

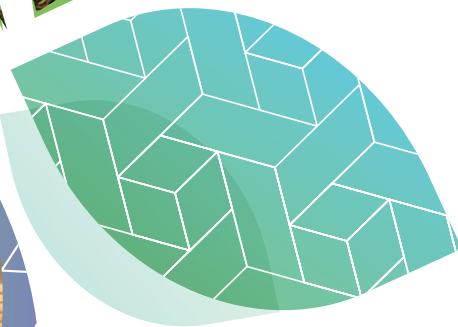


Reliance Global Holdings Limited

信保環球控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 723)



Annual Report
2023/24

* For identification purpose only





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Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors of the Company
“Company”	Reliance Global Holdings Limited
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (renamed as Appendix C3 since 31 December 2023) to the Listing Rules
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s)
“US\$”	United States dollars
“%”	per cent.

The Chinese version of this annual report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information



BOARD OF DIRECTORS

Executive Directors

Ms. Wang Jingyu (*Chairlady*)
Mr. Lai Ming Wai (*Chief Executive Officer*)
Ms. Chan Yuk Yee
Ms. Yiu Wai Yee, Catherine

Independent Non-executive Directors

Mr. Yam Kwong Chun
Mr. Chai Chi Keung
Mr. Wong Chi Kit

BOARD COMMITTEES

Executive Committee

Ms. Wang Jingyu (*Chairlady*)
Mr. Lai Ming Wai
Ms. Chan Yuk Yee
Ms. Yiu Wai Yee, Catherine

Audit Committee

Mr. Yam Kwong Chun (*Chairman*)
Mr. Chai Chi Keung
Mr. Wong Chi Kit

Remuneration Committee

Mr. Wong Chi Kit (*Chairman*)
Mr. Yam Kwong Chun
Mr. Chai Chi Keung

Nomination Committee

Mr. Chai Chi Keung (*Chairman*)
Mr. Yam Kwong Chun
Mr. Wong Chi Kit

COMPANY SECRETARY

Ms. Chan Yuk Yee

LEGAL ADVISERS

Kitty So & Tong Solicitors
Reed Smith Richards Butler

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
Bank of Communications (Hong Kong) Limited
Dah Sing Bank, Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2401A, 24th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Crowe (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

TRADING OF SHARES

Hong Kong Stock Exchange
(Stock Code: 723)

WEBSITE ADDRESS

www.relianceglobal.com.hk



Chairlady's Statement

On behalf of the Board, I hereby present to the shareholders the results of the Group for the year ended 31 March 2024 (“FY2024”).

RESULTS

The Group continued to operate in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties.

For FY2024, the Group recorded a 40% decline in revenue to HK\$305,613,000 (2023: HK\$509,326,000) and a loss attributable to owners of the Company of HK\$4,453,000 (2023: profit of HK\$280,000), primarily owing to the challenging business conditions faced by the Group. The Group as a whole recorded a net loss of HK\$9,669,000 (2023: HK\$5,680,000), with a loss of HK\$5,216,000 (2023: HK\$5,960,000) being shared by the non-controlling interests. The loss incurred by the Group was mainly attributed to (i) the loss recorded by the Group's timber supply chain operation (the “TSC Operation”) primarily due to the decline in its revenue, the squeeze in its profit margin, the surge in energy costs in Europe, the delay in shipments via the Red Sea route and the impairment loss on certain trade receivables; and (ii) the decrease in profit recorded by the Group's money lending operation primarily due to the decline in its revenue resulted from the reduced size of its loan portfolio. Overall speaking, the money lending operation continued to register a profitable result of HK\$5,206,000 (2023: HK\$15,277,000), whilst the TSC Operation recorded a loss of HK\$5,437,000 (2023: HK\$4,310,000) for the year.

During FY2024, the Group's TSC Operation continued with its strategic plan of building a global network of supply sources in Europe, Oceania and Africa to serve its customers predominantly in China as well as in other countries. Backed by the great efforts of the management teams stationed in various countries in Europe, the Group's TSC Operation in Europe continued to conduct its timber supply chain operation via its distribution hubs in Slovenia, Romania and Croatia, as well as the wood lumber processing ventures in Romania and Croatia including the lumber processing plant in Romania acquired in December 2021.

For FY2024, the Group's TSC Operation recorded a 40% decline in revenue to HK\$295,421,000 (2023: HK\$491,488,000) and a loss of HK\$5,437,000 (2023: HK\$4,310,000). The decrease in revenue and the loss-making results of the TSC Operation were mainly due to (i) the significant slowdown of the real estate industry in China resulted in the Group facing a significant drop in sales orders for timber and wood products; (ii) the squeeze in profit margin of its operation in Europe owing to increased competition; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe, resulting from the continuation of the Russia-Ukraine war; (iv) the shipment delays caused by the outbreak of the Red Sea safety crises; and (v) the impairment loss on certain trade receivables. For FY2024, the transaction volume of timber and wood products traded by the operation was about 145,000 m³ (2023: 240,000 m³), a decrease of 40% from the prior year.

For FY2024, the Group's money lending business recorded a 43% decline in revenue to HK\$10,192,000 (2023: HK\$17,838,000) and a 66% decrease in profit to HK\$5,206,000 (2023: HK\$15,277,000). The decline in revenue of the business was mainly due to the reduced size of its loan portfolio when compared to the prior year, primarily owing to the cautious approach of the management in granting new loans in view of the economic conditions in Hong Kong during FY2024, including the general fall in property price during the period, whilst the decrease in its profit was a combined effect of the decline in interest income to HK\$9,997,000 (2023: HK\$17,302,000), the recognition of net impairment loss on loan receivables of HK\$605,000 (2023: net reversal of impairment loss of HK\$3,556,000) and the net impairment loss on repossessed assets of HK\$1,060,000 (2023: HK\$1,266,000).

PROSPECTS

The Group continued to operate in a challenging business environment during FY2024 owing to the adverse impact brought by the significant slowdown of the real estate industry in China, the high inflation in some major western and European economies, the surge in energy costs in Europe, and the market uncertainties resulting from the ongoing Russia-Ukraine war and the recent Red Sea safety crises, despite that global economic activities have returned to their normality following the containment of the pandemic.

Against this backdrop, the Group will continue to adopt a disciplined and prudent approach in managing the Group's timber supply chain and money lending businesses, as well as in seeking organic growth and vertical expansion business opportunities which are expected to further expand the scale of the Group's operations and to create new value to the shareholders. The investment and securities markets in Hong Kong have become more active recently and the Group is currently evaluating certain business and investment opportunities in these areas. If any of these opportunities materialised, the Group intends to apply its surplus funds on hand for these opportunities, including part of the funds raised in the share placing announced by the Company on 29 May 2024.

APPRECIATION

FY2024 continued to be a challenging year for the Group. I would like to express my sincere gratitude to all shareholders, bankers, business associates, suppliers and customers for their continuing support to the Group, and to my fellow directors and all staff members for their valuable contributions and hard work during the past year.

Wang Jingyu
Chairlady

Hong Kong, 27 June 2024



Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2024 (“**FY2024**”), the Group continued to operate in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties.

For FY2024, the Group recorded a 40% decline in revenue to HK\$305,613,000 (2023: HK\$509,326,000) and a loss attributable to owners of the Company of HK\$4,453,000 (2023: profit of HK\$280,000), primarily owing to the challenging business conditions faced by the Group. The Group as a whole recorded a net loss of HK\$9,669,000 (2023: HK\$5,680,000), with a loss of HK\$5,216,000 (2023: HK\$5,960,000) being shared by the non-controlling interests. The loss incurred by the Group was mainly attributed to (i) the loss recorded by the Group’s timber supply chain operation (the “**TSC Operation**”) primarily due to the decline in its revenue, the squeeze in its profit margin, the surge in energy costs in Europe, the delay in shipments via the Red Sea route and the impairment loss on certain trade receivables; and (ii) the decrease in profit recorded by the Group’s money lending operation primarily due to the decline in its revenue resulted from the reduced size of its loan portfolio. Overall speaking, the money lending operation continued to register a profitable result of HK\$5,206,000 (2023: HK\$15,277,000), whilst the TSC Operation recorded a loss of HK\$5,437,000 (2023: HK\$4,310,000) for the year.

Forest-related Business

Timber Supply Chain

During FY2024, the Group’s TSC Operation continued with its strategic plan of building a global network of supply sources in Europe, Oceania and Africa to serve its customers predominantly in China as well as in other countries. The Group’s TSC Operation in Europe continued to conduct its timber supply chain operation via its distribution hubs in Slovenia, Romania and Croatia, as well as the wood lumber processing ventures in Romania and Croatia including the lumber processing plant in Romania acquired in December 2021.

Management Discussion and Analysis



For FY2024, the Group's TSC Operation recorded a 40% decline in revenue to HK\$295,421,000 (2023: HK\$491,488,000) and a loss of HK\$5,437,000 (2023: HK\$4,310,000). The decrease in revenue and the loss-making results of the TSC Operation were mainly due to (i) the significant slowdown of the real estate industry in China resulted in the Group facing a significant drop in sales orders for timber and wood products; (ii) the squeeze in profit margin of its operation in Europe owing to increased competition; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe, resulting from the continuation of the Russia-Ukraine war; (iv) the shipment delays caused by the outbreak of the Red Sea safety crises; and (v) the impairment loss on certain trade receivables. For FY2024, the transaction volume of timber and wood products traded by the operation was about 145,000 m³ (2023: 240,000 m³), a decrease of 40% from the prior year. During the year, a majority of the transactions were conducted on CFR (Cost & Freight) basis with logistics support provided by the Group. The Group's TSC Operation is led by experienced management teams stationed in Hong Kong and Europe with extensive business network in the industry, with their great efforts, a solid supplier and customer base has been built over the years which continues to contribute recurrent business flow to the Group.

The TSC Operation is currently running two lines of business: the Conventional Business Model (the "CBM") and the Enhanced Business Model (the "EBM"):

CBM

Geographically, the CBM essentially represents the business of the TSC Operation other than its operation in Europe. Currently under the CBM, the operation principally performs a wholesaler role which sources mainly tropical domain hardwood timber from suppliers/forest owners in Papua New Guinea and sells or distributes to customers predominately in China and other countries, and being fully responsible for all the logistics of sea transport which usually involves the chartering of dry bulk vessels.

For FY2024, the CBM running under the TSC Operation generated a revenue of HK\$206,896,000 (2023: HK\$260,646,000) and a profit of HK\$2,916,000 (2023: HK\$3,168,000), representing about 112,000 m³ (2023: 128,000 m³) of hardwood logs traded. The respective 21%, 8% and 13% declines in the revenue, profit and volume of the logs traded under the CBM was to a large extent due to the significant slowdown of the real estate industry in China resulted in the Group facing a considerable drop in sales orders for timber logs.

Management Discussion and Analysis

EBM

The EBM principally represents the business activities of the TSC Operation in Europe (the “**European Operation**”). The EBM is essentially a vertically-integrated timber supply chain operation which has coverage on the value-added works and services of a typical timber supply chain, including plantation & harvesting right, sourcing & procurement, timber harvesting & logging, quality inspection & land/sea transport, wood processing, inventory management, customs clearance, selling & marketing and after-sales services. The TSC Operation is currently running the EBM via its distribution hubs in Slovenia, Romania and Croatia and its wood processing ventures in Romania and Croatia, including the lumber processing plant in Romania acquired in December 2021.

For FY2024, the EBM running under the TSC Operation recorded a revenue of HK\$88,525,000 (2023: HK\$230,842,000) and a loss of HK\$8,353,000 (2023: HK\$7,478,000), representing about 33,000 m³ (2023: 112,000 m³) of logs and wood products traded. The 62% and 71% respective decrease in revenue and trade volume and the loss-making results reported by the EBM were mainly due to (i) the significant slowdown of the real estate industry in China resulted in the Group facing a significant drop in sales orders for logs and wood products; (ii) the squeeze in profit margin of logs and wood products owing to increased competition; (iii) the significant rise in production, transportation and freight costs largely caused by the surge in energy costs in Europe, resulting from the continuation of the Russia-Ukraine war; (iv) the shipment delays caused by the outbreak of the Red Sea safety crises; and (v) the recognition of impairment loss on certain trade receivables of HK\$5,119,000 (2023: HK\$1,334,000) upon assessment on collectability of these trade receivables.



The lumber processing plant in Covasna, Romania acquired by the Group in December 2021



The wood lumber produced in the processing plant

Management Discussion and Analysis



The following flowchart depicts the typical operation flow of a timber supply chain business:



Plantation & Harvesting rights: forest plantation, harvesting rights management, trees are harvested according to an agreed harvesting plan which is essential for sustainable and responsible forest management.

Sourcing & Procurement: market analyses on demand of timber and wood products are performed and purchases will be made at the best price available after negotiation with suppliers.

Harvesting & Logging: on-site selection of forest area to be harvested, formulate harvesting plan, arrangement of manpower, machinery and equipment for logging activities.

Quality inspection & Land transport: after on-site quality inspection, timber and wood products will be transported to log yard via rails and/or trucks.

Wood processing: deliver timber to processing plant for processing into wood products, production and quality control management.

Inventory management: maintain inventories in the distribution hubs and processing plants to readily meet the orders from customers and regularly advise the sales team in respect of availability of inventories.

Customs clearance: prepare documents to facilitate export and assist customers in importing cargoes in the buyers' country.

Quality inspection & Sea transport: after quality inspection, timber and wood products will be transported to customers via vessels or containers.

Selling & Marketing: timber and wood products are sold to customers in China and other countries, after-sales services will be provided to ensure customer satisfaction.



Management Discussion and Analysis

Distribution hubs in Slovenia, Romania and Croatia

The TSC Operation has established its distribution hubs in Maribor in Slovenia, Oituz in Romania and Ravna Gora in Croatia. The operation currently sources temperate domain softwood and hardwood timber (including spruce, pine, oak, beech, larch and maple logs) and wood products (including beech, ash and spruce lumber) from timber suppliers/forest owners in countries including Germany, the Czech Republic, Romania, Croatia, Slovenia, Italy, Austria, Poland, Slovakia, Hungary and Serbia and sells or distributes to customers predominately in China and other countries with logistics support provided by the operation, which usually involves land transport via rails and trucks and sea transport via containers.

Wood processing venture in Romania

The TSC Operation has established a wood processing venture in Oituz, Romania via entering into a harvesting right agreement with a Finnish leading forest management group for conducting timber logging in its forest interest in Oituz for a term of four years from January 2020. The operation has engaged local logging teams to conduct the logging activities and a wood processing plant for producing lumber. The wood harvested by the logging teams, together with the wood purchased from other forest owners (depending on the ordered quantity of sales orders on hand, the operation may purchase wood from other forest owners in order to fulfill the sales orders in the case that the wood harvested by the logging teams is not sufficient to fulfill the orders), are used as inputs to the processing plant engaged to produce the wood lumber. At times when customers' sales orders exceed the production capacity of the processing plant engaged by the Group, the operation may purchase lumber from other local suppliers in order to fulfill the customers' orders. The lumber produced or purchased are then stored and kept as inventories until sold and delivered to customers under logistic arrangements provided by the operation.

As announced by the Company on 2 December 2021, the Group entered into an agreement to acquire a lumber processing plant in Covasna, Romania in order to expand its production capacity for wood lumber as well as to continue with its business expansion plan in the timber supply chain business, the acquisition was completed in January 2022. The lumber processing plant is fully operational and has a designed production capacity of up to 8,000 m³ of wood lumber per annum. The Group has fully integrated the operation of this newly acquired plant with its EBM and the plant has contributed revenue to the Group since January 2022. In addition, since January 2023, this newly acquired plant has taken over the lumber producing function of the wood processing plant as mentioned above.

Wood processing venture in Croatia

The TSC Operation has established another lumber processing venture in Croatia in January 2021. The operation entered into a service agreement with a wood processing plant in Croatia for a term of three years to produce beech and ash lumber in order to take advantage of the abundant local supply of beech and ash timber.

Management Discussion and Analysis



As the European Operation captures the additional monetary benefits through providing many value-added works and services in a typical timber supply chain, the gross profit margin of the EBM is usually higher than that of the CBM. The establishment of the distribution hubs in Slovenia, Romania and Croatia as well as the timber processing ventures in Romania and Croatia have significantly enhanced the competitive advantages of the Group's timber supply chain business, and effectively expanded and diversified the operation's customer base, revenue source, product type and market coverage. Traditionally, European timber logs and wood products are of high demand in China because of their high quality and wide usage, however, owing to the significant slowdown of the real estate industry in China, sales to the customers in China were substantially lower in the current year, which also led to a lower inventory level at the year end that amounted to HK\$15,948,000 (2023: HK\$21,961,000). The diversity of the Group's timber supply chain business in terms of customer base, supply source and product type has enhanced the Group's strength and resilience in facing the current market challenges.

The European Operation is effectively 51% owned by the Group and 49% owned by the partner of the business venture.

Sustainable Forest Management

At 31 March 2024, the Group was not holding any forest assets, nevertheless, the Group continues to seize investment opportunities in forest assets in Europe for the development of its sustainable forest management business.

Money Lending Business

The Group's money lending business is conducted through Reliance Credit Limited ("**Reliance Credit**") and Reliance Capital Finance Limited, both are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collateral, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals through referrals from its marketing agents, cooperation with property agents and participation in co-lending activities, as well as through advertisements in traditional and digital media.

For FY2024, the Group's money lending business recorded a 43% decline in revenue to HK\$10,192,000 (2023: HK\$17,838,000) and a 66% decrease in profit to HK\$5,206,000 (2023: HK\$15,277,000). The decline in revenue of the business was mainly due to the reduced size of its loan portfolio when compared to the prior year, primarily owing to the cautious approach of the management in granting new loans in view of the economic conditions in Hong Kong during FY2024, including the general fall in property price during the period, whilst the decrease in its profit was a combined effect of the decline in interest income to HK\$9,997,000 (2023: HK\$17,302,000), the recognition of net impairment loss on loan receivables of HK\$605,000 (2023: net reversal of impairment loss of HK\$3,556,000) and the net impairment loss on repossessed assets of HK\$1,060,000 (2023: HK\$1,266,000). The impairment loss on loan receivables was determined after performing assessment on the current creditworthiness of the borrowers on an individual basis by considering factors including their repayment history and value of collateral provided, and the credit status of the Group's loan portfolio on a collective basis in light of the current economic and market conditions in Hong Kong. The reversal of impairment loss on loan receivables, on the other hand, was determined based on the recoveries from borrowers of certain credit-impaired loans. The impairment loss on repossessed assets, being properties in Hong Kong, was determined based on a valuation of the repossessed assets by a professional valuer engaged by the Group.

Management Discussion and Analysis

At 31 March 2024, the Group's loan portfolio was constituted by 14 loans (2023: 24 loans), there were 9 loans (2023: 20 loans) with carrying amount totalling HK\$53,206,000 (2023: HK\$147,491,000) (net of impairment allowance on loan receivables of HK\$8,832,000 (2023: HK\$8,227,000)) granted to 9 borrowers (2023: 20 borrowers), and 5 credit-impaired loans (2023: 4 credit-impaired loans) being classified as repossessed assets with carrying amount totalling HK\$54,837,000 (2023: HK\$50,724,000) (net of impairment allowance on repossessed assets of HK\$2,326,000 (2023: HK\$1,266,000)) after the Group took possession of the collateral assets. Details of the Group's loan portfolio (excluding credit-impaired loans classified as repossessed assets) are as follows:

Type of loan	Approximate weighting to the carrying amount of the Group's loan portfolio	Interest rate per annum	Original maturity	Remarks
First mortgage loans	52%	8.5%-10%	Within three years	Loans were secured by properties located in Hong Kong
Second mortgage loan	6%	12%	Within two years	Loan was secured by property located in Hong Kong
Corporate loans	42%	9%-12.5%	Within one year	Loans were granted to listed companies in Hong Kong or were secured by collateral
Total	100%			

At 31 March 2024, on a net of impairment allowance basis, the size of individual loan comprising the Group's loan portfolio ranged from approximately HK\$2,323,000 to HK\$16,690,000 (2023: from HK\$312,000 to HK\$16,690,000). The Group's loan portfolio had an average loan size of around HK\$5.9 million (2023: HK\$7.4 million), it was credit healthy as 90% (2023: 91%) of the portfolio was secured by collateral, and earning a satisfactory return with weighted average interest rate amounting to approximately 11% (2023: 10%). Collateral of the mortgage loans were mainly residential and commercial properties situated in Hong Kong with a total valuation attributable to the Group of around HK\$38 million (2023: HK\$162 million) as at the year end. Loans were granted to Hong Kong residents, companies incorporated in Hong Kong and companies listed on the Stock Exchange. At 31 March 2024, the loan made to the largest borrower amounted to HK\$16,690,000 (2023: HK\$16,690,000) and the loans made to the five largest borrowers totalled HK\$44,748,000 (2023: HK\$63,935,000), which accounted for 31% and 84% (2023: 11% and 43%) of the Group's loan portfolio (on a net of impairment allowance basis) respectively.

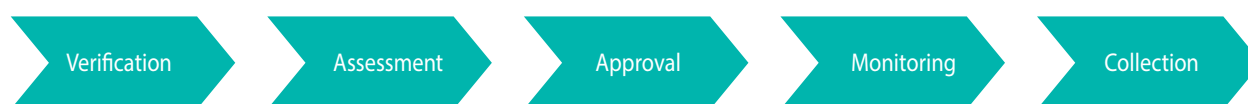
Management Discussion and Analysis



Before granting loans to potential borrowers, the Group performs credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history and financial background of the potential borrowers, as well as the value and nature of the collateral to be pledged. The credit limits of loans successfully granted to the borrowers are reviewed by the management regularly as part of the ongoing loan monitoring process.

Risk management is an integral part of the success of the money lending business. The Group has clear credit policies, guidelines, controls and procedures in place which cover every aspect of the operation from information verification, credit assessment, loan approval, loan monitoring to collection. The operation has clear authorisation and approval hierarchy and is led and managed by a team of qualified and experienced personnel. The management team is able to deliver expedite credit approval process to customers without compromising the commercial benefits of the lending decisions made.

The following flowchart depicts the typical operational procedures in processing a loan application:



Verification: documents and information provided by the loan applicant will be verified by the delegated loan officer and where appropriate, legal and credit search on the loan applicant will be conducted.

Assessment: credit assessment on the loan applicant will be performed by the delegated loan officer and reviewed by the supervising officer, by making reference to the financial background and credit history of the applicant, and value of the collateral provided (if any), where appropriate, the credit assessment on the applicant will be further reviewed by the responsible director.

Approval: if the loan application is approved, the delegated loan officer will arrange preparation and signing of the loan documentation and the supervising officer will ensure their proper execution, including drawdown of the loan proceeds by the applicant.

Monitoring: there will be continuous monitoring on loan repayments from individual borrower by the loan officer and regular review if there are material changes of the borrower's repayment ability by the supervising officer, where appropriate, impairment allowance on individual loan will be made if there is deterioration of credit quality of the loan with approval from the responsible director.

Collection: will make calls and send reminders to individual borrower for overdue loan repayment and when there is a default of loan repayment, will take appropriate enforcement action, including legal action, to recover the loan.



Management Discussion and Analysis

The credit risk assessment process on the loan applicants typically involves (i) obtaining identity proof of the borrowers, and land search and preliminary valuation on the properties to be mortgaged; (ii) ascertaining the financial condition of the loan applicants by reviewing the income/asset proof of the individual borrowers and financial reports of the corporate borrowers, and to determine whether their regular income is sufficient to cover their loan repayment obligations; and (iii) conducting litigation and bankruptcy searches and credit search on the loan applicants. The information collected will then be input into the Group's credit risk rating system and the result of the credit assessment process on the loan applicant, together with the valuation of the property(ies) to be mortgaged performed by the independent valuer engaged by the Group (where appropriate), will be reviewed by the responsible director. The Group has also formulated credit policy and operation procedures which set out the acceptable types of identity proof, income/asset proof, financial report and collateral, and the criteria in determining loan tenor, loan size and charging interest rate. All loan applications are subject to the final approval of the respective board of directors of the Company's money lending subsidiaries and the Company's board of directors if a loan application constitutes a notifiable transaction under the Listing Rules.

