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Almana Limited

曼纳有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

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

The Board hereby presents the consolidated final results of the Company and its subsidiaries (“Group”) for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

		2023	2022
	<i>Notes</i>	HK\$’000	<i>HK\$’000</i>
Revenue	5	26,911	22,312
Cost of sales		(22,029)	(19,686)
Gross profit		4,882	2,626
Gain on derecognition of liabilities under the Scheme		–	55,704
Other income, gains and losses	6	79	856
Administrative expenses		(6,048)	(6,152)
Finance costs	7	(3)	(1,157)
Fair value loss on debt investment at fair value through profit or loss	14	(2)	(402)
Impairment loss on trade receivables		(155)	(1,072)
Reversal of/(impairment loss) on other receivables		29	(691)
(Loss)/profit before income tax	8	(1,218)	49,712
Income tax	9	(425)	(422)
(Loss)/profit for the year attributable to owners of the Company		(1,643)	49,290
(Loss)/earnings per share attributable to owners of the Company	11		(Restated)
Basic		HK(3.2 cents)	HK247.4 cents
Diluted		HK(3.2 cents)	HK185.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,511	2,544
Right-of-use assets		34	114
Equity investments at fair value through other comprehensive income	12	77	167
Prepayment		2,500	2,500
Debt investment at fair value through profit or loss	14	–	161
		<u>5,122</u>	<u>5,486</u>
Current assets			
Inventories		198	159
Trade receivables	13	2,728	10,693
Prepayments, other receivables and other assets		832	895
Bank balances and cash		18,166	4,960
		<u>21,924</u>	<u>16,707</u>
Total assets		<u>27,046</u>	<u>22,193</u>
Current liabilities			
Trade payables	15	1,921	2,433
Other payables and accruals		3,205	12,580
Lease liabilities		35	91
Tax payables		457	1,865
		<u>5,618</u>	<u>16,969</u>
Net current assets/(liabilities)		<u>16,306</u>	<u>(262)</u>
Total assets less current liabilities		<u>21,428</u>	<u>5,224</u>
Non-current liabilities			
Lease liabilities		–	35
NET ASSETS		<u>21,428</u>	<u>5,189</u>
Capital and reserves			
Share capital	16	9,109	2,277
Reserves		12,319	2,912
TOTAL EQUITY		<u>21,428</u>	<u>5,189</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1. GENERAL INFORMATION AND DEBT RESTRUCTURING

1.1 General information

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

1.2 Debts restructuring in the year ended 31 December 2022

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

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

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

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

2.1 Change in accounting policy

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

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

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

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

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

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

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

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

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

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

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of Hong Kong Accounting Standard 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

4. SEGMENT REPORTING

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

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

- (1) The sales of household products (the “Household Business”);
- (2) The sales of plantation products (the “Plantation Business”); and
- (3) The sales of accessory products (the “Accessory Business”).

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

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

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

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

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

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

Note: Unallocated assets mainly represent corporate assets and financial assets at fair value through other comprehensive income. Unallocated liabilities mainly represent corporate liabilities.

<i>HK\$'000</i>	Household Business	Plantation Business	Accessory Business	Total
Year ended 31 December 2022				
Reportable segment revenue	11,244	4,902	6,166	22,312
Reportable segment profit/(loss)	602	(813)	625	414
Gain on derecognition of liabilities under Scheme				55,704
Unallocated corporate expenses				(5,252)
Unallocated finance costs				(1,154)
Profit before income tax				49,712
Reportable segment assets	16,981	3,760	934	21,675
Unallocated assets (<i>note</i>)				518
Total assets				22,193
Reportable segment liabilities	11,791	1,772	424	13,987
Unallocated liabilities (<i>note</i>)				3,017
Total liabilities				17,004
Depreciation	–	71	–	71
Unallocated depreciation				355
				426
Impairment loss of trade receivables	1,072	–	–	1,072
Impairment loss of other receivables	–	691	–	691

Note: Unallocated assets mainly represent corporate assets, financial assets at fair value through other comprehensive income and at fair value through profit or loss. Unallocated liabilities mainly represent corporate liabilities.

(ii) Geographical information

Revenue from external customers

<i>HK\$'000</i>	2023	2022
Hong Kong (place of domicile)	20,267	5,350
The PRC	1,697	12,116
The United States (the “US”)	4,947	4,846
	26,911	22,312

Specified non-current assets

<i>HK\$'000</i>	2023	2022
Hong Kong (place of domicile)	2,545	2,658
The PRC	2,500	2,500

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

(iii) Information about major customers

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

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

5. REVENUE

An analysis of revenue as follows:

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

Disaggregated revenue information

<i>HK\$'000</i>	2023	2022
Timing of revenue recognition		
Goods transferred at a point in time	26,911	22,312

