payments			
	30 June			31 December	30 June			31 December
	2021	2022	2023	2023	2021	2022	2023	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	996	747	506	713	919	674	456	658
more than 1 year but less than 2 years	640	467	500	369	602	422	476	361
more than 2 years but less than 5 years	560	637	186	–	539	615	185	–
	2,196	1,851	1,192	1,082	2,060	1,711	1,117	1,019
Less: Future finance costs	(136)	(140)	(75)	(63)				
Present value of lease liabilities	2,060	1,711	1,117	1,019				
Less: current portion					(919)	(674)	(456)	(658)
					1,141	1,037	661	361

The incremental borrowing rates applied to lease liabilities range from 7.9% to 10.6%.

22. BORROWINGS

	As at 30 June 2021	As at 30 June 2022	As at 30 June 2023	As at 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount repayable (based on the scheduled repayment dates as set out in the loan agreements)				
– Within one year	1,168	1,849	2,185	2,402
– More than one year but within two years	864	1,642	2,074	2,155
– More than two years but within five years	1,078	3,044	2,394	2,519
	3,110	6,535	6,653	7,076

	As at 30 June 2021	As at 30 June 2022	As at 30 June 2023	As at 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Analysis for reporting purposes as:				
Current	3,110	6,535	6,653	7,076
Non-Current	–	–	–	–
	3,110	6,535	6,653	7,076

At 30 June 2021, 2022, 2023 and 31 December 2023, borrowings were unsecured, carried interests at fixed rate ranging from 2.8% to 7.0% and were guaranteed by directors of the Target Company.

23. SHARE CAPITAL

	Issued and fully paid
	HK$'000
Ordinary shares of HK$1 each	
At 1 July 2020, 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023	10

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company'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 as cash flows from financing activities in the Target Company's consolidated statement of cash flows.

	Borrowings	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2020	1,947	1,195	3,142
Financing cash flows	969	(895)	74
Addition	–	1,681	1,681
Interest	194	79	273
At 30 June 2021 and 1 July 2021	3,110	2,060	5,170
Financing cash flows	3,140	(1,926)	1,214
Acquisition of property, plant and equipment	–	1,500	1,500
Modification	–	(19)	(19)
Interest	285	96	381
At 30 June 2022 and 1 July 2022	6,535	1,711	8,246
Financing cash flows	(218)	(772)	(990)
Acquisition of property, plant and equipment	–	100	100
Interest	336	78	414
At 30 June 2023 and 1 July 2023	6,653	1,117	7,770
Financing cash flows	245	(1,352)	(1,107)
Addition	–	1,164	1,164
Interest	178	90	268
At 31 December 2023	7,076	1,019	8,095

25. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the notes to the Historical Financial Information, the Target Company did not enter into other transactions with related parties during the Relevant Period.

26. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to the end of the Relevant Period.