In addition, the Group will also observe the requirements to comply with the anti-money laundering and counter-terrorist financing regulations in conducting its money lending business.

To lower the Group's exposure to the credit risk of property-backed loans, the percentage of loan-to-value for new drawdown will normally be within 80%. Onsite inspection of the property to be mortgaged may also be arranged where appropriate.

The loan officer and supervising officer are required to report any material loan defaults immediately upon occurrence to the management, and to report to the management on the remedial actions undertaken on a regular basis.

In respect of delinquent loans, the Group will issue standard demand letters. If satisfactory response is not received, the Group will instruct lawyers to issue formal legal demand letters. Thereafter, formal legal proceedings, including actions for taking possession of the collateral, may be commenced against the borrowers where appropriate.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral reviews against market information and regular communication with the borrowers of their financial positions, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for recovery of a loan at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and taking possession of the collateral pledged.

Management Discussion and Analysis



The Group performs impairment assessment on loan receivables under the expected credit loss (“ECL”) model. The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default (i.e. the magnitude of the loss after accounting for value of the collateral if there is a default). The assessment of probability of default and loss given default is based on historical data and forward-looking information, whilst the valuation of the properties and assets pledged to the Group as collateral are performed by independent professional valuer engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group’s loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. For FY2024, the net impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group’s loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the aging of the overdue balances, the realisation value of the collateral pledged to the Group, and forward-looking information including the future macroeconomic conditions affecting the borrowers (the state of economy in Hong Kong had also been considered).

In assessing ECL, the loan receivables have been assessed with reference to the latest analysis on credit rating of the loans on individual and collective basis. The Group’s loan portfolio mainly comprised mortgage loans, and the loan-to-value ratio for each of the mortgaged properties have been under regular review. At 31 March 2024, the fair value of each mortgaged property was considered to be sufficient to cover the corresponding outstanding loan receivable (after impairment allowance, if any). For corporate loan, the credit rating of the loan was analysed with reference to the borrowers’ creditworthiness and credit history, including its financial position, previous records of default in payment, value of collateral pledged (if any) and prevailing market conditions. For FY2024, a net impairment loss on loan receivables of HK\$605,000 (2023: net reversal of impairment loss of HK\$3,556,000) was recognised with the balance of the impairment allowance increased by 7% or HK\$605,000 to HK\$8,832,000 at 31 March 2024 (2023: HK\$8,227,000). The net impairment loss of HK\$605,000 was determined in accordance with the Group’s loan impairment policy.

In January 2020, the Company successfully issued interest bearing notes totalling HK\$50,000,000 to investors for funding the development of the money lending business. The notes were secured by a debenture over the assets of a money lending subsidiary of the Company which effectively represented securitisation of its loan portfolio. During FY2024, the Group had utilised its surplus funds on hand to early repay the whole outstanding principal amount of the notes to save finance costs.

Leasing of Properties

The Group was not holding any investment property during FY2024. The Group has been seeking acquisition opportunities of investment properties with good yield and/or high appreciation potential. However, as the conditions of the property market in Hong Kong have been unstable during the past years, the management has acted prudently in evaluating potential acquisition opportunities. The Group’s present business strategy is to allocate its financial resources to the money lending and timber supply chain businesses to support their operations.



Management Discussion and Analysis

OVERALL RESULTS

For FY2024, the Group recorded a loss attributable to owners of the Company of HK\$4,453,000 (2023: profit of HK\$280,000), and basic loss per share was HK0.049 cent (2023: basic earnings per share of HK0.003 cent). The Group as a whole recorded a net loss of HK\$9,669,000 (2023: HK\$5,680,000), with a loss of HK\$5,216,000 (2023: HK\$5,960,000) being shared by the non-controlling interests. The total comprehensive expense attributable to owners of the Company was HK\$4,743,000 (2023: HK\$662,000), after having recognised the other comprehensive expense of HK\$569,000 (2023: HK\$1,847,000) representing the exchange differences on translation of financial statements of foreign operations.

FINANCIAL REVIEW

In order to cope with the Group's expanding scale of operation and continuous business development, on 26 March 2018, Champion Alliance Enterprises Limited ("**Champion Alliance**"), a substantial shareholder of the Company, granted to the Company a loan facility to the extent of HK\$200,000,000 (the "**Loan Facility**") for the purpose of meeting its working capital requirements. The Loan Facility is unsecured and interest-free and has been mainly applied to the Group's money lending and timber supply chain businesses to facilitate their business developments. At 31 March 2024, there was no outstanding amount advanced from the shareholder (2023: HK\$40,000,000).

For the purpose of financing the operation of the timber supply chain business, the Group has also obtained from well-established banks in Hong Kong bills discounting facilities in the amounts of US\$40,000,000, EUR5,000,000 and HK\$100,000,000 (the "**Bills Discounting Facilities**"). The Bills Discounting Facilities obtained have substantially strengthened the Group's financial flexibility in conducting its timber supply chain business. At 31 March 2024, the advances drawn under the Bills Discounting Facilities amounted to HK\$24,487,000 (2023: HK\$27,506,000).

In January 2020, the Company entered into a placing agreement with a placing agent, on a best effort basis, to procure places to subscribe for notes with an aggregate principal amount of up to HK\$300,000,000, carrying interest at 7.125% per annum, and maturing on the third anniversary of the issue date for each tranche of the notes (the "**Three-Year Notes**") issued. A debenture incorporating a first floating charge over all the undertakings, property and assets of Reliance Credit, one of the Company's money lending subsidiaries, had been issued in favour of a security trustee as trustee for the noteholders. The first tranche of the Three-Year Notes which amounted to HK\$50,000,000 had been issued in January 2020, and in January 2023, the maturity date of the first tranche of the Three-Year Notes had been extended to January 2025. The Group repaid HK\$10,000,000, HK\$22,000,000 and HK\$18,000,000 of the principal amount of the notes in January 2023, September 2023 and October 2023 respectively by utilising surplus funds on hand for the purpose of saving finance costs, accordingly, at 31 March 2024, all outstanding amount of the notes payable were settled (2023: HK\$40,000,000).

The decrease in the Group's finance costs to HK\$2,911,000 for the year (2023: HK\$5,798,000) was the combined effect of the decreases in interest on advances drawn on bill receivables discounted with full recourse by 39% to HK\$1,432,000 (2023: HK\$2,333,000), and interest on notes payable by 58% to HK\$1,421,000 (2023: HK\$3,416,000).

Management Discussion and Analysis



Liquidity and Financial Resources

For FY2024, the Group financed its businesses mainly by cash generated from operations, the Bills Discounting Facilities provided by banks, the Loan Facility from Champion Alliance, the first tranche of the Three-Year Notes issued, and the shareholders' funds.

At 31 March 2024, the Group had current assets of HK\$238,511,000 (2023: HK\$344,979,000) and cash and cash equivalents of HK\$76,064,000 (2023: HK\$65,761,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$43,936,000 (2023: HK\$84,887,000), was at a strong ratio of about 5.4 (2023: 4.1).

At 31 March 2024, the Group's borrowings comprised bank borrowings of HK\$24,487,000 (2023: bank borrowings of HK\$27,506,000 and outstanding principal amount of the first tranche of the Three-Year Notes of HK\$40,000,000) representing the advances to the Group for the bill receivables discounted to banks with full recourse. The bank borrowings bore interests at floating rates, secured by the relevant bill receivables and were repayable within one year.

At 31 March 2024, the equity attributable to owners of the Company decreased by 2% or HK\$4,743,000 to HK\$241,054,000 (2023: HK\$245,797,000). The Group's gearing ratio expressed as a percentage of the total borrowings of HK\$24,487,000 (2023: HK\$67,506,000) over the equity attributable to owners of the Company of HK\$241,054,000 (2023: HK\$245,797,000), decreased to 10% at 31 March 2024 (2023: 27%) and was mainly a result of the decreases in notes payable and bank borrowings as of the year end date.

In June 2024, the Company completed a share placing of 1,822,980,000 new shares to certain independent parties at a placing price of HK\$0.0193 per placing share (the closing price of the Company's shares was HK\$0.023 on the day when the placing price was fixed (the "Placing")), under a general mandate granted to the Board in the annual general meeting held on 27 September 2023. The net proceeds from the Placing were approximately HK\$34.3 million, representing a net placing price of HK\$0.0188 per placing share. The Company intends to apply (i) 60% of the net proceeds for the expansion of the Group's timber supply chain business and (ii) the remaining 40% of the net proceeds as general working capital for the Group.

With the amount of liquid assets on hand, the Bills Discounting Facilities from banks, the Loan Facility from Champion Alliance and the proceeds from the Placing, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirement and future business development.

Charge on Assets

At 31 March 2023, a debenture incorporating a first floating charge over all the undertakings, property and assets of Reliance Credit, a wholly-owned subsidiary of the Company engaging in money lending business, had been issued in favour of the security trustee as trustee for the noteholders in relation to the Three-Year Notes and the outstanding principal amount of the first tranche of the Three-Year Notes amounted to HK\$40,000,000. As all the outstanding principal amount of the Three-Year Notes had been repaid during FY2024, there was no charge on assets at 31 March 2024.

At 31 March 2024, bill receivables of HK\$24,487,000 (2023: HK\$27,506,000) were pledged to banks to secure the advances drawn on the bill receivables.



Management Discussion and Analysis

Contingent Liabilities

At 31 March 2024, the Group had no significant contingent liability (2023: nil).

Litigation

At 31 March 2024, there was no litigation claim against the Group (2023: nil).

Foreign Exchange Risk

The Group mainly operates in Hong Kong, Europe and China. During FY2024, the revenue, costs and expenses of the Group's operations were mainly denominated in Hong Kong dollar, United States dollar, Euro, Romanian Leu and Renminbi.

The Group maintains a prudent strategy in its foreign currency risk management, where possible, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding foreign currency liabilities, and foreign currency revenues versus the corresponding foreign currency expenditures. The Group is not subject to foreign exchange risk of United States dollar as it is pegged with Hong Kong dollar, the Group is nevertheless exposed to potential foreign exchange risk as a result of the fluctuations of Euro, Romanian Leu and Renminbi. In addition, some of the Group's assets are located in Europe and denominated in Euro and Romanian Leu while the Group's reporting currency is in Hong Kong dollar, this also exposes the Group to potential foreign exchange risk upon translation of these assets on each reporting date.

For FY2024, the Group incurred net exchange loss of HK\$374,000 (2023: HK\$1,286,000) charged to profit or loss largely due to the fluctuation of Euro. As for Romanian Leu and Renminbi, the Group's exposure to their exchange rate fluctuations were not significant as their weightings to the Group's total transaction volume, assets and liabilities were low. For the Group's assets in Europe, any foreign exchange gains or losses due to the translation of the carrying value of these assets to the Group's reporting currency on the reporting dates are unrealised and non-cash in nature, accordingly, the Group has not entered into any arrangements or financial instruments for the purpose of hedging against these potential foreign exchange risks. For FY2024, the Group recorded a other comprehensive expense representing an exchange loss of HK\$569,000 (2023: HK\$1,847,000) resulted from the translation of the financial statements of the Group's operations in Europe.

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2024, the Group had 70 employees (including directors) (2023: 88) stationed in Hong Kong, Europe and China. For FY2024, the total remuneration paid by the Group to its employees (including directors) decreased by 14% to HK\$16,285,000 (2023: HK\$19,022,000), and was mainly a result of the decrease in headcount of the Group's operations in Europe during the year. The Group rewards its employees (including directors) according to prevailing market terms, individual competence, experience and performance, and requirements under the applicable labour laws where the Group's operations are located. The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for its employees in Hong Kong and participates in other central pension schemes (the "**Central Pension Schemes**") operated by the local municipal governments for its employees in Europe. In addition to the provision of paid holidays, annual bonus, medical insurance and subsidised training programme, employees (including directors) may also be entitled to discretionary performance bonus.

Management Discussion and Analysis



The Group's contributions to the MPF Scheme and the Central Pension Schemes are calculated as a percentage of the employees' relevant income and vest fully and immediately with the employees, thus there were no forfeited contributions available to the Group to reduce the existing level of contributions to the MPF Scheme and the Central Pension Schemes.

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in the businesses of forest-related business comprising timber supply chain and sustainable forest management, money lending and leasing of properties. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk and uncertainty factors:

Business Risk

The global economic conditions and the state of international financial and investment markets, including the economy, financial and investment markets of Hong Kong, Mainland China and Europe, of which the Group has no control, have significant influences on the business and financial performance of the Group. The management policy to mitigate this risk is to diversify the Group's businesses and to diversify its investments (where possible) within the same business.

Market Risk

The Group's money lending business and timber supply chain business are operating in a competitive environment that exert pressure on the revenue and profitability of these businesses. The management policy to mitigate this risk is to continue to put effort in enlarging the market share and enhancing the market competitiveness of these businesses by various means.

Natural Risk

The ability to harvest wood and the growth of trees in forests may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting, or otherwise impede the logging operations or the growth of trees in forests, which in turn may have an adverse effect on the Group's forest-related business.

Financial Risk

The Group is exposed to financial risks relating to credit risk, liquidity risk, foreign currency risk and interest rate risk in its ordinary course of business. Further details of such risks and the relevant management policies are set out in note 34 to the consolidated financial statements.



Management Discussion and Analysis

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During FY2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During FY2024, there were no significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group encourages environmental protection and adopts measures to promote environmental awareness of its employees. The Group implements green office practices by encouraging employees to make use of e-statements or scanning copies, adopt double-sided printing and copying and set up recycle boxes for reducing and disposing of waste. The Group also reduces greenhouse gas emissions by switching off idle lightings and other office equipment after normal working hours. When developing the Group's businesses, in particular the forest-related business, the Group strictly complies with the applicable local laws, rules and regulations in relation to environmental protection. The Group regularly reviews its environmental practices for further improvements. Further details on the Group's environmental policies and performance are set out in the "Environmental, Social and Governance Report" on pages 47 to 75 of this annual report.

Biographical Details of Directors and Senior Management



The biographical details of Directors and senior management are set out below:

EXECUTIVE DIRECTORS

Ms. Wang Jingyu, Chairlady

Aged 44, joined the Company as Executive Director in October 2017 and was appointed the Chairlady of the Board in March 2018. Ms. Wang is also the Chairlady of the Executive Committee and a director of various subsidiaries of the Company. Ms. Wang holds a Bachelor's degree in Economics specialised in international finance from the Southwestern University of Finance and Economics in the People's Republic of China (the "PRC"). She has extensive experience in corporate management and investments. Ms. Wang is deemed to be a substantial shareholder of the Company through her interests in Champion Alliance Enterprises Limited, a substantial shareholder of the Company, as disclosed in the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" in the "Report of the Directors".

Mr. Lai Ming Wai, Chief Executive Officer

Aged 64, joined the Company as Executive Director and the Chief Executive Officer in March 2018. Mr. Lai is also a member of the Executive Committee and a director of various subsidiaries of the Company. Mr. Lai holds a Bachelor of Social Sciences degree from The University of Hong Kong. Mr. Lai was a senior executive of Bank of America and was primarily responsible for developing and managing the business of the bank in the southern region of the PRC. He has extensive experience in the banking and finance industry.

Ms. Chan Yuk Yee, Company Secretary

Aged 56, joined the Group as a consultant in October 2017 and was appointed as Executive Director and the Company Secretary of the Company in November 2017 and February 2019 respectively. Ms. Chan is also a member of the Executive Committee and a director of various subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is a chartered secretary, chartered governance professional and associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has extensive experience in corporate administration and company secretarial practice.

Ms. Yiu Wai Yee, Catherine

Aged 56, joined the Group as Project Director and was appointed as Executive Director in April 2024. Ms. Yiu is also a member of the Executive Committee and a director of various subsidiaries of the Company. Ms. Yiu holds a Bachelor of Commerce degree from the University of Toronto in Canada. She completed a programme in Executive Master of Business Administration and holds a Master of Business Administration degree from The Chinese University of Hong Kong. Ms. Yiu is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario. Ms. Yiu is a seasoned professional accountant with extensive management experience in the education industry. Ms. Yiu had worked as a professional accountant for international accounting firm and an investment bank. She is also the Co-Chairperson of the Social Enterprise & Services Committee of the Hong Kong Women Professionals and Entrepreneurs Association.



Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yam Kwong Chun

Aged 59, joined the Company as Independent Non-executive Director in December 2017 and is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Yam holds a Bachelor of Commerce degree and a Master of Business Administration degree, both from University of Melbourne in Australia. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of the CPA Australia. Mr. Yam had worked for Deloitte Touche Tohmatsu, an international accounting firm and as finance executive for a number of group of companies operating in Hong Kong, the PRC, the United States of America and other overseas countries. Mr. Yam is also an independent non-executive director of PT International Development Corporation Limited (stock code: 372), a company listed on the Main Board of the Stock Exchange. He has extensive experience in auditing, accounting and financial management.

Mr. Chai Chi Keung

Aged 61, joined the Company as Independent Non-executive Director in January 2018 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Chai holds a Master of Business degree from Victoria University of Technology in Australia. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, certified practising accountant of the CPA Australia, an associate of The Chartered Institute of Management Accountants in the United Kingdom, a fellow and a certified tax adviser of The Taxation Institute of Hong Kong and an ordinary member of the Hong Kong Securities and Investment Institute. Mr. Chai has extensive experience in auditing, taxation, accounting and corporate finance.

Mr. Wong Chi Kit

Aged 53, joined the Company as Independent Non-executive Director in May 2023 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Wong holds a Master of Laws in Chinese and Comparative Law degree from the City University of Hong Kong, a Master of Business Administration degree from Charles Sturt University in Australia and a Bachelor of Social Sciences degree from The University of Hong Kong. He is a senior associate of the Financial Services Institute of Australasia. He has extensive experience in the training and development profession.

Biographical Details of Directors and Senior Management



SENIOR MANAGEMENT

Mr. Hii Soon Teck, *Director of Procurement and Marketing of the Group's Timber Supply Chain Operation*

Aged 57, joined the Group as Director of Procurement and Marketing of the Group's Timber Supply Chain Operation in May 2019. He has over 30 years of experience in timber business. Mr. Hii had worked in Nissho Iwai Corporation (which subsequently merged with Nichimen and changed its name to Sojitz Corporation in 2004) for nine years, where he was in charge of the sourcing and exporting of timber logs, plywood and veneer to Japan, Korea and the PRC. Mr. Hii later worked as a commission-based trader who solicited customers for major logging companies that had forest assets in South East Asia, Africa, and South America. He has rich knowledge in worldwide timber logging business and has extensive business networks in timber markets in Vietnam, India and the PRC.

Mr. Zhu Guanglin, *Chief Executive Officer and Sales Director of the Group's Timber Supply Chain Operation in Europe (the "European Operation")*

Aged 51, joined the Group in November 2019 as Chief Executive Officer and Sales Director of the European Operation and is a director of various subsidiaries of the Company. He has vast experience in timber business and has been in the industry for over 15 years. Mr. Zhu holds a Master of Science degree in Business Administration from Budapest University of Economic Sciences and Public Administration (now known as Corvinus University of Budapest) in Hungary. Mr. Zhu is specialised in international trading as well as the logistics and wholesaling of European wood products in the PRC. He was the chairman of China Croatian Timber Exchange Association of the Croatian Wood Cluster until the end of 2019. Mr. Zhu is responsible for overseeing the procurement activities of the European Operation as well as its sales and marketing activities.

Ms. Tao Yajuan, *Deputy Chief Executive Officer and Head of Marketing of the European Operation*

Aged 42, joined the Group in November 2019 as Deputy Chief Executive Officer and Head of Marketing of the European Operation and is a director of various subsidiaries of the Company. Ms. Tao holds a Master of Science degree in Philosophy and Public Policy from the London School of Economics and Political Science in the United Kingdom. She gained more than 10 years of experience handling public relation matters when worked for a prominent US company engaging in packaging business and also gained experience in brand building when worked for several top tier property construction companies in China. She has developed excellent business connections with media companies in China and has extensive project management experience with strong execution capabilities. Ms. Tao is currently responsible for the marketing and brand building activities of the European Operation in the international timber market.



Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements of the Company for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and provision of management services. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the review of the Group's businesses, the principal risks and uncertainties the Group facing, the particulars of important events affecting the Group that have occurred since the end of the financial year, an indication of likely future developments in the Group's businesses, the performance of the Group during the year with reference to key financial performance indicators, the key relationships with employees, customers and suppliers and the compliance with the relevant laws and regulations, can be found in the "Chairlady's Statement" and "Management Discussion and Analysis" sections set out on pages 4 to 20 of this annual report and the "Corporate Governance Report" set out on pages 32 to 46 of this annual report. These discussions form part of this report. In addition, discussions on the Group's environmental policies and performances are contained in the "Environmental, Social and Governance Report" on pages 47 to 75 of this annual report.

RESULTS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 82.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 160. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Details of movements in property, plant and equipment during the year and details of intangible assets of the Group are set out in notes 15 and 17 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the Company's share capital are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

During the year ended 31 March 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 38 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2024, share premium of HK\$70,561,000 (2023: HK\$70,561,000) which forms part of the Company's reserves is distributable in the form of fully paid bonus shares, and contributed surplus of HK\$2,938,375,000 (2023: HK\$2,938,375,000) is distributable in certain circumstances. The Company had no other reserve available for distribution as computed in accordance with the Companies Act 1981 of Bermuda.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for approximately 61% of the total revenue for the year and revenue from the largest customer accounted for approximately 38%. Purchases from the Group's five largest suppliers accounted for approximately 80% of the total purchases for the year and purchases from the largest supplier accounted for approximately 55%.

None of the directors or any of their close associates or any shareholders (which, to the best knowledge of the directors of the Company, own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers or suppliers during the year.



Report of the Directors

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Ms. Wang Jingyu

Mr. Lai Ming Wai

Ms. Chan Yuk Yee

Ms. Yiu Wai Yee, Catherine (*appointed on 18 April 2024*)

Independent Non-executive Directors:

Mr. Yam Kwong Chun

Mr. Chai Chi Keung

Mr. Wong Chi Kit (*appointed on 31 May 2023*)

Mr. Chiang Bun (*resigned on 31 May 2023*)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Ms. Yiu Wai Yee, Catherine will retire at the forthcoming annual general meeting of the Company (the "2024 AGM") and, being eligible, offer herself for re-election in the 2024 AGM.

In accordance with Bye-law 87(2) of the Company's Bye-laws, Ms. Wang Jingyu and Mr. Chai Chi Keung will retire by rotation at the 2024 AGM and, being eligible, offer themselves for re-election in the 2024 AGM.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, subject to the statutes, the directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or otherwise in relation thereto except through their own wilful negligence or default, fraud and dishonesty. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the 2024 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in note 10 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the material related party transactions disclosed in note 37 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2024, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long Position in the Shares:

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued Shares
Wang Jingyu ("Ms. Wang")	Interest of controlled corporation	2,444,359,944 (Note 2)	26.82%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,115,435,181 Shares in issue as at 31 March 2024.
2. These interests were held by Champion Alliance Enterprises Limited ("**Champion Alliance**"), a wholly-owned subsidiary of Elite Prosperous Enterprises Limited ("**Elite Prosperous**") which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang was deemed to be interested in 2,444,359,944 Shares under the SFO.

Save as disclosed above, as at 31 March 2024, none of the directors or chief executive of the Company had registered an interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.



SHARE OPTION SCHEME

As at 31 March 2024, the Company and its subsidiaries had no share option scheme.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2024, the following interests of more than 5% of the issued Shares were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long Positions in the Shares:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued Shares
Ms. Wang	Interest of controlled corporation	2,444,359,944 (Note 2)	26.82%
Elite Prosperous	Interest of controlled corporation	2,444,359,944 (Note 2)	26.82%
Champion Alliance	Beneficial owner	2,444,359,944 (Note 2)	26.82%

Notes:

1. The approximate percentage of the Company's issued Shares was calculated on the basis of 9,115,435,181 Shares in issue as at 31 March 2024.
2. These interests were held by Champion Alliance, a wholly-owned subsidiary of Elite Prosperous which in turn was wholly owned by Ms. Wang. Ms. Wang was also the sole director of Champion Alliance and Elite Prosperous. Accordingly, Ms. Wang and Elite Prosperous were deemed to be interested in 2,444,359,944 Shares under the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the Shares and underlying Shares as at 31 March 2024 as required to be recorded pursuant to section 336 of the SFO.