6. OTHER INCOME, GAINS AND LOSSES

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

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

7. FINANCE COSTS

<i>HK\$'000</i>	2023	2022
Interest on lease liabilities	3	16
Interest on other borrowing [#]	–	388
Interest on other loans [#]	–	382
Interest on bond payable [#]	–	354
Others	–	17
	<u>3</u>	<u>1,157</u>

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

8. (LOSS)/PROFIT BEFORE INCOME TAX

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

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

* Included in administrative expenses

9. INCOME TAX

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

<i>HK\$'000</i>	2023	2022
Current tax		
– Hong Kong	175	–
– PRC	250	422
	<u>425</u>	<u>422</u>

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

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

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

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

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

<i>HK\$'000</i>	2023	2022
Tax losses		
– Hong Kong	<u>3,802</u>	<u>1,931</u>

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

10. DIVIDENDS

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

11. (LOSS)/EARNINGS PER SHARE

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

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

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

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

12. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>HK\$'000</i>	2023	2022
Listed shares suspended for trading, at fair value	77	167

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

13. TRADE RECEIVABLES

<i>HK\$'000</i>	2023	2022
Trade receivables	2,883	12,505
Less: Impairment allowances	(155)	(1,812)
	<u>2,728</u>	<u>10,693</u>

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

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

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

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

As at 31 December 2023, the Group applied simplified approach to measure lifetime ECLs on the Group's trade receivables for the sales of household, plantation and accessory products (2022: trade receivables for the sales of plantation products and sales of accessory products) of approximately HK\$792,000, HK\$2,022,000 and HK\$69,000 (2022: approximately HK\$1,235,000 and HK\$16,000), respectively using a provision matrix.

14. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>HK\$'000</i>	2023	2022
Convertible bond receivable, at fair value	–	161

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

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

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

15. TRADE PAYABLES

<i>HK\$'000</i>	2023	2022
Trade payables	1,921	2,433

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

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

16. SHARE CAPITAL

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

Notes:

- (a) On the basis of three rights share for every one share held by qualifying shareholders, 85,401,480 right shares at HK\$0.22 per share were allotted and issued upon the completion of the Rights Issue on 3 November 2023. The Rights Issue was approved by independent shareholders at the special general meeting held on 21 September 2023. The Company received net proceed of approximately HK\$17,972,000 after deducting professional fees and related expenses of approximately HK\$816,000 and accounted for share capital of approximately HK\$6,832,000 and share premium of approximately HK\$11,140,000, respectively.
- (b) As further details on note 1.2 to the financial statements, on 24 August 2022, the Company entered into a subscription agreement with the Subscriber in respect of the settlement of the working capital loan of approximately HK\$4,662,000 by way of the allotment and issue of new shares to the Subscriber. On 22 December 2022, the Company allotted and issued in total 8,476,364 Subscription Shares and accounted for share capital of approximately HK\$678,000 and share premium of approximately HK\$3,984,000, respectively.
- (c) As further details on note 1.2 to the financial statements, the Company has to settle admitted claims from its Scheme Creditors who selected settlement by way of Scheme Shares. On 22 December 2022, the Company allotted and issued in total 4,405,465 Scheme Shares and accounted for share capital of approximately HK\$352,000 and share premium of approximately HK\$793,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

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

BUSINESS REVIEW

The Group is principally engaged in the household business, plantation business and accessory business. Despite its financial services business having become inactive in the past couple of years, the Company has been making efforts to explore opportunities to reactivate this business segment, especially in view of the government's initiative to strengthen Hong Kong's competitiveness as an international financial centre. In addition, the Group will continue to focus on the development of its principal businesses and pursue appropriate business opportunities to expand into those businesses which would have synergy with its principal businesses.

RECENT DEVELOPMENT AND PROSPECTS

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

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

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

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

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

CAPITAL COMMITMENT, SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, there was no significant capital commitment of the Group outstanding and no material asset of the Group having been pledged as at 31 December 2023 and the Group had no significant investment and material acquisition and disposal in 2023.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SECURITIES TRANSACTION BY DIRECTORS

Each of the Directors has confirmed that he/she had complied with the required standards under the GEM Listing Rules regarding securities transactions by directors during the year ended 31 December 2023.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the office of the chief executive was vacated. The Board will keep identifying a suitable candidate and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate. Save as the above, in the opinion of the Board, the Company has complied with the Corporate Governance Code set out in Part 2 of Appendix C1 to the GEM Listing Rules..

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2023 have been reviewed by the audit committee of the Board. The figures in this announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditors, BDO Limited, to the amounts set out in the Group's consolidated financial statements. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA.

By Order of the Board of
Chan Ho Yee
Executive Director

Hong Kong, 15 March 2024

As at the date of this announcement, the board of directors comprises Mr. Jin Guangwu (Chairperson) and Ms. Chan Ho Yee as executive directors, and Ms. Pang King Sze, Rufina, Mr. Hong Bingxian and Mr. Huang Zhe as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> for seven days from the date of its publication and on the website of the Company at <http://www.mfpy.com.hk>.