Report of the Directors

CONNECTED TRANSACTIONS

The related party transactions disclosed in note 37 to the consolidated financial statements fall under the scope of “Connected Transactions” or “Continuing Connected Transactions” under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders’ approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, experience, performance and prevailing market terms. Other employee benefits include paid holidays, annual bonus, provident fund schemes, medical insurance, subsidised training programme as well as discretionary performance bonus.

EQUITY-LINKED AGREEMENTS

Save for the outstanding convertible preferred shares disclosed in note 29 to the consolidated financial statements, no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

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

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2024 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2024 have been audited by Crowe (HK) CPA Limited.

A resolution will be proposed at the 2024 AGM to re-appoint Crowe (HK) CPA Limited as the auditor of the Company.

On behalf of the Board

Wang Jingyu

Chairlady

Hong Kong, 27 June 2024



Corporate Governance Report

The Company has recognised the importance of transparency and accountability, and believes that the Shareholders can benefit from good corporate governance. The Company aims to achieve good standard of corporate governance.

CULTURE AND VALUES

The Board believes a healthy corporate culture is vital in attaining the Group's vision, values and strategy. It trusts that conducting business in an ethical and reliable way will maximise its long-term interests and those of its stakeholders. The structure of corporate governance adopted by the Company emphasises a quality board, sound internal controls and accountability to shareholders and these are based upon an ethical corporate culture. It is the Board's mission to establish and foster a healthy corporate culture with the following principles and to ensure that the Company's vision, values and business strategies are aligned to it.

(i) Ethics and Integrity

The Group strives to maintain a high standard of business ethics and corporate governance across all business levels and operating activities. Directors, management and staff members are all required to act lawfully, ethically and responsibly. Such required standards are set out in the Group's Code of Conduct, Anti-corruption Policy and Whistleblowing Policy (further discussions on the two policies are in the sections below). Trainings are conducted from time to time to reinforce the values across the Group and to uphold the standards with respect to ethics and integrity.

(ii) Commitment to Excellence

The Group believes commitment to excellence is the first step to continuous improvement and the driving force behind a business organisation. The Group implements a performance appraisal system and aims to reward and recognise performing staff members by providing them competitive remuneration packages, as well as the opportunities of career development and progression within the Group. Such values are articulated in policies, procedures and processes in day-to-day operations. Department heads are responsible to set expectations for staff members with respect to their roles and responsibilities. In addition, staff members are also encouraged to enroll in external training courses and seminars in order to update their technical skills and keep abreast of the market and regulatory developments.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 (renamed as Appendix C1 since 31 December 2023) to the Listing Rules for the year ended 31 March 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 (renamed as Appendix C3 since 31 December 2023) to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 March 2024.

BOARD OF DIRECTORS

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. The Board has delegated the Executive Committee with authority and responsibility for handling the management functions and operations of the day-to-day business of the Group, while reserving certain key matters for the approval by the Board.

The Board met regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. The directors are kept informed on timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. The directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

As at 27 June 2024, the date of this annual report, the Board comprises seven directors, four of which are Executive Directors, namely Ms. Wang Jingyu (Chairlady), Mr. Lai Ming Wai (Chief Executive Officer (the "CEO")), Ms. Chan Yuk Yee and Ms. Yiu Wai Yee, Catherine and three are Independent Non-executive Directors, namely Mr. Yam Kwong Chun, Mr. Chai Chi Keung and Mr. Wong Chi Kit. The directors are considered to have a balance of skills and experience appropriate for the requirements of the businesses of the Company. The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the directors are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 21 to 23 of this annual report.

Save for Ms. Wang Jingyu is a substantial shareholder of the Company and also an Executive Director and the Chairlady of the Board, there is no financial, business, family or other material/relevant relationship between the substantial shareholders of the Company and other members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have an appropriate understanding of the businesses and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Ms. Yiu Wai Yee, Catherine obtained the legal advice on 18 April 2024 referred to Rule 3.09D of the Listing Rules and she confirmed she understood her obligations as a director of the Company.



Corporate Governance Report

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. In-house briefings and professional development for directors will be arranged where necessary.

The directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the related areas to develop and refresh their knowledge and skills. For the year ended 31 March 2024, all the directors had complied with Code Provision C.1.4 of the CG Code and had provided the Company with their respective training records pursuant to the CG Code.

The Board has established the mechanism to ensure independent views and input of independent non-executive directors are made available to the Board. The summary of mechanism is set out below:

(a) Composition

The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors, with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. As at 31 March 2024, the Board had a balanced composition of three executive directors and three independent non-executive directors so that there was a strong independent element on the Board, which allowed the effective exercise of independent judgement.

(b) Independence Assessment

The Board assesses the independence of independent non-executive directors annually with regards to, among others, (i) their character, integrity, expertise and experience; (ii) declaration of conflict of interest in their roles as independent non-executive directors; (iii) duration of appointment as independent non-executive directors; (iv) time commitments to the Company's affairs; (v) past and present financial or other interests in the business of the Company; and (vi) connection with other director(s), chief executive or substantial shareholder(s) of the Company.

(c) Board Decision Making

Directors (including independent non-executive directors) are entitled to seek further information independently from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense. A director (including independent non-executive director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same. The Chairlady shall promote a culture of openness, encourage directors with different views to voice their concerns and allow sufficient time for discussion of matters.

The Board will review the above mechanism annually to ensure it is implemented effectively.

Corporate Governance Report

During the year ended 31 March 2024, four regular Board meetings and one general meeting were held and the attendance of each director is set out below:

	Number of attendance	
	Board meetings	General meeting
Executive Directors		
Ms. Wang Jingyu	4/4	1/1
Mr. Lai Ming Wai	4/4	1/1
Ms. Chan Yuk Yee	4/4	1/1
Ms. Yiu Wai Yee, Catherine (<i>appointed on 18 April 2024</i>)	0/0	0/0
Independent Non-executive Directors		
Mr. Yam Kwong Chun	4/4	1/1
Mr. Chai Chi Keung	4/4	1/1
Mr. Wong Chi Kit (<i>appointed on 31 May 2023</i>)	4/4	1/1
Mr. Chiang Bun (<i>resigned on 31 May 2023</i>)	0/0	0/0

CHAIRPERSON AND CHIEF EXECUTIVE

The Group adopts a dual leadership structure in which the role of the Chairlady of the Board is separated from that of the CEO. The Chairlady is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the CEO to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

The position of the Chairlady of the Board is currently held by Ms. Wang Jingyu and the position of the CEO is currently held by Mr. Lai Ming Wai.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

Corporate Governance Report

EXECUTIVE COMMITTEE

As at 27 June 2024, the date of this annual report, the Executive Committee comprises four Executive Directors, namely Ms. Wang Jingyu, Mr. Lai Ming Wai, Ms. Chan Yuk Yee and Ms. Yiu Wai Yee, Catherine. Ms. Wang Jingyu is the Chairlady of the Executive Committee. The full terms of reference of the Executive Committee are available on the Company's website.

The Executive Committee is delegated with the power and authority from the Board to oversee the day-to-day operations of the Group and handle such other matters as delegated by the Board from time to time. The Executive Committee will meet as and when necessary to discuss the affairs of the Group.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference that is in compliance with the CG Code. As at 27 June 2024, the date of this annual report, the Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Wong Chi Kit, Mr. Yam Kwong Chun and Mr. Chai Chi Keung. Mr. Wong Chi Kit is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for formulating the remuneration policy, reviewing and recommending to the Board the annual remuneration policy and the remuneration of the directors. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The full terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met one time during the year ended 31 March 2024 to review and make recommendations to the Board on the remuneration packages for directors and senior management. The attendance of each member is set out below:

Members	Number of attendance
Mr. Yam Kwong Chun	1/1
Mr. Chai Chi Keung	1/1
Mr. Wong Chi Kit (<i>appointed on 31 May 2023</i>)	1/1
Mr. Chiang Bun (<i>resigned on 31 May 2023</i>)	0/0

Details of the directors' remuneration are set out in note 10 to the consolidated financial statements. Pursuant to Code Provision E.1.5 of the CG Code, the details of the annual remuneration of other members of the senior management by bands during the year are set out below:

Remuneration bands	Number of individuals
Nil to HK\$500,000	1
HK\$500,001 to HK\$1,000,000	2

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference that is in compliance with the CG Code. As at 27 June 2024, the date of this annual report, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr. Chai Chi Keung, Mr. Yam Kwong Chun and Mr. Wong Chi Kit. Mr. Chai Chi Keung is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive directors, identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors. Potential new directors are selected on the basis of their qualifications, skills and experience that he/she could add value to the management through his/her contributions in the relevant strategic business areas. The full terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

The Nomination Committee met one time during the year ended 31 March 2024 to review the board diversity policy (the "**Board Diversity Policy**") and the nomination policy (the "**Nomination Policy**") of the Company, the independence of independent non-executive directors, and the structure, size and composition of the Board; and to make recommendation to the Board on the re-election of directors. The attendance of each member is set out below:

Members	Number of attendance
Mr. Chai Chi Keung	1/1
Mr. Yam Kwong Chun	1/1
Mr. Wong Chi Kit (<i>appointed on 31 May 2023</i>)	1/1
Mr. Chiang Bun (<i>resigned on 31 May 2023</i>)	0/0

Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance and has adopted the Board Diversity Policy. The Board Diversity Policy sets out that in determining the optimum composition of the Board, differences in skills, regional and industry experience, background, race, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of skills and experience the Board as a whole requires, with due regard to the benefits of diversity on the Board, and the Nomination Committee shall review and assess the Board composition and its effectiveness on an annual basis. When there is a vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the terms of reference of the Nomination Committee, with due regard to the Company's own circumstances.



Corporate Governance Report

During the year ended 31 March 2024, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Board Diversity Policy has been consistently implemented. As at the date of this annual report, the Board consists of three female Directors and four male Directors. The Board considered gender diversity in respect of the Board is satisfactory.

The Group has taken, and will continue to take, steps to promote diversity at all levels of workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination so as to develop a pipeline of potential successors to the Board and the workforce. As at 31 March 2024, the male to female ratio in the workforce (including senior management) is approximately 5:4. The Board considered gender diversity in respect of workforce is achieved.

Nomination Policy

The Board has adopted the Nomination Policy which setting out the principles that guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment; and (ii) the Shareholders for election as a director of the Company. According to the Nomination Policy, in assessing the suitability of a proposed candidate, the Board shall take into account, among others, the following factors: (i) qualifications, professional experience, skills and knowledge relevant to the businesses of the Group; (ii) commitment in respect of available time and relevant interest; (iii) diversity perspectives set out in the Board Diversity Policy; (iv) in case of independent non-executive directors, regulatory requirement for appointment of independent non-executive directors and the independence criteria set out in the Listing Rules; and (v) any other factors that the Board considers appropriate.

For filling a casual vacancy or as an addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. On making recommendation, the Nomination Committee may submit to the Board for consideration a proposal comprising, inter alia, the personal profile of the proposed candidate, which contains at least the candidate's information required to be disclosed under Rule 13.51 of the Listing Rules. The Board shall be vested with power to make the final decision on all matters relating to the recommendation of candidates (i) for appointment; and (ii) for standing for election at a general meeting as a director of the Company.

The Nomination Committee will review the Board Diversity Policy annually and the Nomination Policy from time to time to ensure that the policies will be implemented effectively.



AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at 27 June 2024, the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yam Kwong Chun, Mr. Chai Chi Keung and Mr. Wong Chi Kit, who among themselves possess a wealth of management experience in the accounting profession and commercial fields. Mr. Yam Kwong Chun is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for reviewing the financial statements of the Company, reviewing the risk management and internal control systems of the Group and meeting with the auditor of the Company for audit matters. Any findings and recommendations of the Audit Committee will be submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. The full terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

The Audit Committee met two times during the year ended 31 March 2024 and the attendance of each member is set out below:

Members	Number of attendance
Mr. Yam Kwong Chun	2/2
Mr. Chai Chi Keung	2/2
Mr. Wong Chi Kit (<i>appointed on 31 May 2023</i>)	2/2
Mr. Chiang Bun (<i>resigned on 31 May 2023</i>)	0/0

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited consolidated financial statements of the Company for the year ended 31 March 2023 and recommended the same to the Board for approval;
2. reviewed and discussed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2023 and recommended the same to the Board for approval;
3. reviewed and discussed with the management and the auditor of the Company the accounting policies and practices which may have a significant impact on the consolidated financial statements of the Company and the scope of the audit;
4. reviewed report from the auditor of the Company regarding their audit on the Company's consolidated financial statements for the year ended 31 March 2023;



Corporate Governance Report

5. reviewed the effectiveness of the risk management and internal control systems of the Group;
6. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor; and
7. reviewed and adopted the Non-audit Service Policy, Anti-corruption Policy (referred to below) and Whistleblowing Policy (referred to below).

Corporate Governance Function

The Board has delegated the corporate governance duties to the Audit Committee. The main corporate governance duties of the Audit Committee are (i) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuing professional development of directors and senior management; (iii) to review and monitor the Group's policies and practices on compliance with all relevant legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to the employees and directors of the Group; and (v) to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2024 is set out in the "Independent Auditor's Report" on pages 76 to 81 of this annual report.

For the year ended 31 March 2024, the remuneration payable to the Company's auditor, Crowe (HK) CPA Limited, for the provision of audit services amounted HK\$1,520,000. During the year, a sum of HK\$315,000 was paid as remuneration to Crowe (HK) CPA Limited for the provision of non-audit related services.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of the Company's annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2024, which give a true and fair review of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended, and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for maintaining sound and effective risk management and internal controls and reviewing their effectiveness to safeguard the shareholders' interests and the Group's assets at least annually. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The review covers all material controls, including financial, operational and compliance controls of the selected key operations of the Group.

Effective risk management is essential in the long-term growth and sustainability of the Group's businesses. The Board monitors the risk management and internal control systems on an ongoing basis, and determines the nature and extent of the risk (including environmental, social and governance ("**ESG**") risk) it is willing to take in achieving the strategic objectives. During the year, the Company has taken risk management as a core part of its business activities and operations. The Company is taking steps to build a comprehensive risk management system that is aligned with the strategies and operations of the Company by standardising its risk management procedures, adopting qualitative and quantitative measures to identify, evaluate and mitigate the identified risks (including ESG risks).

The process used to identify, evaluate and manage the significant risks (including ESG risks) of the Group is embedded in the Group's normal business operations. Organisational structure is well established with clearly defined authorities and responsibilities, and the Group has developed various risk management and internal control policies and procedures for each business unit to follow. Business units are responsible for identifying, assessing and monitoring risks (including ESG risks) associated with their respective units regularly. The results of the assessment are reported to the management which subsequently assesses the likelihood of risk occurrence, provides remedial plan and monitors the progress of rectification with the assistance of the head of the business units. The results of the assessment and effectiveness of the Group's risk management and internal control systems have been reported to the Audit Committee.

In connection with the controls on compliance aspect, guidelines are provided to the directors, officers, management and relevant staff in handling and disseminating sensitive and confidential inside information with due care. Only personnel at appropriate level can get reach of the sensitive and confidential inside information.

Owing to the size of the Group and consideration for cost effectiveness, the Company has engaged Roma Risk Advisory Limited ("**Roma**"), an independent professional firm to conduct annual review on the risk management and internal control systems to identify and evaluate significant risks (including ESG risks) of the Group's business operations. The Board believes that the involvement of an independent professional firm could enhance the objectivity and transparency of the evaluation process.



Corporate Governance Report

For the year ended 31 March 2024, the Group has engaged Roma to provide annual risk management and internal controls assessment services to assist the Board and the Audit Committee to identify and evaluate significant risks (including ESG risks) of the Group's business operations. Roma has reviewed the relevant policies and procedures of the Group, conducted collaborative interviews and document inspection, and performed walkthrough tests and samples testing procedures. After the review, an Enterprise Risk Management Report (the "**ERM Report**") and Internal Control Report (the "**IC Report**") with findings and recommendations for improvement in relation to the systems had been provided to the Audit Committee and the management. The Board and the Audit Committee have reviewed and discussed the findings and recommendations with the management. In order to manage risks (including ESG risks) effectively and control risks within acceptable levels, the management will continue to monitor the identified risks (including ESG risks) and the respective control measures, and arrange adequate resources for the effective control measures undertaken. The ERM Report and IC Report have been endorsed by the Audit Committee and the management is required to establish remedial plans and take actions to rectify those internal control deficiencies identified (if any) according to their respective risk level and priorities. Subsequent review, where applicable, will be performed by Roma to monitor the implementation of those agreed recommendations and to report the results of the follow-up review to the Audit Committee.

The Board has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function as well as those relating to the Group's ESG performance and reporting. After reviewing the ERM Report and IC Report, the Board is not aware of any significant risk management and internal control weaknesses or inconsistencies with the Group's risk management and internal control policies, and considers the existing risk management and internal control systems are effective and adequate. The Board is of the opinion that the Company has complied with the relevant code provisions of the CG Code relating to risk management and internal control. Furthermore, the Board is of the opinion that the Group has adequate financial and human resources for its accounting and financial reporting function.

Anti-corruption Policy

The Board has adopted an anti-fraud and counter-corruption policy (the "**Anti-corruption Policy**") which forms an important part of the Group's effective risk management and internal control systems. The Group is committed to achieving high standards of business ethics and corporate governance across all business levels and operating activities and has zero tolerance towards fraud and corruption. It strives to protect its reputation, assets and information from any attempt of fraud, corruption, deceit or improper conduct by employees or third parties. In line with this, the Anti-corruption Policy has outlined the Company's expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities. The Anti-corruption Policy applies to all Group employees and all business partners, including customers, suppliers and debtors. The Audit Committee has the overall responsibility for the implementation, monitoring and periodic review of the Anti-corruption Policy.

Whistleblowing Policy

The Board has adopted a whistleblowing policy (the “**Whistleblowing Policy**”) which forms an important part of the Group’s effective risk management and internal control systems. In line with the Group’s commitment to promote ethical standards and to uncover any fraud, malpractice and misconduct within the organisation, the purpose of the Whistleblowing Policy is to (i) encourage and assist any employee(s) of the Group or third parties (e.g. customers, suppliers etc.) to raise the concern and disclose related information confidentially; (ii) provide reporting channels and guidance on whistleblowing to employees or third parties to raise the concern rather than neglecting it; and (iii) reveal suspected fraud, malpractice or misconduct before these activities cause disruption or loss to the Group. The Audit Committee has the overall responsibility for implementing, monitoring and reviewing the effectiveness of the Whistleblowing Policy and the actions resulting from the investigation.

External parties who wish to obtain more information on the Anti-corruption Policy and Whistleblowing Policy could contact us by email to acchairman@relianceglobal.com.hk or by mail to Room 2401A, 24th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

COMPANY SECRETARY

Ms. Chan Yuk Yee (“**Ms. Chan**”), Executive Director of the Company, has been appointed as the Company Secretary of the Company since 28 February 2019. Ms. Chan has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2024. The biographical details of Ms. Chan are set out under the section headed “Biographical Details of Directors and Senior Management” on pages 21 to 23 of this annual report.

SHAREHOLDER RIGHTS

Procedures for Shareholders to Convene a Special General Meeting

Shareholders can submit a requisition to convene a special general meeting pursuant to the Companies Act 1981 of Bermuda (the “**Companies Act**”), one or more shareholder(s) holding at the date of deposit of the requisition in aggregate not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or passing of resolution specified in such requisition; and such meeting shall be held within two months after the deposition of such requisition.



Corporate Governance Report

The written requisition must:

- state the purposes of the special general meeting;
- be signed by all the requisitionists (may consist of one or several documents in like form each signed by one or more requisitionists); and
- be deposited at the Company's office in Hong Kong for the attention of the Company Secretary.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a special general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for Shareholders to Put Forward Proposals at General Meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

- (a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
- (b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Procedures for Shareholders to Propose a Person for Election as a Director of the Company

According to Bye-law 89 of the Company's Bye-laws, no person other than a director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting unless a notice in writing of the intention to propose such person for election as a director, signed by a shareholder of the Company (other than the person to be proposed for election as a director) duly qualified to attend and vote at the general meeting of the Company for which such notice is given, and a notice in writing signed by such person of his/her willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited. The minimum length of the period during which such notice(s) are given shall be at least seven days and the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary at the Company's principal place of business in Hong Kong at Room 2401A, 24th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meetings, the annual and interim reports, notices, announcements and circulars and the Company's website at www.relianceglobal.com.hk.

Amendments have been made to the Company's constitutional documents during the year ended 31 March 2024. The shareholders of the Company approved the amendments to the old Bye-laws and adopted an amended and restated Bye-laws (the "**New Bye-laws**") at the annual general meeting held on 27 September 2023 in order to (i) bring the old Bye-laws in line with the Core Shareholder Protection Standards set out in Appendix 3 (renamed as Appendix A1 since 31 December 2023) to the Listing Rules; (ii) reflect certain updates in relation to the applicable laws of Bermuda and the Listing Rules; and (iii) make some housekeeping amendments.

A copy of the New Bye-laws has been published on the websites of the Company and the Stock Exchange.

SHAREHOLDERS COMMUNICATION POLICY

The Group has adopted a shareholders communication policy (the "**Shareholders Communication Policy**") which sets out the objective of ensuring that the Company's shareholders, both individual and institutional and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner, and to allow the shareholders and the investment community to engage actively with the Company. The Group has established a range of communication channels between itself and the shareholders, investors and other stakeholders. These include (i) contacting the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, regarding questions on shareholdings; (ii) publishing corporate communications such as announcements, circulars and annual and interim reports; (iii) maintaining a corporate website at www.relianceglobal.com.hk; and (iv) holding shareholders' meetings. The Board has the overall responsibility to maintain an ongoing dialogue with the shareholders and the investment community, and will regularly review the Shareholders Communication Policy to ensure its effectiveness.

For the year ended 31 March 2024, the Board had reviewed the implementation and effectiveness of the Shareholders Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders Communication Policy has been properly implemented during the year under review and is effective.



Corporate Governance Report

DIVIDEND POLICY

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors: (i) the actual and expected financial performance of the Group; (ii) the retained earnings and distributable reserves of the Group; (iii) the expected working capital requirements and future expansion plans of the Group; (iv) the liquidity position of the Group; and (v) any other factors that the Board deems appropriate. The declaration and payment of dividends by the Company shall be determined at the sole and absolute discretion of the Board and is also subject to compliance with all applicable laws and regulations including the laws of Bermuda and the Company's Bye-laws.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Shares is held by the public as at 22 July 2024, being the latest practicable date before printing of this annual report.

Environmental, Social and Governance Report



OVERVIEW

The Board is pleased to present this Environmental, Social and Governance (“ESG”) Report (“ESG Report”) of the Group, which summarises the efforts and achievements made by the Group in corporate responsibility and sustainable development. The Board is responsible for the Group’s ESG strategy and reporting, evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. In order to determine the ESG reporting scope, the key management personnel have discussed internally and identified the environmental, social and operating items, and assessed their importance to the stakeholders and the Group.

INTRODUCTION

The Group is principally engaged in four business segments, namely, forest-related business comprising timber supply chain and sustainable forest management, money lending business and leasing of properties. This ESG Report summarises the initiatives, plans and performance of material ESG aspects of the Group as well as demonstrates the Group’s commitment to sustainability.

ABOUT THE GROUP

Forest-related Business

Timber Supply Chain

The Group is engaged in the timber supply chain business and has built a global network of supply sources. The Group procures timber from suppliers/forest owners in Europe, Oceania and Africa and serves its customers predominantly in China and other countries. The Group provides the value-added works and services of a typical timber supply chain, including plantation & harvesting rights, sourcing & procurement, timber harvesting & logging, quality inspection & land/sea transport, wood processing, inventory management, customs clearance, selling & marketing and after-sales services. At the time of preparing this ESG Report, the timber supply chain operation of the Group (the “**TSC Operation**”) comprises distribution hubs in Slovenia, Romania and Croatia as well as lumber processing ventures in Romania and Croatia.

The Group complied in material respects with the relevant environmental laws and regulations in the respective jurisdictions when performing the above-mentioned value-added works and services, while certain value-added works and services are outsourced and performed by third parties. In respect of the Group’s lumber processing venture in Romania, the Group has engaged local logging teams to conduct the logging activities. In respect of the lumber processing venture in Croatia, the Group has also engaged a wood processing plant to conduct processing and other services on wood supplied for the production of lumber. In respect of the land and sea transport of logs and wood products selling by the TSC Operation, the Group’s logistic team arranges delivery of logs and wood products to the customers via third-party trucking companies, railway companies and/or shipping companies where appropriate. Since the Group does not have direct operational control over these outsourcing activities, the environmental key performance indicators (“**KPIs**”) of these activities are thus not included in this ESG Report. Nevertheless, as far as the Group understands, the operations of these third-party service providers complied in material respects with the relevant environmental laws and regulations in the respective jurisdictions.



Environmental, Social and Governance Report

Sustainable Forest Management

During the year ended 31 March 2024 (“FY2024”) and the year ended 31 March 2023 (“FY2023”), the Group did not hold any forest assets, and therefore no relevant data was included in this ESG Report.

Money Lending Business

The money lending business is one of the principal businesses of the Group and its operation is primarily office-based. The Group provides loan products including mortgage loans, corporate loans, personal loans and finance leases, with an emphasis on the provision of mortgage loans.

MESSAGE FROM THE BOARD

As a responsible enterprise for social development, the Group has always maintained a balance between business development and social responsibility by integrating the concept of sustainable development into its day-to-day business operations and major commercial decisions. The Group not only acts responsibly for social and economic development of the community, but also strives to improve the community’s environmental sustainability and prosperity.

The Board has always attached great attention to sustainable development and is committed to creating long-term values and a sustainable future for the society by taking into account and balancing the interests of major stakeholders. To enhance the Group’s commitment to corporate social responsibility and to improve the Group’s stakeholders’ understanding of the Group’s ESG performance, the Group has actively responded to their environmental concerns, including carbon neutrality, energy conservation and waste reduction, and promoted the concept of sustainable development by setting ESG-related targets on greenhouse gas (“GHG”) emissions, waste management and energy management.

THE ESG GOVERNANCE STRUCTURE

The Board has the overall responsibility for the development of the Group’s ESG strategies and reporting. The members of the Board possess the appropriate skills, experience, knowledge and perspectives necessary to oversee the Group’s ESG matters. The Board must hold at least one meeting each year to (i) formulate and review the Group’s strategic objectives for sustainable development; (ii) lead and encourage each department to improve its mindsets and operation initiatives from the perspective of sustainability; (iii) identify and manage ESG risks; and (iv) coordinate and standardise the collection of ESG-related data and information. These measures help the Group prioritise its ESG-related issues, drive its ESG governance efforts and improve the quality of its ESG information disclosures.

Environmental, Social and Governance Report



The Board is committed to participating in the formulation and implementation of the Group's sustainable development management policies and strategies, monitoring the Group's ESG performance, and ensuring that ESG principles and values are effectively integrated into the Group's decision-making process. In order to ensure the effective implementation of the ESG management system and measures, the Board pays regular attention to ESG-related matters and ensures appropriate management approaches and risk management mechanisms are in place. The Board also annually reviews and approves ESG-related internal policies, strategies, priorities, objectives and the ESG reports, including progress towards ESG-related goals and targets, and to ensure that the Group can manage corresponding business risks and opportunities.

The Board has assigned personnel to systematically identify and manage ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data, monitoring and evaluating the Group's ESG performance, following up and reviewing the progress of the Group's ESG-related goals and targets, ensuring the compliance with ESG-related laws and regulations, assisting in materiality assessments, and preparing the ESG reports. In order to enhance the overall ESG performance of the Group, the said personnel shall arrange at least one meeting each year to discuss the Group's ESG performance, report the results of evaluation and formulate corresponding action plans. The assigned personnel shall also report to the Board on an annual basis the evaluation and subsequent implementation or revision of the Group's ESG strategies, for the purpose of ensuring the effectiveness of risk management and internal monitoring mechanisms, and making recommendations for improvement where necessary.

REPORTING SCOPE

The management of the Group established the ESG reporting scope based on the materiality principle after taking into account the Group's core businesses and main revenue source. As there were no material changes in the Group's main operational structure, this ESG Report continues to cover all the Group's core business activities, including the money lending business and forest-related business. The latter includes the lumber processing plant in Romania (the "**Romanian Plant**"), which was acquired by the Group in January 2022. The KPIs for ESG-related matters are gathered from all activities that are under the Group's direct operational control. The KPIs are shown in this ESG Report and are supplemented by explanatory notes to establish benchmarks. The Group will expand the scope of its ESG disclosures when and where appropriate.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix 27 (renamed as Appendix C2 since 31 December 2023) to the Listing Rules.

Information relating to the Group's corporate governance practices can be found in the "Corporate Governance Report" on pages 32 to 46 of this annual report.



Environmental, Social and Governance Report

REPORTING PERIOD

This ESG report specifies the ESG activities, challenges and measures undertaken by the Group during FY2024 together with the comparative data for FY2023 where appropriate.

REPORTING PRINCIPLES

The Group has applied the following reporting principles set out in the ESG Reporting Guide for the preparation of the ESG Report:

Materiality: An assessment was conducted to diagnose the materiality of the ESG issues during FY2024, thereby adopting the material issues as the focus for the preparation of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board and senior management. Further details are set out in the sections below headed “Stakeholder Engagement” and “Materiality Assessment”.

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Guide and discloses KPIs in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation methods, and the sources of key conversion factors used for determining KPIs, is stated wherever appropriate.

Balance: The ESG Report provides an unbiased picture of the Group’s ESG-related matters by avoiding selection, omissions, or presentation formats that may inappropriately influence a decision or judgment by a reader.

Consistency: The statistical methodologies adopted in this ESG Report are substantially consistent with those of the FY2023 report for the purpose of meaningful comparison. If there are any changes that may affect the comparison with the FY2023 report, the Group will make explanatory notes to the corresponding section accordingly.

The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible. This ESG Report has been approved by the Board.

STAKEHOLDER ENGAGEMENT

To continue with the Group’s sustainable development efforts, the Group has engaged its key stakeholders to identify sustainability topics and potential risks through engagement sessions, including routine meetings and annual general meetings. Key stakeholders include, but are not limited to, governments and other regulatory authorities, shareholders and investors, employees, customers, suppliers, media and the public.

Environmental, Social and Governance Report



Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods, as shown below:

Stakeholders	Communication channels	Expectations	Management responses
Governments and other regulatory authorities	<ul style="list-style-type: none"> Written or electronic correspondences Visits and inspections 	<ul style="list-style-type: none"> Legal compliance Fulfill tax obligations Stability in business operations 	<ul style="list-style-type: none"> Uphold integrity and compliance in operations Ensure on-time tax payments
Shareholders and investors	<ul style="list-style-type: none"> General meetings and other shareholder meetings Financial reports Announcements and circulars Company website 	<ul style="list-style-type: none"> Sustainable profitability Return on investment Business compliance Operating risk management 	<ul style="list-style-type: none"> Ensure transparency and efficient communication through different communication channels Management processes experience and professional knowledge in business sustainability
Employees	<ul style="list-style-type: none"> Training activities, seminars and briefings Email and suggestion boxes Regular meetings Performance evaluations 	<ul style="list-style-type: none"> Remuneration, compensation and medical benefits Health and safety Career development 	<ul style="list-style-type: none"> Regularly review current employment policies and provision of training activities Hold team-building events to boost employee morale Regularly review remuneration packages
Customers	<ul style="list-style-type: none"> Customer service hotline and emails Face-to-face meetings 	<ul style="list-style-type: none"> Customer satisfaction High-quality products and services 	<ul style="list-style-type: none"> Ensure the provision of high-quality products and services Ensure contractual obligations are fulfilled
Suppliers	<ul style="list-style-type: none"> Site visits Business meetings and discussions 	<ul style="list-style-type: none"> Fair and open procurement On-time payments Sustainable relationships 	<ul style="list-style-type: none"> Perform supplier selection with due care Ensure contractual obligations are fulfilled
Media and the public	<ul style="list-style-type: none"> ESG reports Company website Reports and announcements 	<ul style="list-style-type: none"> Transparent ESG and financial disclosures Legal compliance Corporate governance compliance 	<ul style="list-style-type: none"> Ensure effective communication via various communication channels

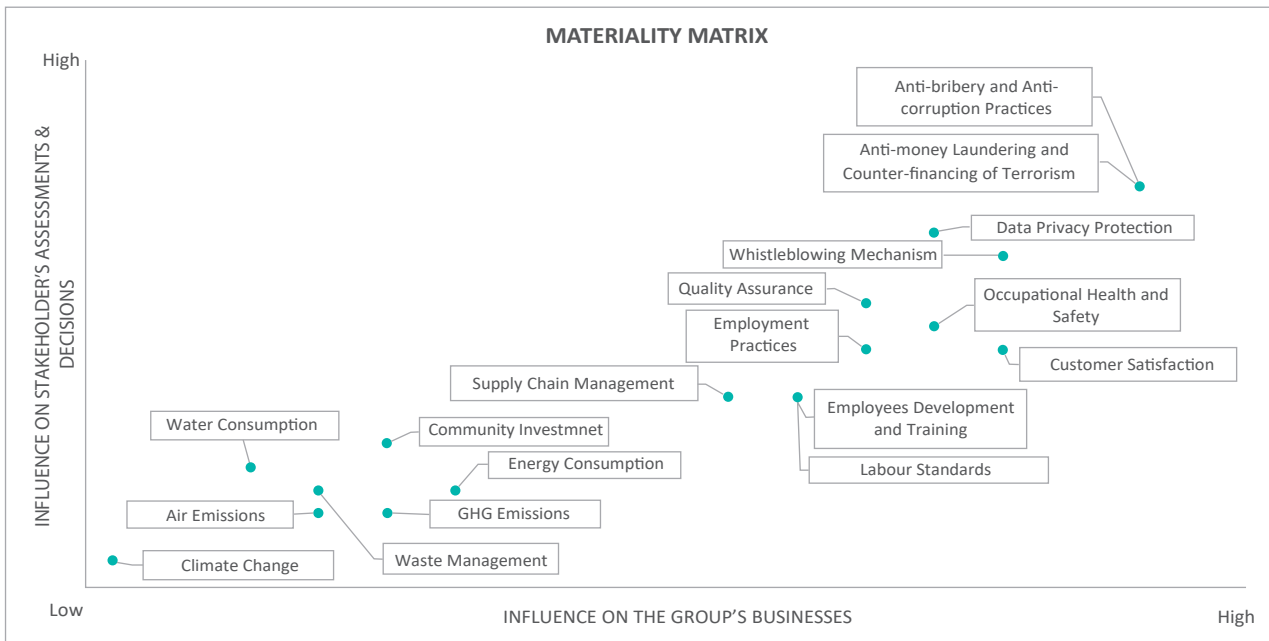
Environmental, Social and Governance Report

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through various effective communication channels. In the long run, contributions from stakeholders will aid the Group in identifying and improving potentially overlooked ESG issues and maintaining the success of the Group's businesses in challenging markets.

MATERIALITY ASSESSMENT

The Board and employees responsible for key functions of the Group have participated in the preparation of this ESG Report. They have assisted in reviewing the operations, identified the key ESG issues and assessed their importance to the Group's businesses and stakeholders. In alignment with the Group's vision of sustainability, the Group's businesses will continue to be operated with high ethical standards to provide sustainable returns to stakeholders.

As there were no substantial changes to the Group's businesses, the materiality of ESG issues this year remains the same as last year. A summary of the Group's material ESG issues according to their relative importance is as follows:



The Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the contents disclosed in this ESG Report are in compliance with the requirements of the ESG Reporting Guide.

Environmental, Social and Governance Report



CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. Stakeholders can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by writing to Room 2401A, 24th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong or by email to info@relianceglobal.com.hk.

A. ENVIRONMENTAL

Environmental protection and sustainable development rely on concerted and continuous efforts from all industries and society. In addition to ensuring compliance with the relevant laws and regulations in Hong Kong, Slovenia, Romania and Croatia, places where the Group has significant operations, the Group has formulated related environmental policies to minimise its adverse environmental impacts and promote sustainability within the Group's businesses. The Group continuously improves its existing policies and constantly integrates the principles of emission reduction and resource efficiency into the Group's environmental management approaches by implementing measures that promote energy efficiency, waste reduction, and other green initiatives.

During FY2024, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group including but not limited to the Air Pollution Control Ordinance, Waste Disposal Ordinance and Water Pollution Control Ordinance of Hong Kong, the Environmental Protection Act of Slovenia, the Law no. 137/1995 on Environmental Protection of Romania and the Environmental Protection Act of Croatia.

A1. Emissions

Air Emissions

Air emissions were mainly generated from the use of the Group's vehicles. Measures for controlling air emissions will be described in the section below headed "GHG Emissions" under this ESG aspect.

Air emissions were also generated from the use of machineries, trucks, wagons and marine vessels during the process of harvesting and transportation of timber and wood products in the daily operations of the TSC Operation. However, since the Group outsourced these activities to third parties and did not have direct operational control over their activities, the relevant air emissions data was not included in this ESG Report. Nevertheless, as far as the Group understands, the air emissions generated from the process of harvesting and transportation conducted by the third parties complied in material respects with the relevant environmental laws and regulations in the respective jurisdictions.

Owing to the increase in vehicle usage and the differences in vehicles used compared to FY2023, the air emissions of the Group increased in FY2024.

Environmental, Social and Governance Report

Summary of air emissions of the Group is as follows:

Indicator	Unit	FY2024	FY2023	Percentage change
Nitrogen oxides	kilogram ("kg")	307.11	298.16	3.00%
Sulphur oxides	kg	0.50	0.29	72.41%
Particulate matter	kg	22.01	21.34	3.14%

GHG Emissions

The GHG emissions of the Group were principally generated from diesel and petrol consumed by vehicles as well as liquefied petroleum gas ("LPG") consumed by forklifts used in the lumber processing plants (Scope 1), electricity consumed for daily operations (Scope 2) and paper waste disposal and business air travel (Scope 3).

The Group has set a target in FY2023 to reduce its GHG emissions intensity (tCO₂e/HK\$ million revenue) by 3% by the end of the financial year ending 31 March 2026 ("FY2026"), using FY2023 as the baseline year¹. In achieving the target, the Group has adopted measures aiming to raise employee awareness of the importance of reducing GHG emissions in the Group's day-to-day operations. In addition, the Group has obtained certifications that demonstrate its commitment to sustainable forest management, including the Forest Stewardship Council ("FSC") endorsement and the Programme for the Endorsement of Forest Certification ("PEFC"), which endorse the Group as an environmentally responsible supplier for timber and wood products sourcing from Europe. FSC and PEFC certifications represent an endorsement that the timber or wood products originated from forests under sustainability management.

Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to reduce the direct GHG emissions from diesel and petrol consumed by vehicles and LPG consumed by forklifts in its day-to-day operations:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Regularly maintain vehicles to ensure optimal engine performance and fuel use;
- Switch off the vehicle engine when not in use; and
- Switch off the forklift engine when idle.

Scope 2 – Energy Indirect GHG Emissions

Electricity consumption accounted for the largest percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption, which are set out in the section below headed "Energy Consumption" under aspect A2.

Environmental, Social and Governance Report



Scope 3 – Other Indirect GHG Emissions

Other indirect GHG emissions of the Group include methane gas generation at landfills due to the disposal of office paper and business air travel by employees. The measures implemented to reduce paper waste disposal are set out in the section below headed “Waste Management” under this aspect.

The Group recognises that business air travels generate a large amount of GHG emissions, and business air travel is therefore only arranged when deemed necessary. Tele-conferences and web conferences are always the Group’s preferred communication channels.

GHG emissions were also generated from the use of machineries, trucks, wagons and marine vessels during the process of harvesting and transportation of timber and wood products in the daily operations of the TSC Operation, however, since the Group outsourced these activities to third parties and did not have direct operational control over their activities, the relevant GHG emissions data was not included in this ESG Report.

Owing to the increase in vehicle usage and the differences in vehicle fuel mix compared to FY2023, the Group’s total GHG emissions increased by approximately 19.58% in FY2024. As the Group’s total GHG emissions intensity (tCO₂e/HK\$ million revenue) increased by approximately 100.00%, the Group is currently in the process of pursuing its aforementioned target and will continue to promote emission reduction measures in the future.

Summary of GHG emissions of the Group is as follows:

Indicator ²	Unit ³	FY2024			FY2023			Percentage change
		Factory-based	Office-based	Total	Factory-based	Office-based	Total	
Scope 1 – Direct GHG emissions								
• Diesel	tCO ₂ e	19.89	38.23	58.12	14.89	19.63	34.52	68.37%
• Petrol	tCO ₂ e	26.15	5.66	31.81	13.77	–	13.77	131.01%
• LPG	tCO ₂ e	22.33	–	22.33	24.84	–	24.84	–10.10%
Scope 2 – Energy indirect GHG emissions								
• Electricity	tCO ₂ e	183.77	7.98	191.75	169.76	6.90	176.66	8.54%
Scope 3 – Other indirect GHG emissions								
• Paper disposal	tCO ₂ e	0.48	1.38	1.86	0.19	2.93	3.12	–40.38%
• Business air travel	tCO ₂ e	–	10.98	10.98	–	12.07	12.07	–9.03%
Total GHG emissions	tCO₂e	252.62	64.23	316.85	223.45	41.53	264.98	19.58%
Total GHG emissions intensity	tCO₂e/HK\$ million revenue⁴			1.04			0.52	100.00%
	tCO₂e/employee⁵			4.53			3.01	50.50%



Environmental, Social and Governance Report

Notes:

1. The scope of the ESG targets presented in this ESG Report is limited to those business activities that were already existed in the baseline year (i.e. FY2023).
2. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), the “Sustainability Report 2023” published by HK Electric Investments, the “Greenhouse Gas Emission Intensity of Electricity Generation in Europe 2021” published by the European Environment Agency, and the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.
3. tCO₂e is defined as tonne of carbon dioxide equivalent.
4. For FY2024, the Group recorded a revenue of approximately HK\$305,613,000 (2023: HK\$509,326,000). This data is also used for calculating other intensity data.
5. At 31 March 2024, the Group had a total of 70 (2023: 88) employees (including directors). This data is also used for calculating other intensity data.

Sewage Discharges into Water and Land

Owing to the Group’s business nature, the discharges into land and water were insignificant.

Waste Management

Hazardous Waste Management

Owing to the Group’s business nature, it did not generate a significant amount of hazardous waste during its daily operations. Nevertheless, the Group has established guidelines to govern the management and disposal of hazardous waste. In case there is any hazardous waste produced, the Group would engage a qualified chemical waste collector to handle such waste and comply with the relevant environmental rules and regulations.

Environmental, Social and Governance Report



Non-hazardous Waste Management

The non-hazardous waste of the Group was principally leftover wood, such as wood chips and sawdust generated from the operations of the wood processing plants, and used office paper from its office-based operations. The Group did not note a disproportional amount of waste generated. The Group has set a target in FY2023 to reduce its non-hazardous waste intensity (kg/HK\$ million revenue) by 3% by FY2026, using FY2023 as the baseline year¹ to minimise the environmental impacts of waste generated from the Group's business operations. To achieve this target, the Group continues to raise employee awareness of the importance of reducing waste production and has included environmentally friendly initiatives to enhance its environmental performance.

For the logging and wood processing activities of the TSC Operation, the Group has assigned responsible personnel to monitor the logging and lumber production activities, in particular the sawmill cutting work, to ensure a high yield output along with a low scrap level. The Group encourages the local logging teams and wood processing plants to minimise their scrap level and maximise the use of leftover wood, such as recycling scrap wood as wooden boxes for packaging or turning them into biofuel. During FY2024, approximately 100% (2023: almost 100%) of the leftover wood is resold, recycled for packaging, or used as biofuel.

In respect of managing office paper waste, the Group has adopted the following waste reduction measures:

- Recycle office paper for any other possible use, such as packaging small items;
- Reuse single-sided waste paper where possible;
- Print electronic correspondences only when necessary; and
- Procure paper with FSC Recycled Label.

Owing to the effectiveness of the aforementioned waste management measures, the Group's total non-hazardous waste disposal decreased by approximately 23.47% in FY2024. As the Group's total non-hazardous waste intensity (kg/HK\$ million revenue) increased by approximately 27.49%, the Group is currently in the process of pursuing its aforementioned target and will continue to promote waste management measures in the future.

Environmental, Social and Governance Report

Summary of major non-hazardous waste of the Group is as follows:

Indicator	Unit	FY2024			FY2023			Percentage change
		Factory-based	Office-based	Total	Factory-based	Office-based	Total	
Office paper	kg	99.79	286.90	386.69	39.92	611.23	651.15	-40.61%
Plastic	kg	280.00	-	280.00	220.00	-	220.00	27.27%
Total non-hazardous waste	kg	379.79	286.90	666.69	259.92	611.23	871.15	-23.47%
Total non-hazardous waste intensity	kg/HK\$ million revenue			2.18			1.71	27.49%
	kg/employee			9.52			9.90	-3.84%

Note:

6. The data for FY2023 has been restated due to the inclusion of plastic as non-hazardous waste.

A2. Use of Resources

The Group realises the scarcity of finite natural resources and has therefore taken the initiative to implement guidelines and relevant policies to better govern the use of resources and minimise the environmental impact arising from its business operations. Measures on reducing production waste and office paper waste have been mentioned in the preceding section headed "Waste Management" under aspect A1.

Energy Consumption

The Group strives to reduce energy consumption by setting a target in FY2023 to reduce its energy consumption intensity (kilowatt hour ("kWh")/HK\$ million revenue) by 3% by FY2026, using FY2023 as the baseline year¹. To achieve this target and raise employee awareness of energy conservation, the Group has adopted the following energy-saving measures:

- Pre-set air-conditioning temperatures at 24 to 26 degrees Celsius in the offices;
- Switch off all idle electrical appliances and unnecessary lighting upon leaving the premises;
- Post eye-catching reminders near light switches and electrical appliances as a reminder to employees; and
- Purchase equipment with higher energy efficiency for the replacement of old equipment.

Additionally, the Group has adopted measures to promote awareness of energy conservation among its employees from time to time. During FY2024, the Group received a Certificate of Appreciation from the Hong Kong branch of the World Wide Fund (WWF) in recognition of its pledge to support Earth Hour 2024.

Environmental, Social and Governance Report

Owing to the increase in vehicle usage and the differences in vehicle fuel mix compared to FY2023, the Group's total energy consumption increased slightly by approximately 8.60% in FY2024. As the Group's total energy consumption intensity (kWh/HK\$ million revenue) increased by approximately 80.98%, the Group is currently in the process of pursuing its aforementioned target and will continue to promote energy conservation measures in the future.

Summary of energy consumption of the Group is as follows:

Indicator	Unit	FY2024			FY2023			Percentage change
		Factory-based	Office-based	Total	Factory-based	Office-based	Total	
Direct energy consumption								
• Diesel	kWh	80,916.46	154,640.34	235,556.80	60,419.76	79,418.00	139,837.76	68.45%
• Petrol ⁷	kWh	94,975.31	20,545.68	115,520.99	50,181.85	-	50,181.85	130.20%
• LPG ⁷	kWh	96,615.03	-	96,615.03	107,446.08	-	107,446.08	-10.08%
Indirect energy consumption								
• Electricity	kWh	744,000.00	13,714.00	757,714.00	800,772.00	11,760.00	812,532.00	-6.75%
Total energy consumption	kWh	1,016,506.80	188,900.02	1,205,406.82	1,018,819.69	91,178.00	1,109,997.69	8.60%
Total energy consumption intensity	kWh/HK\$ million							
	revenue			3,944.23			2,179.35	80.98%
	kWh/employee			17,220.10			12,613.61	36.52%

Note:

- The method of unit conversion of energy consumption data is formulated based on the "Energy Statistics Manual" issued by the International Energy Agency.

Water Consumption

The Group strives to promote water conservation. The Group has set a target in FY2023 to maintain its water consumption intensity (m³/HK\$ million revenue) in future years at the same level as FY2023¹. The Group has been actively advocating for water conservation, encouraging all employees to develop a habit of saving water, and guiding employees to use water reasonably. Going forward, to promote water conservation, the Group is committed to displaying posters or other promotional materials in prominent locations at its operation sites and office premises. Apart from that, the Group also regularly inspects water taps to prevent leakage and will report to the building management any irregularities where necessary. Through the implementation of the said water-saving measures, the Group hopes to further increase employee awareness of water conservation.

Owing to the Group's effective water conservation measures, the Group's total water consumption decreased by approximately 38.13% in FY2024. As the Group's total water consumption intensity (m³/HK\$ million revenue) increased by approximately 3.12%, the Group is currently in the process of pursuing its aforementioned target and will continue to promote water conservation measures in the future.

Environmental, Social and Governance Report

Summary of water consumption of the Group is as follows:

Indicator ⁸	Unit	FY2024	FY2023	Percentage change
Total water consumption	m³	7,065.00	11,420.00	-38.13%
Total water consumption intensity	m³/HK\$ million revenue	23.12	22.42	3.12%
	m³/employee	100.93	129.77	-22.22%

Note:

- The data of water consumption mainly represents the data of the Romanian Plant, which was acquired by the Group in January 2022. The water consumption data of the Group's other processing plants in Romania and Croatia are not available since their water usages are on the account of the plant owners, as the processing plants effectively act as subcontractors to the Group in producing wood products. The water consumption data of the Group's offices are also not available since their water usages are on the account of the respective building management companies and are covered by the building management fees.

Owing to the Group's business nature, the Group did not encounter any problem in sourcing water that was "fit for purpose".

Use of Packaging Materials

Packaging materials such as plastic bands are used in the TSC Operation. The Group advocates for the adoption of simple packaging.

Summary of packaging material consumption of the Group is as follows:

Indicator ⁹	Unit	FY2024	FY2023 ¹⁰	Percentage change
Plastic band	kg	595.00	1,485.00	-59.93%
Total packaging material consumption	kg	595.00	1,485.00	-59.93%
Total packaging material consumption intensity	kg/HK\$ million revenue	1.95	2.92	-33.22%

Notes:

- The data of packaging material consumption mainly represents the data of the Romanian Plant. The packaging material consumption data of the Group's other processing plants in Romania and Croatia are not available since their usage of packaging material are on the account of the plant owners, as the processing plants effectively act as subcontractors to the Group in producing wood products.
- The data for FY2023 has been restated.

Environmental, Social and Governance Report



A3. The Environment and Natural Resources

The Group understands that its forest-related business operations are closely connected to the natural environment, so it has been striving to supply low GHG emissions, green and quality products that comply with international industry standards. The Group aims to reduce its negative impact on the environment by improving its operational efficiency and efficacy, as well as implementing green operational measures where possible. The Group also remains conscious of the existing and potential environmental impacts and regularly assesses the environmental risks of its business model, adopts preventive measures for environmental protection and ensures compliance with the relevant environmental laws and regulations. The Group has also implemented the relevant policies to reduce its significant impacts on the environment and natural resources.

During FY2024, as the Group had outsourced the logging activities in Romania to local logging teams and did not have direct operational control over their logging activities, the impact and KPIs on the environment and natural resources brought by the said activities were not included in this ESG Report. Nevertheless, as far as the Group understands, the logging activities conducted by the outsourced logging teams in Romania complied in material respects with the local environmental laws and regulations.

Sustainable Forest Management

The Group recognises the importance of preserving forests and pursuing sustainable logging practices. The Group expects the forest owners/suppliers that supply timber logs and wood products to the Group and the outsourced logging teams to fully comply with the relevant local environmental laws and regulations. In respect of the logging activities in Romania, the Group works under the agreed harvesting plan with the forest owner/manager, which involves the onsite selection of forest harvesting areas that depend on tree height, tree diameter, tree species, etc., and procuring the logging team engaged to conduct logging activities as well as the subsequent forest sustainability management work in compliance with the local environmental laws and regulations. In addition, the Group is actively developing a set of guidelines to ensure that forest owners/suppliers are supplying the Group with timber logs and wood products from responsibly and sustainably managed forests.

Integration of Sustainability in Operations

In order to optimise the production processes of wood products, the Group's senior management supervises and regularly reviews every step of the production process, including sawing, edging, steaming, air drying, sorting and packing, with an aim to improve its efficiency and efficacy. The management also keeps an eye on reducing consumption of water, electricity, fuel and other resources, and it limits or stops using polluting supplies. Additionally, the Group regularly reviews its internal policy, improves its environmental initiatives and upgrades its equipment to effectively reduce its carbon footprint.

Production of Quality Products

The Group understands that, apart from quality, customers are becoming more concerned about environmental protection and are inclined to purchase and use eco-friendly products. The Group supplies FSC-certified and PEFC-certified timber or wood products to customers and ensures the timber or wood products supplied are from forests under sustainability management. The Group also requires members of the procurement team to be familiar with the timber market conditions in Europe and the compliance requirements of FSC and PEFC.



Environmental, Social and Governance Report

Indoor Air Quality

Indoor air quality is regularly monitored and measured. During FY2024, the indoor air quality of the Group's premises was satisfactory. To improve indoor air quality, air purifying equipment was placed on the premises and air conditioning systems were cleaned periodically. These measures filtered out pollutants, contaminants and dust particles and resulted in maintaining indoor air quality at a satisfactory level.

A4. Climate Change

The Group recognises the importance of identification of significant climate-related issues and mitigation of the related risks. Therefore, the Group is committed to managing the potential climate-related risks that may impact the Group's business activities. The Group has established relevant policies to identify and mitigate different risks, including climate-related risks. During FY2024, the Group conducted a climate change assessment to identify and mitigate the potential risks that may arise from its business operations. These risks mainly stemmed from the following dimensions:

Physical Risks

The increasing frequency and severity of extreme weather events, such as typhoons, blizzard, floods and heat waves, may cause injuries to employees when they are at work or commuting and disrupt the Group's operations. Extreme weather conditions may even cause casualties, and thus the Group may bear the corresponding legal and financial responsibilities. If the casualties are handled improperly, the Group's reputation will also be damaged. Extreme weather events might also impair the quality of timber and reduce the efficiency of harvesting and transportation processes.

In order to better manage the physical risks mentioned above, the Group has developed business contingency plans, including personnel allocation arrangements, emergency response arrangements and business restoration sequences, to minimise the influence of the risks on the Group's business operations. The Group also encourages third-party partners to protect their employees' rights and interests in logging, wood processing and transportation processes when facing extreme weather conditions. In addition, the Group has purchased insurance for its employees, communicated with them about the contingency work arrangements under bad weather conditions and ensured employees have sufficient protection, compensation and assistance when extreme weather events occur.

Transition Risks

Forests absorb carbon dioxide from the atmosphere and store it in different repositories, such as vegetation and soil, and are thus the largest carbon pools in terrestrial ecosystems. On the other hand, deforestation causes more carbon dioxide to build up in the atmosphere, which traps heat in the lower atmosphere and drives global warming. As deforestation plays a critical role in climate change, at the 26th United Nations Climate Change Conference of the Parties, world leaders pledged to end deforestation by 2030. This reflects their determination to support tree planting activities and reduce cutting down activities, thus keeping a stable and healthy forest inventory. From a business perspective, deforestation means fewer investments in the forestry industry are expected, and approval for commercial logging concessions will be tightened.

Environmental, Social and Governance Report

In response to this risk, which might inevitably affect the Group's development of its forest-related business, the Group continues to pay close attention to the trends in government policies and environmental laws and regulations in different jurisdictions on the forestry industry, and operates its business in a way that strictly adheres to the principle of sustainable forest management and complies with the local environmental laws and regulations. In the long run, the Group endeavours to operate its forest-related business in an efficient and effective manner that maximises output and minimises wood waste. The Group is also committed to maintaining its FSC and PEFC certifications and thereby assuring the public that it acknowledges its responsibility for sustainable forest management.

B. SOCIAL

B1. Employment

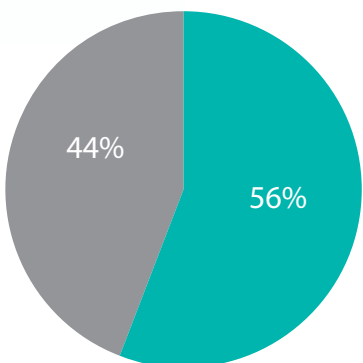
The Group recognises that its continuing success is dependent on employees' talents and their dedications. Employment policies are formally documented in the Group's Human Resources Policy and Internal Control Manual, covering recruitment, compensation, remuneration, diversity and equal opportunities, etc. The Group is aware of its responsibilities towards its employees. To recruit talents, and to ensure retention and care for the emotional and physical well-being of its employees, the Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against employers in similar industry. At 31 March 2024, the Group had a total of 70 (2023: 88) full-time employees (including directors).

The breakdown of employees according to gender, age distribution, employee category and geographical region are as follows:

Indicator	At 31 March 2024	At 31 March 2023	Percentage change
By Gender			
Male	39	49	-20.41%
Female	31	39	-20.51%
By Age Distribution			
Under 30	3	3	-
30 to 50	49	63	-22.22%
Above 50	18	22	-18.18%
By Employee Category			
Management	9	10	-10.00%
General Staff	61	78	-21.79%
By Geographical Region			
Hong Kong (including staff stationed in China)	24	25	-4.00%
Europe	46	63	-26.98%

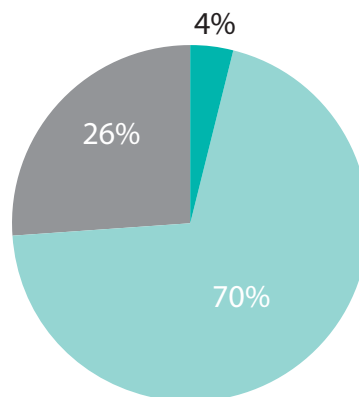
Environmental, Social and Governance Report

Employee by Gender



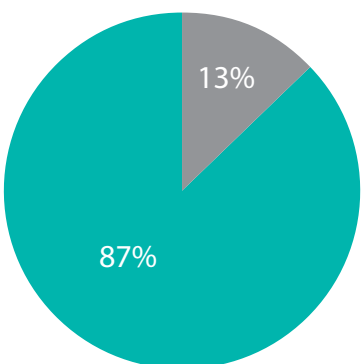
■ Female ■ Male

Employee by Age Distribution



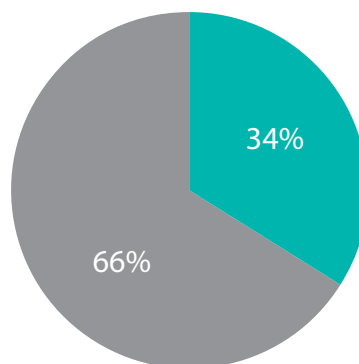
■ Under 30 ■ 30 to 50 ■ Above 50

Employee by Employee Category



■ Management ■ General Staff

Employee by Geographical Region



■ Hong Kong (including staff stationed in China) ■ Europe staff stationed in China

Environmental, Social and Governance Report

During FY2024, there were 22 (2023: 16) employees leaving the Group, with the overall employee turnover rate being approximately 31.43%¹¹ (2023: 18.18%). The breakdown of employee turnover according to gender, age distribution and geographical region are as follows:

Indicator	FY2024		FY2023	
	Number of employee turnover	Turnover rate ¹²	Number of employee turnover	Turnover rate ¹²
By Gender				
Male	11	28.21%	6	12.24%
Female	11	35.48%	10	25.64%
By Age Distribution				
Under 30	–	–	2	66.67%
30 to 50	17	34.69%	11	17.46%
Above 50	5	27.78%	3	13.64%
By Geographical Region				
Hong Kong (including staff stationed in China)	3	12.50%	6	24.00%
Europe	19	41.30%	10	15.87%

Notes:

11. The overall turnover rate is calculated by dividing the number of employees leaving employment during the reporting period by the number of existing employees at the end of the reporting period.
12. The turnover rate by category is calculated by dividing the number of employees in the specified category leaving employment during the reporting period by the number of existing employees in the specified category at the end of the reporting period.

During FY2024, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance, Race Discrimination Ordinance and Minimum Wage Ordinance of Hong Kong, the Employment Relationships Act and Protection Against Discrimination Act of Slovenia, the Labour Code of Romania and the Labour Act of Croatia.



Environmental, Social and Governance Report

Recruitment, Diversity and Equal Opportunities

The sustainable growth of the Group relies on a non-discriminatory recruitment process and diverse talents. The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and competence, without regard to their age, ethnicity, origin, gender, marital status, sexual orientation and religion. The recruitment process is stated in the Group's Human Resources Policy and Internal Control Manual.

The Group believes that all employees should have the right to work in an environment free of discrimination, harassment and vilification and is committed to creating and maintaining an inclusive and harmonious workplace culture. The Group does not tolerate any of the aforementioned behaviours in the workplace in any form.

Benefits and Welfare

In addition to the entitlement of leave stipulated in employment laws in the respective jurisdictions, the Group provides other leave to its employees, including compassionate leave, compensation leave, etc. Save for the aforementioned entitlement to leave, the employees are also entitled to benefits including group medical insurance scheme, business trip travel insurance scheme, discretionary performance bonus, education subsidies, etc.

Promotion and Performance Review

Employee salaries are reviewed annually with reference to the result of their performance review. Employees are promoted on the basis of their performance and the extent to which they demonstrate the attributes required for a higher grade. The Group also gives preference to internal promotion to reward loyalty and the continuous effort of employees.

Working Hours and Rest Periods

Official working hours and rest periods are clearly stated in the Group's Human Resources Policy and employees' employment contracts in accordance with local employment laws.

Compensation and Dismissal

The Group compensates employees in accordance with the statutory requirements of the respective jurisdictions, which cover employees who sustain personal injury by accident or disease arising out of and in the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, and dismissal will be based on reasonable and lawful grounds supported by the Group's internal policies.

B2. Health and Safety

During FY2024, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Health and Safety at Work Act of Slovenia, the Law no. 319/2006 on Health and Safety at Work of Romania and Occupational Health and Safety Act of Croatia. During FY2024, there were no lost days due to injury (2023: nil). In addition, there were no work-related fatalities occurred in each of the past three years, including FY2024.

Environmental, Social and Governance Report



Provision of Safe Working Environment

The Group attaches great importance to providing employees with a safe and healthy working environment. Although health and safety measures that are applicable to office-based business operations are limited, the Group is nevertheless committed to safeguarding the well-being of employees. The Group provides ergonomic chairs for its office employees to help alleviate potential discomfort and backaches. Portable fire extinguishers are placed in the offices and are within easy reach, fire exits are free from obstruction and first aid boxes are placed around the premises. For the Group's factory-based operations, employees are required to use protection equipment at all times to avoid accidents. All employees are well-trained with safety knowledge in the areas they engage in. In addition, the Group regularly carries out routine inspection and maintenance of equipment in the factory to avoid mechanical breakdowns, which may cause accidents. The Group has also established the relevant policies to ensure effective management of occupational health and safety matters.

B3. Development and Training

Provision of Training Opportunities

Training and continuous development are indispensable to the Group's employees to better adapt to the ever-changing trend of the industry. The Group encourages a continuous learning atmosphere for career development and thus provides both in-house training and subsidies for employees' continuing professional development activities. Furthermore, the Group encourages employees to attend personal off-the-job training sessions to enhance their job skills and increase their competitiveness against others in the industry. The Group holds firm belief that providing its employees with adequate training opportunities and room for continuous development lays a solid foundation for the Group's continuing success.

As a financial services provider, apart from ensuring a stringent anti-corruption and anti-money laundering policy framework is well established, the Group places emphasis on providing adequate training and encourages its employees to participate in external seminars on such areas. The Group has also established the relevant policies for employee training management.

Environmental, Social and Governance Report

During FY2024, the overall percentage of employees trained was approximately 95.71%¹³ (2023: 96.59%) and the Group's employees had received an average of approximately 5.61¹⁴ (2023: 4.23) hours of training and development. The percentage of employees trained, the average training hours completed per employee and the breakdown of employees trained by gender and employee category are shown as follows:

Indicator	Unit	Percentage of employees trained ¹⁵	
		FY2024	FY2023
By Gender			
Male	%	97.44	97.96
Female	%	93.55	94.87
By Employee Category			
Management	%	100.00	100.00
General Staff	%	95.08	96.15

Notes:

13. The percentage of employees trained is calculated by dividing the total number of employees trained during the reporting period by the total number of employees at the end of the reporting period.
14. The average training hours per employee is calculated by dividing the total number of training hours of employees during the reporting period by the total number of employees at the end of the reporting period.
15. The percentage of employees trained by category is calculated by dividing the total number of employees trained in the specified category during the reporting period by the total number of employees in the specified category at the end of the reporting period.

Indicator	Unit	Average training hours completed per employee ¹⁶	
		FY2024	FY2023
By Gender			
Male	Hours	5.23	4.08
Female	Hours	6.10	4.41
By Employee Category			
Management	Hours	15.22	14.70
General Staff	Hours	4.20	2.88

Note:

16. The average training hours by category is calculated by dividing the total number of training hours of employees in the specified category during the reporting period by the total number of employees in the specified category at the end of the reporting period.

Environmental, Social and Governance Report



Indicator	Unit	Breakdown of employees trained ¹⁷	
		FY2024	FY2023
By Gender			
Male	%	56.72	56.47
Female	%	43.28	43.53
By Employee Category			
Management	%	13.43	11.76
General Staff	%	86.57	88.24

Note:

17. The breakdown of employees trained by category is calculated by dividing the total number of employees trained in the specified category during the reporting period by the total number of employees trained during the reporting period.

B4. Labour Standards

Prevention of Child and Forced Labour

As a responsible corporation operating in money lending and forest-related businesses, the Group is firmly against the employment of child and forced labour. The Group guarantees that no employee will be made to work against his/her will or be coerced to work, and the recruitment of child labour is also strictly prohibited. All employees recruited by the Group are above 18 years old and are subject to satisfactory reference checks. Personal data is collected and original supporting documents must be presented during the recruitment process to assist the human resources department in verifying the candidates' personal data and selecting the most suitable candidates. A detailed background and reference check will also be conducted on potential hires.

Any incident of child labour or forced labour, when discovered, shall be investigated and reported to the government authorities promptly in accordance with the applicable laws. Furthermore, the Group shall immediately terminate the employment contract and impose due punishment on the erring employee.

During FY2024, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Employment Relationships Act of Slovenia, the Labour Code of Romania and the Labour Act of Croatia.

Environmental, Social and Governance Report

B5. Supply Chain Management

To maintain the current high standards of its supply chain management, the Group will take care to ensure suppliers not only meet the mutually agreed quantity and quality of products and services, but they must also have considered their environmental and social impacts. The Group has a well-managed procurement system and strict supplier selection process, including qualification authentication, production examinations as well as supply history assessments to ensure the supplier's commitment to product liability and quality. All suppliers are carefully evaluated under the standardised procurement procedures, and they are regularly monitored and evaluated in a fair manner.

The number of suppliers for the TSC Operation by geographical region is as follows:

By Geographical Region	FY2024	FY2023
Romania	34	85
Croatia	31	21
Slovenia	19	3
Hungary	6	4
Slovakia	6	3
Papua New Guinea	4	5
Austria	2	3
Czech Republic	–	4
Others	4	12
Total	106	140

Procurement Process

The Group has established a policy relating to its supply chain management, which detailed the requirement of performing a "Know Your Supplier" check and other confirming procedures before engaging new suppliers. The Group considers factors including suppliers' reputation, prevailing market price and delivery time when making purchases with the suppliers. In addition, the purchases of supplies are determined after considering the current inventory level, expected customer demands, projected sales trends and market outlook.

In order to ensure the stability of the supply chain, where possible, the Group strives not to over-rely on a particular supplier by maintaining more than one supplier for each type of product or service required. The Group monitors and annually evaluates the performance of its suppliers to ensure their compliance with legal requirements, quality and performance standards. The Group conducts regular follow-up evaluations of suppliers and will suspend cooperation with them if they have failed to meet the policy of the Group, committed any irregularities that do not meet the contractual requirements, or supplied products that did not meet production requirements. The Group will not make purchases from underperforming suppliers until circumstances have improved, thus ensuring a supply of high-quality products and services.

Environmental, Social and Governance Report



Environmental and Social Risk Management of the Supply Chain

The Group puts forward requirements for suppliers on aspects of environmental and social risk control. Aside from conventional consideration factors such as product quality and timely delivery, suppliers that place an emphasis on environmental protection or have clear guidelines to protect labour rights are prioritised during the procurement process.

Since the raw material for the Group's production is mainly timber, the Group recognises the importance of the potential risks of the Group's raw material supply chain in relation to forest resources. The Group also requires products and raw materials used by the suppliers to meet the environmental protection requirements set out in national and local laws and regulations as well as industrial standards, and encourages the usage of clean production process and equipment. In order to produce environmentally preferable products and services, the Group actively seeks suppliers who may provide environmentally friendly products and services and gives priority to sourcing equipment that has a lower environmental impact or is more energy efficient. For suppliers who are likely to cause or have caused serious harm to the environment or significant environmental pollution, the Group will terminate the contract with those suppliers. The Group will regularly monitor the effectiveness of the above supply chain management practices so as to minimise potential environmental risks along the supply chain.

Apart from environmental risks, the Group also takes measures to examine whether its major suppliers/contractors are in compliance with the relevant laws and regulations and other required standards for health, safety, forced labour and child labour.

B6. Product Responsibility

The Group recognises the importance of product quality and corporate reputation and is committed to continuously improving its products and services. The Group maintains communication with its customers to ensure the understanding and meeting of customer needs and expectations. The Group also actively monitors the quality of its products and services through internal controls.

During FY2024, the Group was not aware of any non-compliance with the laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to the Group's products and services as well as methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Personal Data Protection Act of Slovenia, the Law no. 245/2004 on the General Safety of Products of Romania and the General Product Safety Act of Croatia.

Quality Assurance

TSC Operation

The Group has implemented a strict quality control system to monitor the purchase, inventory management, processing, and transportation of timber logs and wood products.



Environmental, Social and Governance Report

Timber logs and wood products purchased by the Group undergo on-site quality checking before they are loaded on wagons or trucks for land transport to the log yards of the distribution hubs or sometimes directly to ports. The supervisors of the log yards perform quality checks on the cargos again upon unloading by referencing to the grade, diameter and length of the timber logs and size and quality of the wood products. The cargoes are then stored in the warehouse at the log yards. There are measures in place to maintain the quality of timber logs and wood products, including temperature and moisture control. There are also controlling measures to ensure the safe custody of the inventories.

For timber logs transported to the manufacturing plant engaged in processing the timber into lumber, a quality check is performed upon unloading to ensure the timber logs are not damaged during transportation.

The Group's logistic teams arrange transport on a daily basis from forests or supplier sites to log yards or ports in accordance with the procurement plan by referencing to truck and/or rail schedules, weather forecasts and local transportation rules to ensure road safety in different weather conditions.

Once potentially unsafe products are identified, a product recall procedure would be initiated to stop the further distribution and sale of the product to the market. The cause, extent and result of the recall would be recorded and reported to the senior management. During FY2024, the Group did not receive any reported recalls due to safety and health reasons or complaints regarding the Group's products and services (2023: nil).

Money Lending Business

The Group ensures that its employees are familiar with the Guidelines on Licensing Conditions of Money Lenders Licence issued by the Companies Registry on requirements for its money lending business advertisements. The guidelines stipulate that any advertisement in relation to a money lending business, whether in textual, audio or visual form, must contain the relevant money lender's telephone hotline for handling complaints and a clearly stated risk warning statement. The said risk warning statement must also be clearly audible in the audio part of the advertisement.

Data Privacy Protection

The Group is committed to protecting the legitimate rights and interests of its customers. Unauthorised access and dissemination of customers' sensitive information are strictly prohibited unless the employees are under the legal obligation to do so. The Group's Information Technology ("IT") Policy provides guidelines on preventing data leakage and holds the IT department responsible for ensuring that the anti-virus protection for all computer and network connections is adequate. Confidential information, such as sensitive financial data, should be encrypted with a password. Only authorised personnel are permitted to access the clients' information database, and they are entitled to access the information only on a need-to-know basis. The existing privacy and security policies are reviewed on a regular basis and will be updated whenever applicable laws and regulations are revised.

Environmental, Social and Governance Report



Intellectual Property Rights

The Group refrains from using any illegal software or products. As a responsible and ethical corporation, the Group is in full support of the use of legal software and products that have obtained licenses or those that have been certified by the relevant authorities.

Customer Satisfaction

The timber logs and wood products offered by the Group are usually sold to customers in China and other countries. The Group's sales team maintains regular communication with existing and potential customers to understand their individual requirements. In addition, the Group has a team with sourcing and procurement expertise to work with the forest owners/suppliers directly and regularly communicate with the sales team to understand the customers' requirements. The sourcing and procurement team performs research and analysis on the supply and demand of different types of timber and wood products based on market intelligence, news, published data, etc. The sourcing and procurement team then identifies and sources forest owners/suppliers who can supply the timber and wood products at the best available price. Furthermore, the Group provides after-sales services to ensure that customers are 100% satisfied with the timber logs, wood products and logistic services it provides.

Feedback and complaints from the Group's customers are highly valued, as they are of vital importance to the sustainable development of the Group. Procedures for handling feedback are well established, and should the Group receive any complaints, the Group will strive to act in a timely manner to resolve the issue with effective corrective actions. In addition, valid complaints of significant weight will be discussed and reviewed by the management during regular meetings to prevent re-occurrences. During FY2024, the Group had not received any form of complaints from its customers in respect of products or services provided (2023: nil).

Advertising and Labelling

During FY2024, the Group did not have any business dealings that had significant advertising and labelling issues.

B7. Anti-corruption

A solid corporate governance structure is crucial to the Group's sustainable growth. The Group emphatically asserts its zero-tolerance stance in relation to any kind of corruption, bribery, forgery, extortion, conspiracy, embezzlement and collusion cases that not only violate applicable laws and regulations but also severely tarnish the business integrity and reputation of the Group.

During FY2024, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Money Lenders Ordinance, the SFO, the Prevention of Bribery Ordinance of Hong Kong, the Integrity and Prevention of Corruption Act of Slovenia, the Law no. 135/2010 on the Criminal Procedure Code of Romania and the Act on the Responsibility of Legal Persons for Criminal Offences of Croatia. During FY2024, there were no cases regarding corrupt practices brought against the Group or its employees.



Environmental, Social and Governance Report

Anti-money Laundering and Counter-financing of Terrorism

As a financial services provider, the Group is particularly sensitive to the signs of money laundering and other financial crimes. Apart from complying with local laws and guidelines promulgated by the regulatory authorities, the Group recognises its responsibility to protect the integrity of the financial system. The Group has formulated the Anti-money Laundering and Counter-terrorist Financing Policy to ensure that its employees are familiar with their responsibilities in combating criminal activities. Guidelines are also in place in the same policy to safeguard the interests of the Group, such as background evaluation procedures and customer due diligence requirements in relation to the loan assessment and approval process.

Anti-bribery and Anti-corruption Practices

To prevent the occurrence of corrupt practices in the Group's business operations, the Group has formulated a Code of Conduct and Discipline Policy in relation to accepting business courtesies, gifts or hospitality and has specified the consequences of accepting or soliciting such benefits. Bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited.

To enhance employees' awareness of anti-bribery and anti-corruption practices, the Group provides training on ethical conduct and anti-corruption to all directors and employees. The Group's directors and employees regularly receive anti-corruption training to enhance their knowledge of anti-corruption legislation and global trends, as well as the necessary procedures and skills to handle ethical dilemmas at the workplace.

During FY2024, the Group organised several anti-corruption training sessions or materials for directors and employees. These include (i) anti-money laundering presentation materials by the Independent Commission Against Corruption; (ii) anti-money laundering and anti-corruption training conducted by the Companies Registry; and (iii) training sessions covering the topics of common corruption issues faced during daily operations, essential elements of the code of conduct, corruption risk identification and controls, measures to prevent and tackle unethical conduct, and promulgation of anti-corruption practices. During FY2024, a total of 6 directors and 5 employees (2023: 6 directors and 6 employees) of the Group received anti-corruption training and the total anti-corruption training hours were approximately 11 and 7 hours respectively (2023: 13 and 11 hours respectively).

Whistleblowing Mechanism

The Group has established a reporting and investigative procedure to encourage its employees to report fraudulent activities. The Group endeavours to protect the whistleblower from common concerns such as victimisation and potential retaliation. The employee reporting in good faith under this procedure shall be assured of protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

Environmental, Social and Governance Report



B8. Community Investment

The Group recognises the importance of making a positive impact on the community and realises the importance of giving back to the members of the society. Therefore, the Group has formulated relevant policies to encourage its employees to engage in community services and voluntary activities in order to give back to the less-abled and financially challenged members of the public. The Group shall extend its scope of financial contributions to benefit the financially disadvantaged in the future.

During FY2024, the Group participated in a beach clean-up activity organised by Green Hope to promote a cleaner and healthier natural environment. Going forward, the Group will expand its efforts in charity work to cater for the needs of the communities in which the Group has operations, and make contributions to the communities, particularly in the area of environmental conservation.

Independent Auditor's Report



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RELIANCE GLOBAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Reliance Global Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 82 to 159, which comprise the consolidated statement of financial position at 31 March 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 March 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Provision for expected credit loss (“ECL”) and impairment assessment of loan receivables and interest receivables</i></p>	<p>Our procedures in relation to management’s impairment assessment of the loan receivables and interest receivables included:</p> <ul style="list-style-type: none"> – Understanding the Group’s policy on granting loans to its borrowers and the Group’s credit and impairment assessments including the related credit control and loan monitoring process; – Challenging management’s basis and judgement in determining credit loss allowance at 31 March 2024, including the identification of credit impaired loan receivables and interest receivables, estimated loss rates applied to each borrower and collaterals pledged to the Group; – Evaluating the management’s assessment of the internal credit rating of the borrowers by reference to the past due status, past collection history, subsequent settlement information and financial condition of the borrowers; – Testing the mathematical accuracy of the impairment allowance calculation and settlement records on a sample basis; – Evaluating the expected cash shortfalls estimated by the management by checking the expected cash flows from the realisation of collaterals against publicly available information;
<p>We identified the ECL assessment and impairment assessment on loan receivables and interest receivables as a key audit matter due to management judgement was required in making an assessment of the adequacy of the ECL assessment and impairment provision for loan receivables and interest receivables arising from the money lending business.</p>	
<p>The carrying amount of the loan receivables and interest receivables at 31 March 2024 amounted to HK\$53,206,000 and HK\$383,000 respectively.</p>	
<p>In determining the impairment provision of loan receivables and interest receivables, the recoverability of the loan receivables and interest receivables was assessed by the management taking into account the credit quality and likelihood of collection.</p>	

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for expected credit loss ("ECL") and impairment assessment of loan receivables and interest receivables (continued)</i>	
ECL for loan receivables and interest receivables are based on management's estimate of ECL to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue amounts, customers' repayment history and customers' financial position, all of which involve a significant degree of management judgement.	<ul style="list-style-type: none">- Assessing the reasonableness of forward-looking information used by the Group;- Obtaining and reviewing the assessment prepared by the external professional valuer engaged by the management, with the assistance of our valuation specialists; and- Assessing the qualifications, experience and expertise of the external professional valuer engaged by management and considered its objectivity and independence.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report



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

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

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

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

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

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

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



Independent Auditor's Report

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report



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

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

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

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

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 27 June 2024

Sze Chor Chun, Yvonne

Practising Certificate Number: P05049

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	7	305,613	509,326
Cost of sales		(281,100)	(476,150)
Other income	8	462	966
Administrative expenses		(25,111)	(32,795)
Other operating (expenses)/income	9(c)	(7,349)	234
(Loss)/profit from operations		(7,485)	1,581
Finance income		756	232
Finance costs		(2,911)	(5,798)
Net finance costs	9(a)	(2,155)	(5,566)
Loss before taxation	9	(9,640)	(3,985)
Income tax expense	12(a)	(29)	(1,695)
Loss for the year		(9,669)	(5,680)
Other comprehensive expense for the year:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations, net		(569)	(1,847)
Total comprehensive expense for the year		(10,238)	(7,527)
Loss for the year attributable to:			
Owners of the Company		(4,453)	280
Non-controlling interests		(5,216)	(5,960)
		(9,669)	(5,680)
Total comprehensive expense attributable to:			
Owners of the Company		(4,743)	(662)
Non-controlling interests		(5,495)	(6,865)
		(10,238)	(7,527)
(Loss)/earnings per share	14		
– Basic		HK(0.049) cent	HK0.003 cent
– Diluted		HK(0.049) cent	HK0.003 cent

The notes on pages 88 to 159 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	15	20,404	21,756
Right-of-use assets	16	804	1,770
Intangible assets	17	174	174
Loan receivables	20	16,690	–
		38,072	23,700
Current assets			
Inventories	18	15,948	21,961
Trade and other receivables	19	51,625	55,844
Loan receivables	20	36,516	147,491
Repossessed assets	21	54,837	50,724
Tax recoverable		3,521	3,198
Cash and cash equivalents	22	76,064	65,761
		238,511	344,979
Current liabilities			
Trade and other payables	23	18,625	16,438
Bank borrowings	24	24,487	27,506
Lease liabilities	26	824	943
Amounts received from a shareholder	27	–	40,000
		43,936	84,887
Net current assets		194,575	260,092
Total assets less current liabilities		232,647	283,792
Non-current liabilities			
Notes payable	25	–	40,000
Lease liabilities	26	–	836
Deferred tax liabilities	28	394	465
		394	41,301
Net assets		232,253	242,491

Consolidated Statement of Financial Position

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Capital and reserves			
Share capital	29	122,053	122,053
Reserves	30	119,001	123,744
Total equity attributable to owners of the Company		241,054	245,797
Non-controlling interests		(8,801)	(3,306)
Total equity		232,253	242,491

Approved and authorised for issue by the Board of Directors on 27 June 2024 and are signed on its behalf by:

Wang Jingyu
Director

Lai Ming Wai
Director

The notes on pages 88 to 159 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024



	Attributable to owners of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (note 29)	Share premium HK\$'000 (note 30(i))	Contributed surplus HK\$'000 (note 30(ii))	Distributable reserve HK\$'000 (note 30(iii))	Capital redemption reserve HK\$'000 (note 30(iv))	Exchange fluctuation reserve HK\$'000 (note 30(v))	Accumulated losses HK\$'000			
At 1 April 2022	122,886	69,728	2,885,431	2,298	8,000	(849)	(2,842,745)	244,749	3,559	248,308
Profit/(loss) for the year	-	-	-	-	-	-	280	280	(5,960)	(5,680)
Exchange differences on translation of financial statements of foreign operations, net	-	-	-	-	-	(942)	-	(942)	(905)	(1,847)
Total other comprehensive expense	-	-	-	-	-	(942)	-	(942)	(905)	(1,847)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(942)	280	(662)	(6,865)	(7,527)
Conversion of convertible preferred shares (note 29(iii))	(833)	833	-	-	-	-	-	-	-	-
Transfer to reserve (note 30(iii))	-	-	-	25	-	-	(25)	-	-	-
Unclaimed dividends forfeited (note 38)	-	-	-	-	-	-	1,710	1,710	-	1,710
At 31 March 2023	122,053	70,561	2,885,431	2,323	8,000	(1,791)	(2,840,780)	245,797	(3,306)	242,491
At 1 April 2023	122,053	70,561	2,885,431	2,323	8,000	(1,791)	(2,840,780)	245,797	(3,306)	242,491
Loss for the year	-	-	-	-	-	-	(4,453)	(4,453)	(5,216)	(9,669)
Exchange differences on translation of financial statements of foreign operations, net	-	-	-	-	-	(290)	-	(290)	(279)	(569)
Total other comprehensive expense	-	-	-	-	-	(290)	-	(290)	(279)	(569)
Total comprehensive expense for the year	-	-	-	-	-	(290)	(4,453)	(4,743)	(5,495)	(10,238)
At 31 March 2024	122,053	70,561	2,885,431	2,323	8,000	(2,081)	(2,845,233)	241,054	(8,801)	232,253

The notes on pages 88 to 159 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Loss before taxation		(9,640)	(3,985)
Adjustments for:			
Finance costs	9(a)	2,911	5,798
Finance income	9(a)	(756)	(232)
Depreciation of property, plant and equipment	9(c)	2,395	3,155
Depreciation of right-of-use assets	9(c)	966	1,593
Loss on disposal of property, plant and equipment	9(c)	67	119
Impairment loss on trade receivables	9(c)	5,119	1,334
Impairment loss on loan receivables	9(c)	821	216
Impairment loss on interest receivables	9(c)	498	–
Impairment loss on repossessed assets	9(c)	1,308	1,266
Reversal of impairment loss on loan receivables	9(c)	(216)	(3,772)
Reversal of impairment loss on repossessed assets	9(c)	(248)	–
Loan receivable written off	9(c)	–	603
Operating cash flows before changes in working capital		3,225	6,095
Decrease in inventories		6,013	37,363
Increase in trade and other receivables		(1,049)	(5,068)
Decrease in loan receivables		88,158	3,494
Increase/(decrease) in trade and other payables		2,187	(15,977)
Cash generated from operations		98,534	25,907
Income tax paid			
– Hong Kong Profits Tax paid		(329)	(2,726)
– Overseas tax paid		(87)	(92)
Net cash generated from operating activities		98,118	23,089
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,514)	(3,399)
Proceeds from disposal of property, plant and equipment		104	132
Interest received	9(a)	756	232
Net cash used in investing activities		(654)	(3,035)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from financing activities			
Repayment of notes payable		(40,000)	(10,000)
Proceeds from bank advances on bill receivables discounted with full recourse		180,396	296,035
Repayment of bank advances on bill receivables discounted with full recourse		(183,415)	(295,337)
Repayment of amounts received from a shareholder		(40,000)	(7,000)
Interest paid		(2,853)	(5,749)
Capital element of lease liabilities paid		(955)	(1,452)
Interest element of lease liabilities paid	9(a)	(58)	(49)
Net cash used in financing activities		(86,885)	(23,552)
Net increase/(decrease) in cash and cash equivalents		10,579	(3,498)
Cash and cash equivalents at the beginning of the year		65,761	70,713
Effect of foreign exchange rate changes		(276)	(1,454)
Cash and cash equivalents at the end of the year		76,064	65,761

The notes on pages 88 to 159 form part of these consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. CORPORATE INFORMATION

Reliance Global Holdings Limited (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is Room 2401A, 24th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries of the Company comprise money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), forest-related business comprising sustainable forest management and timber supply chain, and leasing of properties.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) which collective term includes all individual International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IAS**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Material accounting policy information adopted by the Company and its subsidiaries (collectively referred to as the “**Group**”) are disclosed below.

The IASB has issued certain new and amendments to IFRS Accounting Standards which are mandatorily effective for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2024 comprise the financial statements of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand (HK\$’000) except otherwise indicated. Hong Kong dollar is the Company’s functional currency and the Group’s presentation currency.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Basis of preparation of the financial statements (continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by the management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any recognised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (that is, reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses (please refer to note 3(f)(ii)).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Property, plant and equipment

The following items of property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses (please refer to note 3(f)(ii)):

- buildings, furniture and fixtures, machinery, engineering and other equipment, and motor vehicles; and
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest.

Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	not more than 50 years after the date of completion
Furniture and fixtures	5 – 10 years
Machinery, engineering and other equipment	5 – 10 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(c) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net proceeds on disposal and the carrying amount of the item and is recognised in profit or loss on the date of retirement or disposal.

(d) Intangible assets (other than goodwill)

Intangible assets, other than goodwill, identified on business combinations are capitalised based on their fair values.

Intangible assets acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 3(f)(ii)).

Money lenders licence will not be amortised until its useful life is determined to be finite, but subject to impairment test annually.

Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component(s) and are accounted for by applying other applicable standards.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a lease term of 12 months or less ("**short-term lease(s)**") and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments (less any lease incentives receivable) payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

Lease payments also include amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

The right-of-use asset is recognised when a lease is capitalised and initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, and is reduced by any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities (please refer to note 3(c)).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Leases (continued)

As a lessee (continued)

The Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to financial asset measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") and that is not accounted for as a separate lease. In this case, the consideration in the modified contract is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the lease modification.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities separately in the consolidated statement of financial position.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(f) Credit losses and impairment of assets

(i) *Credit losses from financial instruments*

The Group recognises impairment loss for expected credit loss ("**ECL**") on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, loan receivables and interest receivables);

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured at the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- loan receivables and interest receivables: discount rate used in the measurement of the receivables.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECL are measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are losses that are expected to result from all possible default events over the expected life of a financial instrument.

Impairment loss for trade receivables is always measured at an amount equal to lifetime ECL. ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECL (continued)

For all other financial instruments including cash and cash equivalents, other receivables, loan receivables and interest receivables, the Group recognises impairment loss equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the impairment loss is measured at an amount equal to lifetime ECL.

The measurement of ECL is a function of the probability of default, loss given default (that is, the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

Where ECL are measured on a collective basis, the financial instruments are grouped on the basis below:

- nature of financial instruments;
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECL (continued)

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;
- an actual or expected internal credit rating downgrade for the borrower;
- an actual or expected significant change in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring; and
- significant changes in the expected performance and behaviour of the borrower.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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

ECL are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or a reversal of impairment loss in profit or loss. The Group recognises an impairment loss or a reversal of impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through an impairment allowance account.

Definition of default

For internal credit risk management, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Basis of calculation of interest income

Interest income recognised in accordance with note 3(t)(ii) 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 the amortised cost (that is, the gross carrying amount less impairment allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- 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;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(ii) Impairment of non-current assets

Intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Credit losses and impairment of assets (continued)

(ii) Impairment of non-current assets (continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversal of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, "Interim Financial Reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (as set out in notes 3(f)(i) and (ii)).

(g) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Inventories (continued)

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.

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

(h) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method, less impairment allowance for ECL (please refer to note 3(f)(i)).

(i) Loan receivables

Loan receivable is initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, direct transaction costs. Loan receivable is subsequently measured at amortised cost if both of the following conditions are met:

- (i) it is held within a business model whose objective is to hold it in order to collect contractual cash flows; and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Repossessed assets

There are two types of repossessed assets:

- (i) In situation where the Group takes ownership and control of the collateral assets in the recovery of credit-impaired loan and interest receivables through court proceedings and releases the obligations of the borrower, the repossessed assets are classified as non-current assets held for sale when they meet the definition of non-current assets held for sale and the recognition criteria under IFRS 5. Non-current assets held for sale are measured at the lower of fair value less costs of disposal and the carrying amount. The related loan and interest receivables together with the impairment allowances are derecognised from the consolidated statement of financial position upon the recognition of the repossessed assets.
- (ii) In situation where the Group obtains rights to lease or sell of the underlying collateral assets in the recovery of credit-impaired loan and interest receivables through court proceedings but does not obtain ownership and control of the underlying collateral assets, the repossessed assets represent the credit-impaired loan and interest receivables that are not derecognised and continue to be measured at amortised cost less provision for impairment under IFRS 9.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 3(f)(i).

Cash at bank excludes bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (as described in note 3(v)). Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity service and amortised over the period of the facility to which it relates.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Preferred share capital

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preferred share capital classified as equity are recognised as distributions within equity.

Preferred share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 3(l) and accordingly dividends thereon are recognised on an accruals basis in profit or loss as part of finance costs.

(o) Derecognition of financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(p) Derecognition of financial liabilities

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

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Group operates a Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. The Group's subsidiaries which operate in Slovenia, Romania and Croatia are required to participate in a central pension scheme (the "**Central Pension Schemes**") operated by the local municipal government for its employees in Slovenia, Romania and Croatia. The subsidiaries are required to contribute a percentage of their payroll costs to the Central Pension Schemes. The contributions under these defined contribution retirement schemes are charged to profit or loss as they become payable in accordance with the rules of the Central Pension Schemes. The Group's contributions to the MPF Scheme and the Central Pension Schemes vest fully and immediately with the employees. Accordingly, there are no forfeited contributions available for the Group to reduce its existing level of contributions to the MPF Scheme and the Central Pension Schemes. The assets of the schemes are held separately from those of the Group under the control of trustees.

Pursuant to the Hong Kong Employment Ordinance, Chapter 57 of the Laws of Hong Kong, the Group has the obligation to pay long service payment ("**LSP**") to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period, based on this formula: last monthly wages (before termination of employment) \times $\frac{2}{3} \times$ years of service. Last monthly wages are capped at HK\$22,500 while the amount of LSP shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) Employee benefits (continued)

(ii) (continued)

In June 2022, the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which will be effective from 1 May 2025 (the “**Transition Date**”). Under the Amendment Ordinance, any accrued benefits attributable to the employer’s mandatory contributions under the MPF scheme of an entity would no longer be eligible to offset against its obligations on LSP for the portion of the LSP accrued on or after the Transition Date.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the tax loss or credit can be utilised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(r) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are:

- temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and do not give rise to equal taxable and deductible temporary differences;
- temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future; and
- temporary differences related to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group 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 expenditure 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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The cost of fulfilling a contract comprises the costs that relate directly to the contract, which consist of both the incremental costs of fulfilling that contract (e.g., direct labour and materials); and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract). Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling with the contract.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Revenue and other income (continued)

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer at contract inception, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Sale of goods*

Revenue is recognised when the customer takes possession of and accepts the products.

(ii) *Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets (other than purchased or originated credit-impaired financial assets) measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (that is, gross carrying amount net of impairment allowance) of the asset (see note 3(f)(i)).

(iii) *Government grants*

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income in profit or loss of the period in which it becomes receivable.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates and are not re-translated. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the foreign exchange rates ruling at the dates of the transactions are used. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both the entity and the group are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(w) Related parties (continued)

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.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Board of Directors of the Company (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

4. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

The Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB to these consolidated financial statements for the current accounting period for the first time:

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

The application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new and amendments to IFRS Accounting Standards that are not yet mandatorily effective for the current accounting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



4. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

Amendment to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”

IAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Prior to the adoption of Amendments to IAS 12, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group previously applied IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Upon the application of the amendments, the Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group’s accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



5. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty

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.

(a) *Impairment assessment of loan receivables and interest receivables*

The management regularly reviews the impairment assessment and evaluates the ECL of the loan receivables and interest receivables. Appropriate impairment allowance is recognised in profit or loss.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the one at the date of initial recognition. In making this assessment, the loan receivables and interest receivables are assessed individually by the management of the Group, based on the financial background, financial condition, an assessment of collateral value and historical settlement records, including past due dates and default rates, of each borrower and reasonable and supportable forward-looking information such as macroeconomic data (for example, respective industry projected growth rates for certain borrowers) that is available without undue cost or effort.

Each borrower is assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the amount and timing of cash flows that are expected from the foreclosure on the collaterals (if any) less the costs of obtaining and selling the collaterals. At each reporting date, the financial background, financial condition and historical settlement records of each borrower are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about ECL and the Group's loan receivables and interest receivables are disclosed in notes 34, 20 and 19 respectively.

(b) *Income tax*

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Board of Directors for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

- Money lending: money lending business conducted pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).
- Forest-related business:
 - (i) Sustainable forest management: sustainable forest management of and investment in natural forests, licensing of harvesting rights, timber and wood processing, trading and sales of forestry and timber products.
 - (ii) Timber supply chain: sales of timber and wood products including processed timber products.
- Leasing of properties: leasing of premises to generate rental income and to gain from the appreciation in property values.

Segment results represent the profit/loss from each segment without allocation of corporate income, corporate expenses and finance costs.

Segment assets include all non-current assets and current assets attributable to an individual reportable segment with the exception of right-of-use assets and certain corporate assets.

All liabilities are allocated to reportable segments other than lease liabilities, deferred tax liabilities, amounts received from a shareholder and certain corporate liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



6. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segments is reported below:

For the year ended 31 March 2024

	Forest-related business			Leasing of properties HK\$'000	Total HK\$'000
	Money lending HK\$'000	Sustainable forest management HK\$'000	Timber supply chain HK\$'000		
Segment revenue					
Revenue from external customers	10,192	-	295,421	-	305,613
Results					
Segment results	5,206	-	(5,437)	-	(231)
Unallocated corporate income					409
Unallocated corporate expenses					(6,907)
Finance costs					(2,911)
Loss before taxation					(9,640)
Other segment information					
Capital expenditure	-	-	(1,514)	-	(1,514)
Depreciation of property, plant and equipment	-	-	(2,353)	-	(2,353)
Impairment loss on trade receivables	-	-	(5,119)	-	(5,119)
Impairment loss on loan receivables	(821)	-	-	-	(821)
Impairment loss on interest receivables	(498)	-	-	-	(498)
Impairment loss on repossessed assets	(1,308)	-	-	-	(1,308)
Reversal of impairment loss on loan receivables	216	-	-	-	216
Reversal of impairment loss on repossessed assets	248	-	-	-	248
Interest income	71	-	318	-	389
At 31 March 2024					
Segment assets	117,948	-	117,837	-	235,785
Unallocated:					
- Right-of-use assets					804
- Corporate assets					39,994
					276,583
Segment liabilities	172	-	41,261	-	41,433
Unallocated:					
- Lease liabilities					824
- Deferred tax liabilities					394
- Corporate liabilities					1,679
					44,330

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. SEGMENT INFORMATION (continued)

Segment revenue, results, assets and liabilities (continued)

For the year ended 31 March 2023

	Money lending HK\$'000	Forest-related business		Leasing of properties HK\$'000	Total HK\$'000
		Sustainable forest management HK\$'000	Timber supply chain HK\$'000		
Segment revenue					
Revenue from external customers	17,838	–	491,488	–	509,326
Results					
Segment results	15,277	–	(4,310)	–	10,967
Unallocated corporate income					143
Unallocated corporate expenses					(9,297)
Finance costs					(5,798)
Loss before taxation					(3,985)
Other segment information					
Capital expenditure	–	–	(3,273)	–	(3,273)
Depreciation of property, plant and equipment	–	–	(3,056)	–	(3,056)
Impairment loss on trade receivables	–	–	(1,334)	–	(1,334)
Impairment loss on loan receivables	(216)	–	–	–	(216)
Impairment loss on repossessed assets	(1,266)	–	–	–	(1,266)
Loan receivable written off	(603)	–	–	–	(603)
Reversal of impairment loss on loan receivables	3,772	–	–	–	3,772
Interest income	11	–	119	–	130
At 31 March 2023					
Segment assets	206,418	–	142,794	–	349,212
Unallocated:					
– Right-of-use assets					1,770
– Corporate assets					17,697
					368,679
Segment liabilities	37,813	–	41,280	–	79,093
Unallocated:					
– Lease liabilities					1,779
– Deferred tax liabilities					465
– Amounts received from a shareholder					40,000
– Corporate liabilities					4,851
					126,188

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. SEGMENT INFORMATION (continued)

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical locations of customers refer to the locations at which the customers reside. The geographical locations of property, plant and equipment, right-of-use assets and loan receivables are based on the physical locations of the assets and the place of negotiation under consideration. In the case of intangible assets, the allocation is based on the location of the operation to which they are allocated.

	Revenue from external customers		Non-current assets	
	Year ended 31 March		At 31 March	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The People's Republic of China ("PRC")	230,859	451,246	–	–
Hong Kong	17,449	17,838	17,764	2,082
Asia (other than Hong Kong and the PRC)	49,368	4,329	–	–
Europe	7,558	12,042	20,308	21,618
Middle East	379	23,871	–	–
	305,613	509,326	38,072	23,700

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2024	2023
	HK\$'000	HK\$'000
Customer A – revenue from timber supply chain	112,855	85,464
Customer B – revenue from timber supply chain	–*	91,081

* No revenue was contributed from this customer for the relevant year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. REVENUE

An analysis of the Group's revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Sales from timber supply chain business	295,421	491,488
Interest income from money lending business	9,997	17,302
Arrangement fee income from money lending business	195	536
	305,613	509,326

Note:

Revenue is recognised at a point in time except for interest income from money lending business which falls outside the scope of IFRS 15.

8. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government subsidies (<i>note</i>)	–	456
Sales of residual products	118	428
Sundry income	344	82
	462	966

Note:

The amount represented the cash subsidies received from The Government of the HKSAR under the Anti-Epidemic Fund for the purpose of relieving financial burdens of the businesses operating in Hong Kong. Under the terms of the subsidies, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to its employees.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after (crediting)/charging:

	2024 HK\$'000	2023 HK\$'000
(a) Net finance costs		
Finance income:		
Interest income from bank deposits	(756)	(232)
Finance costs:		
Interest on lease liabilities	58	49
Interest on advances drawn on bill receivables discounted with full recourse	1,432	2,333
Interest on notes payable	1,421	3,416
	2,911	5,798
	2,155	5,566
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	15,667	18,282
Contributions to retirement benefits scheme	618	740
	16,285	19,022
(c) Other items		
Cost of inventories (note 18)	266,166	408,459
Depreciation of property, plant and equipment (note 15)	2,395	3,155
Depreciation of right-of-use assets (note 16)	966	1,593
Lease payments not included in the measurement of lease liabilities (note 16)	631	976
Net exchange loss	374	1,286
Loss on disposal of property, plant and equipment*	67	119
Impairment losses under ECL model		
– Trade receivables (note 19)*	5,119	1,334
– Loan receivables (note 20)*	821	216
– Interest receivables (note 19)*	498	–
– Repossessed assets (note 21)*	1,308	1,266
Reversal of impairment loss under ECL model		
– Loan receivables (note 20)*	(216)	(3,772)
– Repossessed assets (note 21)*	(248)	–
Loan receivable written off (note 34(a))*	–	603
	7,349	(234)
Auditor's remuneration		
– Audit services	1,520	1,480
– Other services	315	300
	1,835	1,780

* These items are included in "Other operating (expenses)/income" on the face of the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S 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 and the chief executive's emoluments are as follows:

	2024				Total HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	
Executive Directors					
Ms. Wang Jingyu	-	130	-	7	137
Mr. Lai Ming Wai	-	520	-	26	546
Ms. Chan Yuk Yee	-	520	-	26	546
	-	1,170	-	59	1,229
Independent Non-executive Directors					
Mr. Yam Kwong Chun	120	-	-	-	120
Mr. Chai Chi Keung	120	-	-	-	120
Mr. Wong Chi Kit (Appointed on 31 May 2023)	100	-	-	-	100
Mr. Chiang Bun (Resigned on 31 May 2023)	20	-	-	-	20
	360	-	-	-	360
	360	1,170	-	59	1,589

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	2023				Total HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	
Executive Directors					
Ms. Wang Jingyu	–	219	–	11	230
Mr. Lai Ming Wai	–	877	–	44	921
Ms. Chan Yuk Yee	–	877	–	44	921
	–	1,973	–	99	2,072
Independent Non-executive Directors					
Mr. Yam Kwong Chun	120	–	–	–	120
Mr. Chai Chi Keung	120	–	–	–	120
Mr. Chiang Bun	120	–	–	–	120
	360	–	–	–	360
	360	1,973	–	99	2,432

Mr. Lai Ming Wai performed the function of chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive for the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group. The emoluments of the independent non-executive directors shown above were mainly for their services as directors of the Company.

There was no arrangement under which a director had waived or agreed to waive any remuneration.

During the years ended 31 March 2024 and 2023, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals during the year included two (2023: two) directors and details of their emoluments are set out in note 10 above, the aggregate emoluments of the remaining three (2023: three) individuals are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries and other emoluments	2,152	2,589
Discretionary bonus	–	–
Retirement scheme contributions	154	214
	2,306	2,803

The emoluments of the three (2023: three) highest paid individuals (other than the directors) were within the following bands:

	Number of individuals	
	2024	2023
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	–	1

During the years ended 31 March 2024 and 2023, no emolument was paid by the Group to such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. INCOME TAX EXPENSE

- (a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
– current tax	32	1,767
– overprovision in prior year	(6)	(1)
	26	1,766
Slovenia corporate income tax		
– current tax	8	20
Romania corporate income tax		
– current tax	–	74
Croatia corporate income tax		
– current tax	59	5
Deferred tax (<i>note 28</i>)	(64)	(170)
	29	1,695

For the year ended 31 March 2024, the provision for Hong Kong Profits Tax is calculated at a flat rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year, except for a group entity which is a qualifying corporation under the two-tiered profits tax rates regime. For this group entity, the first HK\$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. Such basis had been applied for the calculation of the provision for Hong Kong Profits Tax for another group entity for the year ended 31 March 2023.

Slovenia corporate income tax is charged at 19% on the estimated assessable profits arising in Slovenia for the years ended 31 March 2024 and 2023.

Romania corporate income tax is charged at 16% on the estimated assessable profits arising in Romania for the years ended 31 March 2024 and 2023. Romania corporate income tax has not been provided for the year ended 31 March 2024 as there was no assessable profit.

Croatia corporate income tax is charged at 18% on the estimated assessable profits arising in Croatia for the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	2024 HK\$'000	2023 HK\$'000
Loss before taxation	(9,640)	(3,985)
Notional tax on loss before taxation, calculated at the rates applicable to the countries concerned	(1,687)	(1,025)
Tax effect of non-taxable income	(781)	(565)
Tax effect of non-deductible expenses	207	265
Tax effect of unused tax losses not recognised	2,625	3,136
Tax effect of temporary differences not recognised	(117)	(25)
Utilisation of previously unrecognised tax losses	(212)	(90)
Overprovision in prior year	(6)	(1)
Income tax expense	29	1,695

13. DIVIDEND

The directors of the Company do not recommend the payment or declaration of any dividend for the year ended 31 March 2024 (2023: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



14. (LOSS)/EARNINGS PER SHARE

- (a) The calculation of basic and diluted (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company and the reconciliation of the weighted average number of shares as shown in note 14(b) below:

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(4,453)</u>	<u>280</u>

- (b) Weighted average number of shares

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	9,115,435	9,114,897
Effect of dilutive potential ordinary shares arising from conversion of convertible preferred shares	<u>–</u>	<u>96,557</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u>9,115,435</u>	<u>9,211,454</u>

Potential ordinary shares arising from the assumed conversion of convertible preferred shares have not been included in the calculation of diluted loss per share because it was anti-dilutive for the year ended 31 March 2024.

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For the year ended 31 March 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Buildings HK\$'000	Furniture and fixtures HK\$'000	Machinery, engineering and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 April 2022	2,862	12,765	1,596	4,868	1,587	23,678
Additions	–	439	194	1,243	1,523	3,399
Disposals	–	–	(450)	–	(208)	(658)
Exchange realignment	(53)	(228)	(12)	(60)	8	(345)
At 31 March 2023 and 1 April 2023	2,809	12,976	1,328	6,051	2,910	26,074
Additions	–	24	5	1,196	289	1,514
Disposals	–	–	–	–	(267)	(267)
Exchange realignment	(41)	(189)	(8)	(98)	(34)	(370)
At 31 March 2024	2,768	12,811	1,325	7,149	2,898	26,951
Accumulated depreciation and impairment loss						
At 1 April 2022	–	152	807	391	161	1,511
Charge for the year	–	798	221	1,691	445	3,155
Disposals	–	–	(325)	–	(82)	(407)
Exchange realignment	–	17	–	35	7	59
At 31 March 2023 and 1 April 2023	–	967	703	2,117	531	4,318
Charge for the year	–	773	158	746	718	2,395
Disposals	–	–	–	–	(96)	(96)
Exchange realignment	–	(21)	(3)	(37)	(9)	(70)
At 31 March 2024	–	1,719	858	2,826	1,144	6,547
Carrying amounts						
At 31 March 2024	2,768	11,092	467	4,323	1,754	20,404
At 31 March 2023	2,809	12,009	625	3,934	2,379	21,756

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



16. RIGHT-OF-USE ASSETS

	Leased property HK\$'000
Cost	
At 1 April 2022	6,783
Addition	1,928
Expiry of lease contracts	<u>(6,783)</u>
At 31 March 2023, 1 April 2023 and 31 March 2024	<u>1,928</u>
Accumulated depreciation	
At 1 April 2022	5,348
Charge for the year	1,593
Expiry of lease contracts	<u>(6,783)</u>
At 31 March 2023 and 1 April 2023	158
Charge for the year	<u>966</u>
At 31 March 2024	<u>1,124</u>
Carrying amounts	
At 31 March 2024	<u>804</u>
At 31 March 2023	<u>1,770</u>
Expense relating to short-term leases and leases of low-value assets (2023: HK\$976,000)	<u>631</u>

During the year, there is no addition to right-of-use assets (2023: HK\$1,928,000 was related to the capitalised lease payments payable under a new tenancy agreement).

The total cash outflow for leases for the year was HK\$1,013,000 (2023: HK\$1,501,000).

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For the year ended 31 March 2024

16. RIGHT-OF-USE ASSETS (continued)

The analysis of the carrying amounts of right-of-use assets by class of underlying asset is as follows:

	2024 HK\$'000	2023 HK\$'000
Other properties leased for own use, carried at cost less depreciation (<i>note</i>)	<u>804</u>	<u>1,770</u>

Note:

The Group obtained the right to use other properties as its office premise through tenancy agreements. The leases typically run for an initial period of two years.

Details of the maturity analysis of lease liabilities are set out in note 26.

17. INTANGIBLE ASSETS

	Money lenders licences HK\$'000
Cost	
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>174</u>
Accumulated impairment loss	
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>–</u>
Carrying amounts	
At 31 March 2024	<u>174</u>
At 31 March 2023	<u>174</u>

Note:

- (i) The Group acquired the money lenders licences through the acquisition of companies now known as Reliance Credit Limited (“**Reliance Credit**”) and Reliance Capital Finance Limited (“**Reliance Capital**”), during the years ended 31 March 2015 and 31 March 2021 respectively. For the purpose of impairment testing on the money lenders licences held by the Group, the recoverable amounts have been determined based on fair values less costs of disposal, no impairment was provided for the years ended 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

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18. INVENTORIES

At the end of each reporting period, inventories in the consolidated statement of financial position comprise the followings:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Work-in-progress	3,480	2,179
Timber logs and processed lumber	12,468	19,782
	15,948	21,961

An analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Carrying amount of inventories sold	266,166	408,459

19. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		16,201	18,415
Less: impairment allowance	34(a)	(6,454)	(1,375)
	(i)	9,747	17,040
Interest receivables		1,107	5,251
Less: impairment allowance	34(a)	(724)	(226)
		383	5,025
Bill receivables	(ii)	33,854	27,800
Other receivables		3,311	3,085
Financial assets at amortised costs		47,295	52,950
Trade and logging deposits	(iii)	1,886	1,445
Other deposits and prepayments		2,444	1,449
		51,625	55,844

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. TRADE AND OTHER RECEIVABLES (continued)

Notes:

(i) Trade receivables

An aging analysis of the Group's trade receivables as of the end of the reporting period, based on the invoice date, and net of impairment allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	165	1,279
31 to 90 days	541	371
91 to 180 days	51	11,904
181 to 365 days	2,756	3,486
Over 365 days	6,234	–
	9,747	17,040

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 and 120 days after issuance. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

Further details on the Group's credit policy and credit risk arising from trade receivables and interest receivables are set out in note 34(a).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(ii) Bill receivables

At 31 March 2024, included in bill receivables of HK\$33,854,000 (2023: HK\$27,800,000), bill receivables of HK\$24,487,000 (2023: HK\$27,506,000) were discounted to banks with full recourse with a maturity period of less than 90 days (2023: less than 90 days). The Group recognised the full amount of the discounted proceeds as liabilities as set out in note 24.

The following table is the Group's financial assets at 31 March 2024 and 31 March 2023 that were transferred to banks by discounting these receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and recognised the cash received on the transfer as a secured borrowing. These financial assets were carried at amortised cost.

	2024 HK\$'000	2023 HK\$'000
Carrying amount of the transferred assets	24,487	27,506
Carrying amount of the associated liabilities	(24,487)	(27,506)
	—	—

(iii) Trade and logging deposits

At 31 March 2024, trade and logging deposits totalling of HK\$1,886,000 (2023: HK\$1,445,000) were paid in relation to the Group's timber supply chain business.

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For the year ended 31 March 2024

20. LOAN RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fixed-rate loan receivables	62,038	155,718
Less: impairment allowance (<i>note 34(a)</i>)	(8,832)	(8,227)
	53,206	147,491
Analysed as:		
Current portion	36,516	147,491
Non-current portion	16,690	–
	53,206	147,491
Analysed as:		
Secured	47,648	134,449
Unsecured	5,558	13,042
	53,206	147,491

All loans were denominated in Hong Kong dollars. At 31 March 2024, the loan receivables carried interest rates ranging from 8.5% to 12.5% per annum (2023: 8.5% to 14.5% per annum).

Before granting loans to potential borrowers, the Group performs internal credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, current creditworthiness, account aging and past collection history of each borrower as well as the value of collateral provided, under the Group's credit risk rating system.

In determining the recoverability of loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

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For the year ended 31 March 2024



20. LOAN RECEIVABLES (continued)

At 31 March 2024, loan receivables with an aggregate carrying amount of HK\$47,648,000 (2023: HK\$134,449,000) were secured by collateral provided by the borrowers. At the end of the reporting period, for loan receivables with aggregate gross carrying amount of HK\$62,038,000 (2023: HK\$155,718,000), (i) HK\$23,838,000 (2023: HK\$137,706,000) were not past due; (ii) HK\$3,248,000 (2023: nil) had been past due for less than 90 days; (iii) HK\$12,900,000 (2023: nil) had been past due for more than 90 days but less than 180 days; (iv) HK\$12,143,000 (2023: nil) had been past due for more than 180 days but less than 365 days; and (v) HK\$9,909,000 (2023: HK\$18,012,000) had been past due for 365 days or more.

At the end of each reporting period, the Group's loan receivables were individually and collectively assessed for impairment. An impairment allowance of HK\$8,832,000 had been provided at 31 March 2024 (2023: HK\$8,227,000).

Further details on the Group's credit policy and credit risk arising from loan receivables are set out in note 34(a).

21. REPOSSESSED ASSETS

The nature and carrying value of the repossessed assets held are summarised as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Repossessed assets – residential and commercial properties	57,163	51,990
Less: impairment allowance	(2,326)	(1,266)
	54,837	50,724

Repossessed assets represent the underlying collateral assets which the Group has the rights to lease or sell, and were possessed by the Group through recovery of credit-impaired loan and interest receivables through court proceedings. They are carried at amortised cost and are subject to the ECL model. An impairment allowance of HK\$2,326,000 had been provided at 31 March 2024 (2023: HK\$1,266,000).

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Group comprised bank balances and cash held by the Group of HK\$76,064,000 (2023: HK\$65,761,000). The carrying amounts of these assets approximated to their fair values.

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For the year ended 31 March 2024

23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables (<i>note</i>)	9,374	8,945
Other payables and accruals	4,504	4,877
Receipt in advance	4,609	2,178
Amounts due to non-controlling interests (<i>note 37(b)(ii)</i>)	138	438
	18,625	16,438

Note:

An aging analysis of the Group's trade payables as of the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	8,249	3,948
31 to 90 days	62	3,415
91 to 180 days	218	1,582
Over 180 days	845	–
	9,374	8,945

The average credit period is within 90 days for the current year (2023: within 90 days).

24. BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Advances drawn on bill receivables discounted with full recourse (<i>note</i>)	24,487	27,506

Note:

The amount represented the Group's borrowings secured by the bill receivables discounted to banks with full recourse (*note 19(ii)*), the amount was repayable within one year and carried interest at the banks' lending rate plus certain basis points.

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24. BANK BORROWINGS (continued)

An analysis of the carrying amount of bank borrowings is as follows:

	2024 HK\$'000	2023 HK\$'000
The carrying amount of bank borrowings that contain a repayable on demand clause (classified under current liabilities)		
Within one year	<u>24,487</u>	<u>27,506</u>
Less: amounts shown under current liabilities	<u>(24,487)</u>	<u>(27,506)</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>–</u>

All of the banking facilities are subject to fulfillment of covenants. If the Group is in breach of the covenants, the drawn down facilities will become repayable on demand. In addition, certain of the Group's bank borrowings contain covenants which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with the covenants of the banking facilities and does not consider it is probable that the banks will exercise their discretion to demand repayment so long as the Group continues to meet the requirements. At 31 March 2024, none of the covenants relating to the drawn down facilities had been breached (2023: nil).

All of the bank borrowings are carried at amortised cost.

25. NOTES PAYABLE

On 2 January 2020, the Company entered into a placing agreement with an independent placing agent, pursuant to which the Company agreed to place through the placing agent, on a best effort basis, to independent third parties the three-year secured notes with an aggregate principal amount of up to HK\$300,000,000 and carrying interest at 7.125% per annum.

On 15 January 2020, the Company completed the issue of the first tranche of the notes of an aggregate principal amount of HK\$50,000,000 which would be due on 16 January 2023. The notes payable are secured by a debenture which incorporating a first floating charge over all the undertakings, property and assets of a subsidiary of the Company engaging in the money lending business in favour of a security trustee as trustee for and on behalf of the noteholders.

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25. NOTES PAYABLE (continued)

On 16 January 2023, the Company entered into a deed of amendment with the noteholders pursuant to which the noteholders agreed to extend the maturity dates of the notes to the fifth anniversary of the issue date.

The Group had repaid HK\$10,000,000, HK\$22,000,000 and HK\$18,000,000 of the principal amount of the notes in January 2023, September 2023 and October 2023 respectively by utilising surplus funds on hand for the purpose of saving finance costs, accordingly, at 31 March 2024, all outstanding amount of notes payable was settled (2023: HK\$40,000,000).

26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at 31 March 2024:

	2024 HK\$'000	2023 HK\$'000
Within one year	824	943
After one year but within two years	–	836
	<u>824</u>	<u>1,779</u>

27. AMOUNTS RECEIVED FROM A SHAREHOLDER

The amounts received from a shareholder, Champion Alliance Enterprises Limited (“**Champion Alliance**”), which were accounted for as a loan from a shareholder, are unsecured, interest-free and repayable at the end of the twelve-month period from the date of the loan facility agreement. Under the agreement, the loan facility is extendable for another twelve-month period and subsequent twelve-month period(s), or on such other date at the request of the Company and agreed by the shareholder in writing. The funds received from Champion Alliance have been applied as working capital of the Group to support its business development. Champion Alliance has undertaken not to demand for repayment of the amounts due to it (which are unsecured and interest-free) until the Group is financially viable to do so. At 31 March 2024, there was no outstanding amount received from a shareholder (2023: HK\$40,000,000).

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28. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Property, plant and equipment HK\$'000
At 1 April 2022	651
Credited to profit or loss (<i>note 12</i>)	(170)
Exchange realignment	(16)
	<hr/>
At 31 March 2023 and 1 April 2023	465
Credited to profit or loss (<i>note 12</i>)	(64)
Exchange realignment	(7)
	<hr/>
At 31 March 2024	394

At 31 March 2024, the Group had unused tax losses of HK\$74,716,000 (2023: HK\$68,724,000, which included an amount of HK\$65,460,000 arising from the acquisition of a subsidiary during the year ended 31 March 2021), the tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely. At 31 March 2024, the Group had no other material temporary differences (2023: nil).

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29. SHARE CAPITAL

	Note	Number of ordinary shares of HK\$0.01 per share (note (i)) '000	HK\$'000	Number of convertible preferred shares of HK\$0.01 per share (note (ii)) '000	HK\$'000	Total HK\$'000
Authorised:						
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024		30,000,000	300,000	27,534,000	275,340	575,340
Issued and fully paid:						
At 1 April 2022		9,112,745	91,127	3,175,909	31,759	122,886
Conversion of convertible preferred shares	(iii)	2,690	27	(86,076)	(860)	(833)
At 31 March 2023, 1 April 2023 and 31 March 2024		9,115,435	91,154	3,089,833	30,899	122,053

Notes:

(i) Ordinary shares

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Convertible preferred shares

The non-voting convertible preferred shares (the "Convertible Preferred Share(s)") can be converted into ordinary shares of the Company at any time after issue. The Convertible Preferred Shares shall at all times rank equally among themselves, upon exercise of the conversion right attaching to the Convertible Preferred Shares, the ordinary shares issued pursuant to the conversion shall rank pari passu with all other ordinary shares of the Company then in issue with respect to the right to any dividends or distributions declared.

Notes to the Consolidated Financial Statements

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29. SHARE CAPITAL (continued)

Notes: (continued)

(ii) Convertible preferred shares (continued)

The following are the other major terms of the Convertible Preferred Shares:

In the event of liquidation, dissolution or winding up, or merger, or reorganisation that will result in any distribution of assets of the Company to the existing shareholders of the Company, the holders of the Convertible Preferred Shares will receive an amount equal to 100% of the face value of the Convertible Preferred Shares. In addition, the ranking of the Convertible Preferred Shares is higher than ordinary shares, but lower than creditors in the case of liquidation.

The holder of each Convertible Preferred Shares shall not have any voting rights save where the Company proposes to pass a resolution to vary the rights attached to the Convertible Preferred Shares or for the winding up or dissolution of the Company. The Convertible Preferred Shares are non-redeemable and are not listed on any stock exchange.

Each Convertible Preferred Share shall be convertible at the option of the holders at any time after issue, provided that (i) any conversion of the Convertible Preferred Shares shall not result in the aggregate voting rights in the Company held by the relevant holder of the Convertible Preferred Shares who exercises the conversion rights and parties acting in concert with it exceeding 29.9%, or such other percentage as may then be the maximum percentage (to one decimal place) of issued shares of the Company it could then acquire without being required to make a mandatory general offer for the shares of the Company under the Hong Kong Code on Takeovers and Mergers or (ii) any conversion of the Convertible Preferred Shares shall not result in the public float of the shares falling below the minimum requirements of the Listing Rules.

- (iii) During the year ended 31 March 2023, an aggregate of 2,689,863 ordinary shares of HK\$0.01 each of the Company were issued upon conversion of 86,075,633 Convertible Preferred Shares of HK\$0.01 each, pursuant to which approximately HK\$27,000 was credited to share capital and the balance of approximately HK\$833,000 was credited to share premium account.

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30. RESERVES

Nature and purposes of the reserves

(i) *Share premium*

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended). The share premium account of the Company is distributable to owners of the Company in the form of fully paid bonus shares.

(ii) *Contributed surplus*

The contributed surplus of the Company mainly represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to a reorganisation of the Group in June 1991, over the nominal value of the Company's shares issued in exchange thereof, and the effect of the Company's capital reorganisation during the year ended 31 March 2014. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

(iii) *Distributable reserve*

Pursuant to a special resolution passed on 15 July 2003, the share premium account of the Company was reduced by an amount of HK\$103,948,000 to nil, of which a sum of HK\$98,953,000 was applied towards the elimination of the accumulated losses of the Company at 31 March 2003, with the remaining balance of HK\$4,995,000 being credited to the distributable reserve of the Company. The reduction of the share premium account was effective on 6 October 2003. During the year ended 31 March 2007, expenses relating to a rights issue exercise of HK\$2,779,000 was debited to the distributable reserve of the Company.

Pursuant to applicable Slovenian laws, the Group's subsidiary in Slovenia is required to appropriate not less than 5% of its profit after tax to its statutory reserve until such reserve reaches 10% or a higher percentage (as specified by laws) of the subsidiary's share capital. Up to 31 March 2024, the Group's subsidiary in Slovenia had appropriated a sum of HK\$72,000 (2023: HK\$72,000) to its statutory reserve.

Pursuant to applicable Romanian laws, each of the Group's subsidiaries in Romania is required to appropriate not less than 5% of its profit after tax to its statutory reserve until such reserve reaches 20% or a higher percentage (as specified by laws) of the subsidiary's share capital. Up to 31 March 2024, the Group's subsidiaries in Romania had appropriated a total sum of HK\$35,000 (2023: HK\$35,000) to their statutory reserve.

(iv) *Capital redemption reserve*

The capital redemption reserve represents the amount paid by which the Company's issued share capital has been diminished upon the cancellation of shares repurchased.

(v) *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations.

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31. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The capital structure of the Group consists of debt, which includes the bank borrowings, notes payable and amounts received from a shareholder, and equity attributable to owners of the Company, comprising issued share capital and reserves.

During the year ended 31 March 2024, the Group's strategy in managing capital structure remains unchanged from the prior year.

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32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amounts received from a shareholder HK\$'000	Bank borrowings HK\$'000	Notes payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2022	47,000	26,808	50,000	1,303	125,111
Changes from financing cash flows:					
Proceeds from bank advances on bill receivables discounted with full recourse	-	296,035	-	-	296,035
Repayment of bank advances on bill receivables discounted with full recourse	-	(295,337)	-	-	(295,337)
Repayment of notes payable	-	-	(10,000)	-	(10,000)
Repayment of amounts received from a shareholder	(7,000)	-	-	-	(7,000)
Interest paid	-	(2,333)	(3,416)	-	(5,749)
Capital element of lease liabilities paid	-	-	-	(1,452)	(1,452)
Interest element of lease liabilities paid	-	-	-	(49)	(49)
	(7,000)	(1,635)	(13,416)	(1,501)	(23,552)
Other changes:					
Increase in lease liabilities from entering into new lease during the year	-	-	-	1,928	1,928
Interest on lease liabilities	-	-	-	49	49
Finance costs	-	2,333	3,416	-	5,749
	-	2,333	3,416	1,977	7,726
At 31 March 2023 and 1 April 2023	40,000	27,506	40,000	1,779	109,285
Changes from financing cash flows:					
Proceeds from bank advances on bill receivables discounted with full recourse	-	180,396	-	-	180,396
Repayment of bank advances on bill receivables discounted with full recourse	-	(183,415)	-	-	(183,415)
Repayment of notes payable	-	-	(40,000)	-	(40,000)
Repayment of amounts received from a shareholder	(40,000)	-	-	-	(40,000)
Interest paid	-	(1,432)	(1,421)	-	(2,853)
Capital element of lease liabilities paid	-	-	-	(955)	(955)
Interest element of lease liabilities paid	-	-	-	(58)	(58)
	(40,000)	(4,451)	(41,421)	(1,013)	(86,885)
Other changes:					
Interest on lease liabilities	-	-	-	58	58
Finance costs	-	1,432	1,421	-	2,853
	-	1,432	1,421	58	2,911
At 31 March 2024	-	24,487	-	824	25,311

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



33. CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at amortised cost	231,402	316,926
Financial liabilities		
Amortised cost	<u>(43,936)</u>	<u>(125,723)</u>

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk and ECL assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables, loan receivables and interest receivables. Credit risks associated with loan receivables and interest receivables are mitigated by the security over collaterals and/or guarantees. The Group does not hold any collateral or other credit enhancements to cover the credit risks associated with other financial assets whose carrying amounts best represent the maximum exposure to credit risk.

Trade receivables

At 31 March 2024, the Group had significant concentration of credit risk on trade receivables as 89% (2023: 82%) of the total trade receivables was due from two customers (2023: one customer) of the Group's timber supply chain business.

For trade receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 and 120 days from the date of billing.

In addition, the Group performs impairment assessment under the ECL model upon application of IFRS 9 on trade balances individually. The management performs periodic evaluations on customer to ensure the Group's exposure to bad debts is not significant. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

Loan and interest receivables

At 31 March 2024, on a net of impairment allowance basis, the Group had significant concentration of credit risk on loan and interest receivables, as 84% (2023: no significant concentration of credit risk on loan and interest receivables, that is 44%) of the total loan and interest receivables was due from the five largest borrowers. The largest borrower of the Group by itself accounted for approximately 31% (2023: 11%) of the Group's loan and interest receivables. Nevertheless, the whole amount is considered recoverable given there are sufficient collaterals to cover the entire balance.

The Group has a policy for assessing the impairment on loan and interest receivables on an individual basis. The assessment includes evaluation of collectability, current creditworthiness, account aging and past collection history of each borrower as well as the value of collateral provided, under the Group's credit risk rating system.

In determining the recoverability of loan and interest receivables on a collective basis, the Group considers any change in the credit quality of the loan and interest receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

The carrying amount of the loan receivables and interest receivables amounted to HK\$53,206,000 (2023: HK\$147,491,000) and HK\$383,000 (2023: HK\$5,025,000) respectively at the end of the reporting period. The Group considered the secured loans of HK\$47,648,000 (2023: HK\$134,449,000) and the corresponding interest receivables (after impairment allowances) are recoverable given the fair values of the collaterals are sufficient to cover the secured loans and interest receivables on an individual basis. As for the unsecured loans of HK\$5,558,000 (2023: HK\$13,042,000) (after impairment allowances), the Group considered the amounts are recoverable as the loans were borrowed by borrowers with good credit history in general. Impairment allowances on outstanding loan and interest receivables are determined by an evaluation of the financial background and financial condition of the borrower and the anticipated receipts for that individual loan, at the end of the reporting period.

The directors of the Company are responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans. In addition, the Group reviews the recoverable amount of each individual loan at the end of each reporting period to ensure that adequate impairment allowance is made for irrecoverable amount. In view of the above, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

Other financial assets measured at amortised cost

The credit risk of other financial assets is managed through an internal process. The Group closely monitors the outstanding amounts of other financial assets at amortised costs and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

ECL assessment

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

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Performing	The counterparty has a low to moderate risk of default and its credit risk has not increased significantly since initial recognition.	Lifetime ECL (not credit-impaired)	12-month ("12m") ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or externally.	Lifetime ECL (not credit-impaired)	Lifetime ECL (not credit-impaired)
Non-performing	There is evidence indicating that the asset is credit impaired.	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

The table below sets out the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2024 HK\$'000	2023 HK\$'000
Trade receivables (note (i))	19	Performing	Lifetime ECL (not credit-impaired)	4,063	18,286
		Non-performing	Lifetime ECL (credit-impaired)	12,138	129
Loan receivables (note (ii))	20	Performing	12m ECL	39,986	137,706
		Underperforming	Lifetime ECL (not credit-impaired)	12,143	7,903
		Non-performing	Lifetime ECL (credit-impaired)	9,909	10,109
Repossessed assets (note (iii))	21	Non-performing	Lifetime ECL (credit-impaired)	57,163	51,990
Other financial assets (note (iv))	19	Performing	12m ECL	37,548	34,323
		Underperforming	Lifetime ECL (not credit-impaired)	370	1,124
		Non-performing	Lifetime ECL (credit-impaired)	354	689
Cash and cash equivalents (note (v))	22	N/A	12m ECL	76,064	65,761

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For the year ended 31 March 2024



34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment allowance on lifetime ECL basis. The lifetime ECL for these balances are determined individually and/or collectively using a provision matrix with appropriate groupings based on historical credit loss experience adjusted by forward-looking estimates, the average loss rate for not credit-impaired trade receivables and credit-impaired trade receivables are ranging at 17.6% (2023: 8.2%) and 48.8% (2023: 100%) respectively. At 31 March 2024, trade receivables of aggregate gross carrying amount of HK\$15,445,000 (2023: HK\$15,156,000) were past due and a corresponding impairment loss of HK\$5,119,000 (2023: HK\$1,334,000) was recognised for the year ended 31 March 2024.
- (ii) As part of the Group's credit risk management, the Group applies internal credit rating for its borrowers. The ECL rates are estimated based on the credit rating, past and current default record and current past due exposure of the borrowers, the average loss rate for not credit-impaired borrowers and credit-impaired borrowers are ranging from 1.8% to 6.8% (2023: 1.8% to 3.4%) and from 20% to 100% (2023: 51% to 100%) respectively.

The impairment allowance for borrowers are assessed individually and determined by reference to the independent professional valuer's assessment on the related loans in accordance with IFRS 9 by adopting its independently selected parameters which take into consideration of credit rating profile similar to the respective borrowers, the historical market default records and forward-looking information. At 31 March 2024, loan receivables of aggregate gross carrying amount of HK\$9,909,000 (2023: HK\$10,109,000) were determined as credit-impaired because they were past due for more than 90 days, such loans were unsecured and an impairment allowance of HK\$7,586,000 (2023: HK\$7,586,000) had been provided. In addition, loan receivables of aggregate gross carrying amount of HK\$12,900,000 (2023: HK\$7,903,000) were not credit-impaired and no impairment allowance had been provided because the fair values of the collateral provided were higher than the gross carrying amount of the loan receivables and, on an individual basis, the borrower(s) had a good repayment history. Loan receivables of HK\$12,143,000 (2023: nil) were underperforming but not credit-impaired and an impairment allowance of HK\$821,000 (2023: nil) had been provided. During the year, an impairment loss of HK\$821,000 (2023: impairment loss of HK\$216,000 and written-off of HK\$603,000) were recognised for the year ended 31 March 2024.

- (iii) The impairment allowance for repossessed assets are assessed individually and determined by reference to the independent professional valuer's valuation on the collateral. At 31 March 2024, repossessed assets of aggregate gross carrying amount of HK\$57,163,000 (2023: HK\$51,990,000) were valued and an impairment loss of HK\$1,308,000 (2023: HK\$1,266,000) and a reversal on impairment loss of HK\$248,000 (2023: nil) were recognised for the year ended 31 March 2024.
- (iv) For the purposes of internal credit risk management, the Group uses historical past due experience, forward-looking information as well as the value of collateral provided to assess whether credit risk has increased significantly since initial recognition. At 31 March 2024, other financial assets of aggregate gross carrying amount of HK\$724,000 (2023: HK\$1,813,000) were past due and impairment loss of HK\$498,000 (2023: nil) was recognised for the year ended 31 March 2024. The ECL rate of credit-impaired other financial assets is 100% (2023: 100%).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk and ECL assessment (continued)

ECL assessment (continued)

Notes: (continued)

- (v) Cash and cash equivalents mainly represent the cash placed with financial institutions in Hong Kong. Financial institutions in Hong Kong are governed by Hong Kong Monetary Authority. In view of the stable bank system in Hong Kong, the ECL on bank balance is thus expected to be very minimal and close to zero. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no impairment allowance was recognised.

The following table shows reconciliation of impairment allowances that have been recognised for trade receivables, loan receivables, interest receivables and repossessed assets:

	Trade receivables		Loan receivables			Interest receivables	Repossessed assets
	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)	Lifetime ECL (credit-impaired)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	-	-	425	-	11,358	226	-
Reversal of impairment loss	-	-	-	-	(3,772)	-	-
Impairment losses	1,210	124	216	-	-	-	1,266
Exchange realignment	36	5	-	-	-	-	-
At 31 March 2023 and 1 April 2023	1,246	129	641	-	7,586	226	1,266
Transfer	(1,246)	1,246	-	-	-	-	-
Reversal of impairment loss	-	-	(216)	-	-	-	(248)
Impairment losses	537	4,582	-	821	-	498	1,308
Exchange realignment	(5)	(35)	-	-	-	-	-
At 31 March 2024	532	5,922	425	821	7,586	724	2,326

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to parent company's board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	2024					Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	
Trade and other payables	18,625	-	-	-	18,625	18,625
Bank borrowings	24,842	-	-	-	24,842	24,487
Lease liabilities	844	-	-	-	844	824
	44,311	-	-	-	44,311	43,936

	2023					Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	
Trade and other payables	16,438	-	-	-	16,438	16,438
Bank borrowings	27,688	-	-	-	27,688	27,506
Lease liabilities	1,013	844	-	-	1,857	1,779
Amounts received from a shareholder	40,000	-	-	-	40,000	40,000
Notes payable	2,850	42,256	-	-	45,106	40,000
	87,989	43,100	-	-	131,089	125,723



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(c) Foreign currency risk

The Group mainly operates in Hong Kong, Europe and China. During the year ended 31 March 2024, the revenue, costs and expenses of the Group's operations were mainly denominated in Hong Kong dollar, United States dollar, Euro, Romanian Leu ("Lei") and Renminbi. The Group maintains a prudent strategy in its foreign currency risk management, where possible, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding foreign currency liabilities, and foreign currency revenues versus the corresponding foreign currency expenditures. The Group is not subject to foreign currency risk of United States dollar as it is pegged with Hong Kong dollar, the Group is nevertheless exposed to potential foreign currency risk as a result of fluctuations of Euro, Romanian Leu and Renminbi. The Group had experienced exposure to exchange rate depreciation of Euro during the year ended 31 March 2023 primarily as a result of the slowing economic conditions in Europe and the Russia-Ukraine war. The Group is aware of the fluctuation of Euro and will closely monitor its foreign currency exposure and undertake appropriate hedging measures should significant exposure arise. The Group had insignificant foreign currency exposure to fluctuations of Romanian Leu and Renminbi as their weightings to the Group's total transaction volume, assets and liabilities were low.

(d) Interest rate risk

The Group's interest rate risk arises primarily from financial liabilities issued at variable rates and fixed rates that expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not expect any changes on interest rate which might materially affect the Group's result of operations. During the year, the Group had not entered into any interest rate swap contracts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

The Group's interest rate profile is set out below:

(i) Interest rate profile

	2024		2023	
	Range of interest rate	HK\$'000	Range of interest rate	HK\$'000
Fixed rate receivables:				
Loan receivables	8.5% – 12.5%	53,206	8.5% – 14.5%	147,491
Fixed rate borrowings:				
Lease liabilities	5.32%	(824)	5.32%	(1,779)
Notes payable	N/A	-	7.125%	(40,000)
		(824)		(41,779)
Variable rate borrowings:				
Advances drawn on bill receivables discounted with full recourse	2.8% – 6.7%	(24,487)	0.25% – 5.2%	(27,506)

(ii) Sensitivity analysis

At 31 March 2024, it is estimated that a general increase/decrease of 1% in interest rate, with all other variables held constant, would have increased/decreased the Group's loss for the year by approximately HK\$245,000 (2023: HK\$275,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The sensitivity analysis above has been determined based on the exposure to interest rates for the bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis was performed on the same basis for the prior year.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

35. PLEDGE OF ASSETS

At 31 March 2024, bill receivables of HK\$24,487,000 (2023: HK\$27,506,000) were pledged to banks to secure advances drawn on the bill receivables.

At 31 March 2023, a debenture incorporating a first floating charge over all the undertakings, property and assets of a wholly-owned subsidiary of the Company engaging in money lending business had been issued in favour of a security trustee as trustee for the noteholders in relation to the three-year secured notes as disclosed in note 25. The outstanding principal amount of the notes was HK\$40,000,000. At 31 March 2024, all outstanding principal amount of notes payable had been repaid, thus there was no charge on assets.

36. CONTINGENT LIABILITIES

At 31 March 2024, the Group had no significant contingent liability (2023: nil).

37. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year.

(a) Key management personnel remuneration

The key management personnel of the Group included the directors as disclosed in note 10. Details of key management personnel remuneration are summarised below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries and other short-term employee benefits	3,000	3,752
Post-employment benefits	178	254
	3,178	4,006

(b) Outstanding balances with related parties

- (i) Details of the amounts received from a shareholder is disclosed in note 27.
- (ii) The amounts due to non-controlling interests disclosed in note 23 are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



38. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Interests in subsidiaries	–	–
Amounts due from subsidiaries	197,499	299,921
	197,499	299,921
Current assets		
Prepayments and other receivables	646	641
Tax recoverable	841	169
Amounts due from subsidiaries	38,202	17,592
Cash and cash equivalents	311	29
	40,000	18,431
Current liabilities		
Accruals and other payables	1,894	2,430
Amounts due to subsidiaries	15,898	15,392
Notes payable (note 25)	–	–
Amounts received from a shareholder (note 27)	–	40,000
	17,792	57,822
Net current assets/(liabilities)	22,208	(39,391)
Total assets less current liabilities	219,707	260,530
Non-current liabilities		
Notes payable (note 25)	–	40,000
Net assets	219,707	220,530
Capital and reserves		
Share capital	122,053	122,053
Reserves (note)	97,654	98,477
Total equity	219,707	220,530

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

38. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (continued)

Note:

	Share premium	Contributed surplus	Distributable reserve	Capital redemption reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	69,728	2,938,375	2,216	8,000	(2,929,064)	89,255
Conversion of Convertible Preferred Shares (note 29(iii))	833	-	-	-	-	833
Unclaimed dividends forfeited	-	-	-	-	1,710	1,710
Profit for the year	-	-	-	-	6,679	6,679
At 31 March 2023	70,561	2,938,375	2,216	8,000	(2,920,675)	98,477
At 1 April 2023	70,561	2,938,375	2,216	8,000	(2,920,675)	98,477
Loss for the year	-	-	-	-	(823)	(823)
At 31 March 2024	70,561	2,938,375	2,216	8,000	(2,921,498)	97,654

39. EVENT AFTER REPORTING PERIOD

On 21 June 2024, the Company completed a share placing of 1,822,980,000 new shares to certain independent parties at a placing price of HK\$0.0193 per placing share (the "Placing"). The net proceeds from the Placing were approximately HK\$34.3 million. The Company intends to apply (i) 60% of the net proceeds for the expansion of the Group's timber supply chain business and (ii) the remaining 40% of the net proceeds as general working capital for the Group.

Notes to the Consolidated Financial Statements

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40. SUBSIDIARIES

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

Name	Place of incorporation/ registration and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Reliance Credit	Hong Kong	HK\$1	100%	-	100%	Money lending business
Reliance Capital	Hong Kong	HK\$2	100%	-	100%	Money lending business
Sustainable Assets Management Limited	Hong Kong	HK\$1	100%	-	100%	Provision of management services
Trans Resources International Limited	Hong Kong	HK\$1	100%	-	100%	Timber supply chain
Woodlands Global Limited ("Woodlands Global")	Hong Kong	HK\$100	51%	-	51%	Timber supply chain
Woodlands Europe d.o.o.	Slovenia	EUR10,000	51%	-	100%	Timber supply chain
Woodlands Industrial S.R.L.	Romania	226,000 Lei	51%	-	100%	Timber supply chain
WLG Woodlands Production S.R.L.	Romania	23,537,200 Lei	51%	-	100%	Timber supply chain
Woodlands Croatia d.o.o.	Croatia	EUR2,654	51%	-	100%	Timber supply chain

Note:

The directors are of the opinion that a complete list of subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

40. SUBSIDIARIES (continued)

The following table lists out the information relating to a subsidiary which has material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Woodlands Global	
	2024	2023
	HK\$'000	<i>HK\$'000</i>
Proportion of ownership interest and voting rights held by non-controlling interests	49%	49%
Non-current assets	20,308	21,618
Current assets	57,155	90,561
Current liabilities	(94,288)	(118,493)
Non-current liabilities	(394)	(465)
Net liabilities	(17,219)	(6,779)
Carrying amount of non-controlling interests	(8,801)	(3,306)
Revenue	88,525	230,842
Loss for the year	(10,645)	(12,162)
Total comprehensive expense for the year	(10,440)	(14,783)
Loss allocated to non-controlling interests	(5,495)	(6,865)
Net cash inflows from operating activities	3,325	18,304
Net cash outflows from investing activities	(1,262)	(3,110)
Net cash outflows from financing activities	(23,638)	(1,864)
Total net cash (outflows)/inflows	(21,575)	13,330

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41. POSSIBLE IMPACT OF IFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new and amendments to IFRS Accounting Standards which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

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

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five-Year Financial Summary

RESULTS

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	305,613	509,326	761,776	842,631	619,241
(Loss)/profit before taxation	(9,640)	(3,985)	17,646	44,967	35,570
Income tax expense	(29)	(1,695)	(2,663)	(6,278)	(1,009)
(Loss)/profit for the year	(9,669)	(5,680)	14,983	38,689	34,561
Attributable to:					
Owners of the Company	(4,453)	280	12,758	33,080	33,709
Non-controlling interests	(5,216)	(5,960)	2,225	5,609	852
	(9,669)	(5,680)	14,983	38,689	34,561

ASSETS AND LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	276,583	368,679	408,194	536,414	559,072
Total liabilities	(44,330)	(126,188)	(159,886)	(299,277)	(360,396)
Net assets	232,253	242,491	248,308	237,137	198,676
Total equity attributable to owners of the Company	241,054	245,797	244,749	231,012	197,917
Non-controlling interests	(8,801)	(3,306)	3,559	6,125	759
Total equity	232,253	242,491	248,308	237,137	198,676